Movin' On Up:  
Mainstreaming Under-Served Urban Communities in Colombo, Sri Lanka

by

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ABSTRACT

This thesis offers an early look at a radical shift in Sri Lankan urban housing policy regarding slums in the capital city of Colombo. During the 1980s, the Sri Lankan government achieved widespread urban improvements by mobilizing community-led on-site slum upgrading. However, since the late 1990s, the government has attempted to persuade urban slum dwellers to relocate to nearby high-rise apartments and, thus, reclaim public land inhabited by low-income settlements in central Colombo city. This policy shift is surprising because: (1) Sri Lanka’s previous 10-year slum upgrading program was described as “best practice” by donor agencies, and (2) most other countries have rejected the notion of high-rise for low-income city dwellers.

Concurrent shifts in donor agency ideology and preconditions as well as overcrowded physical conditions in previously upgraded under-served settlements drove the government to seek new approaches to improve the lives of the urban poor. Moreover, beginning in the 1990s, there was a renewed perception that cities like Colombo needed to capitalize on its comparative advantages vis-à-vis the rest of the region in order to spur economic growth in the nation. The Sustainable Townships Programme (STP) and its pilot project, the Sahaspura apartment complex, with its parallel attempts to free up land for development and resettle slum dwellers in modern high-rise apartments, were part of the drive to remain competitive in the global and regional economy.

Prevailing thought maintains that relocation and high-rise housing will adversely affect the social networks and informal livelihood patterns of slum dwellers. However, survey data of residents in Sahaspura indicate that, on the contrary, the majority of residents believe that their social lives have improved while their economic livelihoods have remained the same. In the face of land constraints, it appears that if slum dwellers’ livelihoods do not depend on residence and if they are resettled within the central city with access to transport and facilities, high-rise public housing may be a suitable intervention to improve living standards. In the final analysis, the Sahaspura high-rise experience indicates that, under certain conditions, policy-makers might need to rethink the preferences of the urban poor in cities like Colombo.

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ABBREVIATIONS

CEIP  Colombo Environmental Improvement Programme
CHP  Ceiling on Housing Property
CMC  Colombo Municipal Council
CMRSP  Colombo Metropolitan Regional Structure Plan
CSP  Clean Settlements Programme
GTZ  German Technical Corporation
IMCAP  Programme to Improve Capacities for Poverty Research
IMF  International Monetary Fund
MEIP  Metropolitan Environmental Improvement Programme
MHP  Million Houses Programme
NHDA  National Housing Development Authority
PA  People’s Alliance
PRIMUSS  Participatory Improvements of Under-Served Settlements
PRSP  Poverty Reduction Strategy Paper
REEL  Real Estate Exchange (Pvt.) Limited
REIT  Real Estate Investment Trust
RETCL  Real Estate Trustee Company (Ltd)
SLFP  Sri Lanka Freedom Party
SLLRDC  Sri Lanka Land Reclamation and Development Corporation
SPSS  Statistical Package for the Social Sciences
STP  Sustainable Townships Programme
UDA  Urban Development Authority
UN-Habitat  United Nations Human Settlement Programme
UNP  United National Party
USIP  Urban Settlements Improvement Programme
INTRODUCTION

In 2001, a total of 554 million people in Asia lived in urban slums (UN-Habitat 2003). In general, slums may be characterized by inadequate access to water, sanitation and infrastructure compared to the rest of the city. Faced with a burgeoning urban slum population during the 1980s, the Sri Lankan government pioneered the participatory approach and achieved widespread urban slum improvements by mobilizing community decision-making, conducting training workshops and providing small loans for on-site slum upgrading. However, since the late 1990s, the government has attempted to persuade urban slum dwellers to relocate to nearby high-rise apartments and, thus, reclaim public land inhabited by low-income settlements in central Colombo city. This shift is surprising because: (1) Sri Lanka’s previous 10-year slum upgrading program was described as “best practice” by UN-Habitat and the World Bank, among other donor agencies,¹ and (2) most other countries have rejected the notion of high-rise for low-income city dwellers.²

In this study, I sought to evaluate the driving forces behind this radical shift in housing policy and the progress made to date by the government towards meeting the goals of the Sustainable Townships Program (STP). Additionally, I analyzed the first STP housing project, a

¹ Sri Lanka won the World Habitat Award for the Million Houses Program in 1987. The Million Houses Program is frequently listed in the literature as a successful example of institutionalized national policy where the Government facilitated housing construction and self-help upgrading by decentralizing decision-making to the community through “community action planning” (CAP) which was pioneered in Sri Lanka.

² While high-rise low-income public housing was attempted on a large-scale in many countries including the U.S. in the 1950s, it was declared a failure, most notably symbolized by the demolition, in 1972, of the Pruitt-Igoe condominium complex in St. Louis. On the other hand, the Singaporean and Hong Kong models of public housing consist of multiple low-cost high-rise buildings, which have served to “upgrade” residents from slum dwellings to the “middle class.” However, with high-growth economies and autocratic governments, the political/economic backdrop in Singapore and Hong Kong is very different from that in Sri Lanka, which has to contend with a lackluster economy coupled with highly contested, democratic elections.
An analysis of the events leading up to the shift in Sri Lankan housing policy indicates that it was a reflection of the changing nature of cities, intense competition between rival political parties to champion the cause of the urban poor, a shift in the emphasis and orientation of donor agencies, and a recognition of the limitations of slum upgrading in the context of overly dense settlements. Since the late 1980s, development agencies have departed from a project approach to a sectoral approach. These days, rather than promoting discrete shelter projects, housing policies have to be linked to good governance, environmentally sustainable practices and stakeholder participation. Local government officials must now prepare comprehensive City Development Strategies in order to receive even limited funds from agencies such as the World Bank and UN-Habitat. Consequently, in recent years, Sri Lankan housing policy rhetoric has expanded to encompass making Colombo competitive by exploiting its comparative advantages vis-à-vis its natural harbors and educated population.

As exemplified by the Sahaspura project, the government played an intermediary role and attempted to incorporate slum dwellers into the mainstream of the economy and society. In 1996, there were 66,000 families living in under-served settlements in Colombo city. In spite of

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3 For a more detailed methodology section, please see Appendix
successive upgrading efforts, these residents remained marginalized in terms of city services, infrastructure and social mobility. Faced with similar challenges in the past, countries such as Germany and Japan undertook land readjustment strategies to consolidate fragmented land in order to provide better services and infrastructure in cities and improve the standard of life. The STP, with its goals of resettling slum dwellers in high-rise buildings in order to improve their quality of life as well as freeing up land for development, bears a striking resemblance to land readjustment policies successfully conducted in Korea, where slum dwellers were resettled in compact townships (Kim et al. 1982, Larsson 1993).

Modern Demands on Developing Cities

In the new economy, where privatization is high on the economic agenda and civil society actors are equal stakeholders, government faces the unwieldy task of managing an increasingly fragmented city and nation. While privatization and decentralization promised to provide more autonomy and opportunities to the local sphere, in actuality, both marginalized communities and local government lack the capacity to enter the marketplace, let alone compete in it. As Balbo notes (1993) there is a “continuously discontinuous” pattern of social and economic contrasts in cities around the world. Thus, in Sri Lanka, 51% of Colombo city’s population lives in crowded, under-served settlements with poor infrastructure and substandard housing. In the mid 1990s, the desire to achieve a modern city able to keep pace with these demands ultimately forced the Sri Lankan government to rethink its overall approach to increasing available commercial prime land within the central city area. Thus, the Sustainable

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Townships Programme promoted a market inspired approach involving the private sector and the formation of a real estate exchange system.⁵

Sri Lanka pursues Compact Townships

The new housing scheme, entitled the “Sustainable Townships Programme” (STP), envisioned nodes of high-rise, mixed-income compact townships in growth areas identified by the Colombo Metropolitan Regional Structure Plan (1998). Under this new scheme, instead of on-site upgrading of their living quarters, slum dwellers, if so inclined, were able to exchange the value of their vacated land for equity in new condominiums. In essence, it appears that by encouraging squatters to become outright property owners, STP attempted to decrease their dependence on government. The construction of the condominium building was to be funded by the sale and redevelopment of the vacated government land to private developers. The STP hoped to create secondary markets intended to facilitate the ultimate movement of these properties to the private real estate market as well as the future participation of residents in the free marketplace. As its mission states, STP aimed to provide “homes for deprived people and land for urban development.”

The Sahaspura Experience

Completed in 2001, the Sahaspura high-rise apartment complex currently houses 671 families from 14 locations in Colombo. Survey data and my own interviews indicate that the majority of Sahaspura residents are satisfied with the new apartments and in fact, felt that they were socially better off than other slum dwellers. Rather than being socially isolated, the

⁵ It must be stressed that the STP was only targeting under-served settlements in the central Colombo area. In the greater Colombo Metropolitan Region, on-site slum upgrading as well as sites and services type methodologies continue apace.
sensitive design facilitated the creation of intimate spaces as well as public thoroughfares as the architect had attempted to replicate the street life visible in many slum settlements. Furthermore, as the new residents at Sahaspura had individual water and electricity services, they felt a sense of independence and freedom. Thus, in the singular case of Sahaspura, the relocated residents felt a sense of social and economic upward mobility in their new high-rise apartments.  

In the final analysis, the Sri Lankan experience and the Sahaspura project in particular reveal a great deal about the conditions under which high-rise housing schemes succeed in meeting the expectations of low-income residents in improving their health, access to basic services, and social standing without negatively impacting their livelihoods or limiting their future economic decisions.

Sahaspura High-Rise Housing Project – Exterior Views

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6 It is important to note here that the only other group of residents living in high-rise buildings in Colombo city belongs to the extreme upper income bracket.
Colombo Context Maps

Source: Urban Development Authority, 1998
A BRIEF HISTORY

Sri Lanka, a large island in the Indian Ocean located to the Southeast of India has a population of approximately 19 million. Colombo, the primate city has a resident population of about 725,000, a “floating” population of about 500,000 per day and a population density of 278 persons per hectare. According to various estimates (STP 2000, Colombo City Profile 2002), slightly over half of the resident population in Colombo lives in underserved settlements.

<table>
<thead>
<tr>
<th>Year</th>
<th>Programme Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1972</td>
<td>Ceiling on Housing Property (CHP): “Excess” units in tenement buildings and subdivided old houses are given over to poor urban renters who become legal city residents</td>
</tr>
<tr>
<td>1978-1983</td>
<td>Slum/Shanty Improvement Programme: Infrastructure/service improvements for urban poor</td>
</tr>
<tr>
<td>1985-1994</td>
<td>Million Houses Programme (MHP): Plot allocations, security of tenure, community-centered</td>
</tr>
<tr>
<td>1993-1998</td>
<td>Clean Settlements Project (CSP): community-led urban environmental upgrading</td>
</tr>
<tr>
<td>1998</td>
<td>Urban Settlements Improvement Programme (USIP): Participatory environmental and livelihoods improvement in settlements outside of Colombo Municipal area</td>
</tr>
<tr>
<td>1998</td>
<td>Sustainable Townships Programme (STP)/REEL: Urban renewal program, relocation and rehousing of under-served residents within Colombo Municipal area</td>
</tr>
</tbody>
</table>

As the 1990s dawned, Sri Lankan urban housing strategy dovetailed with the notion of a city “without slums” a stated goal of the Cities Alliance, a joint venture of the World Bank and UN-Habitat. As Nelson Mandela, a patron of Cities Alliance, proclaimed in 1999, “Poverty reduction and upgrading of informal settlements will not be possible unless cities are productive and efficient and capable of providing the poor with economic opportunities to build their assets and incomes.” The shift in donor agency orientation towards a more holistic view of

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7 The total extent of the municipal area is 3731 hectares or 37.3 square kilometers (PRSP 2002)
development mirrored the expansion of Sri Lankan housing policy rhetoric, which began to encompass poverty alleviation programs and livelihood concerns.

Policy documents published by World Bank with names like “Capturing Missed Opportunities” reflected the notion that the country had somehow squandered its potential and lost its way: “In the 1960s, Sri Lanka had the same per capita income as Korea, Malaysia, and Singapore. Thirty years later these three countries have per capita incomes that are several times higher than Sri Lanka's” (World Bank 2000).

The urban renewal program spearheaded by the Sustainable Townships Programme (STP) and its management arm, Real Estate Exchange (Pvt) Limited (REEL) reflected the changing city dynamics as international agencies shifted towards sectoral programs and issues of capacity building, participation, environmental concerns, economic development and good governance. In order to receive funds from donor agencies i.e. the World Bank, cities such as Colombo had to show ownership of development proposals through visioning exercises and proposals like Poverty Reduction Strategy Papers and City Development Strategies.

The trajectory of urban housing policy in Sri Lanka follows closely, in the main, the shifts in thinking on the part of donor agencies. The brief history below outlines the responses of a poor country with high social indicators as it attempts to survive in the new global economy while competing for the large voting bloc comprised of under-served residents in the capital city.
Colonization

Sri Lanka was colonized by the Portuguese in the 16th century, the Dutch in the 17th century and, finally, the British at the beginning of the 19th century. The advent of British rule precipitated a shift of economic activity and agricultural cultivation from the Dry Zone to the Wet Zone, since the colonial economy was heavily based on plantation industries located in the Wet Zone (Gunaratna et al. 1991). The port city of Colombo in Southwestern Sri Lanka became the locus of economic and political power.

The Colonial City

In 1921, Patrick Geddes\(^8\) made the first physical plan for Colombo. Geddes intended to make Colombo “the garden city of the East” and attempted to preserve the rural spirit of the city (CMRSP 1998). As in many other colonies, the urban areas remained economically exploitative in relation to their rural hinterlands (Gunaratne et al. 1991). Consequently, rural immigrants flocked to the Capital city seeking jobs in the burgeoning urban economy. To accommodate the labor force, the colonial government erected tenement gardens consisting of multiple units of back-to-back single-story units with common bathrooms. In addition, large residential buildings in the older parts of the city (north and central Colombo) were subdivided and rented out to the new arrivals. As tenement gardens and subdivided houses gradually fell into disrepair over the ensuing decades, these housing options later became the basis of “slum” housing in Colombo (UN-Habitat 2003).

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\(^8\) Interestingly, Geddes influenced John F. C. Turner, whose observations, in the 1950s, regarding “owner-built housing” and “housing as a verb,” were put into action by urban specialists in the World Bank (Hall 1996).
Following the Geddes Plan, Patrick Abercrombie was commissioned to do another plan of the growing city just before Independence in 1948. The main problems highlighted in the Abercrombie Plan were the high concentration of economic, trade and port related activities in the city and their effects. The plan aimed to disperse economic activity through “satellite towns” connected to Colombo. Although three satellite towns were established, Abercrombie’s vision was never fully implemented by the British colonial authorities (van Horen 2002).

Post-Colonial Politics and the City

After independence in 1948, the main political parties consisted of the United National Party (UNP) which generally pursued laissez-faire principles and embraced the status quo, and the Sri Lanka Freedom Party (SLFP) which tended towards populist/nationalist socialism as well as coalitions with leftist parties (such as the Communist Party (Stalinist), Equal Society Party (Trotskyite), Bolshevik-Leninist Party, and more recently, the Maoist-Castroist JVP).

The UNP, in general, followed conservative economic policies, especially as pertained to Western donor ideologies about the free market and capital exchange controls. The SLFP, on the other hand, tended to divert from mainstream Western trends. As Abeyratne (2004) emphasizes, “…mainly due to the ideological discrepancies between the UNP and the SLFP, changes in governments between the two parties following regular general elections have produced parallel shifts in development policy.” At the same, since universal franchise was obtained in 1937, both parties resorted to populist tactics to maintain viability. In Sri Lanka, this translated to the

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9 Abercrombie would later redesign greater London (Hall 1996).
10 In order to minimize the influence of local elites, in 1937, the British introduced voting privileges for all men and women who were citizens of Sri Lanka.
persistence of egalitarian rhetoric and an expansive welfare state in spite of differing political ideologies.

For instance, in 1952, a World Bank study reported that 35 percent of the budget was being spent on social welfare services and recommended the immediate suspension of the rice subsidy which accounted for a huge portion of the expenditure. Vehement opposition and demonstration left the UNP government (the party in power following independence) shaken and led to the resignation of the Prime Minister. The government quickly decided that the subsidies would remain untouched. In addition, a bundle of social benefits rapidly accrued to the citizenry, such as free education, free health care (curative and preventive) and transport subsidies. These concessions proved insufficient for the UNP, as it was swept out of power in 1956 by the SLFP, which was supported by rural elites who felt left out of the English-oriented educational and economic system. The SLFP came to power once again in 1960, as well as in 1970, this time by creating the “People’s Alliance” coalition constituting the SLFP and several socialist parties. The socialist elements were against “imperial” values still being adhered to by the UNP, which had maintained, post-independence, an export-oriented economy (Abeyratne 2004).

The competition for votes between the two main parties from the very outset of independence drove policies where ‘...redistributive justice had a strong claim to equal priority with other objectives in economic policy on political, social and humanitarian considerations’ (Lakshman 1975). Both major parties are still wedded to social welfare packages, especially subsidized housing for the urban poor. “Having identified the ‘welfare dependency syndrome’

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11 The voters felt that the UNP had reneged on their 1948 electoral promise that: "As long as the moon and stars are there, the price of ration-rice under a UNP Government will be 25 cents a measure!"
of the society, the political parties, with the support of semi-political institutions and other pressure groups in the society, started using the welfare system as a strong weapon in gaining political popularity and attacking the political opponents” (Abeyratne 2004). As can be seen in the following excerpt from a newspaper article, although ostensibly on opposite sides, both parties have similar populist approaches:

“Along with other election pledges, the PA [coalition of SLFP-led parties] promise to provide “houses suitable to live in for everybody.” The UNP, which ruled Sri Lanka for 17 years before the PA came to power in 1994, states in its election manifesto:

“We will work towards giving a house to every Sri Lankan, will encourage house ownership and will erase outstanding housing loans.” (Medawatte 2000)

Post-Colonial Urban Housing Policies

Pre-1970s: Subsidized Housing for Public Servants

In 1953, the Department of National Housing was created, which provided housing through government delivery mechanisms. Administered by the new Department, the National Housing Fund was also established at this time, providing loans to middle income residents. During the 1950s and 1960s, the Department oversaw many schemes for urban flats. Governmental institutions, such as the Colombo Municipal Council, Public Works Department and the Department of National Housing, undertook most of these efforts. The State Engineering Corporation was responsible for some innovative design-build projects for lower-middle income public servants, namely the Bambalapitiya Flats and the Anderson Flats (Gunaratna et al 1991).12

In the 1960s, urban housing policy generally followed trends in other Commonwealth countries,

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12 Famously, Lee Kwan Yew had visited Sri Lanka in the 1960s and being impressed by the public housing built by state agencies, had launched his public housing drive in Singapore.
with the government mostly providing high-cost, high-quality, middle-class housing in the city for public servants, while regularly tearing down unauthorized structures on the periphery of the city (for a similar experience in Lusaka, Zambia see Sanyal, 1987).  


In 1970, the most left-leaning coalition of parties the country had ever seen won the general election. The new government pursued increasing nationalization of urban management agencies and “a policy of planning for the ‘abolition of underdevelopment’” (van Horen 2002). Peter Keuneman, the leader of the Stalinist Communist Party was instated as Minister of Housing and one of his key acts was to enact a Ceiling on Housing Property in 1973; in essence, housing property ownership was limited to two per family (plus one for each dependent child under 18) and “excess” housing was transferred to the tenants. The goal was “owner-occupied housing” through direct government intervention. Extensive land reforms and creation of new owner-occupants through transfer of “excess” houses to tenants increased the human development indicators across the country and especially in the city of Colombo.  

13 As early as the 1930s, the local government ordinance mentioned “slum clearance” indicating that slums were evident in the city (Interview with Mirihagalle 2004). While there was a Slum Eradication Act that prevailed in the 1930s (Interview with Deheragoda 2005), slums became a permanent fixture in the inner city in the 1950s and 1960s (Interview with Mirihagalle 2004).

14 Coincidentally, these policies dovetailed with the pro-poor “growth with equity” movement in the World Bank promoted by McNamara. Zanetta (2001) notes that the World Bank lending in the 1950s reflected the consensus at the time that economic growth fuelled by investment in infrastructure would eventually “trickle down” and level off income inequalities. In the 1960s, however, the Bank targeted agricultural exports and starting lending to that sector. As Bank employees worked in rural areas, they realized that the wealth was barely trickling down and that the effects of poverty could not be solved simply through investment in infrastructure. In other words, Bank employees realized that there was a disconnect “between the generation and distribution of wealth.” A reevaluation of the “trickle down” effect took place, leading eventually to policies that tried to tackle “poverty alleviation” and questions of growth and equity. Interestingly, Zanetta notes that these lessons learned by the agriculturalists took almost a decade to resonate within the Bank. In fact, it was only with the arrival of Robert McNamara in 1972, that pro-poor growth policies gained cachet.
After the Ceiling on Housing Property Act was enacted in 1970, old tenement buildings and deteriorated subdivided houses were vested in the Government and the Common Amenities Board was established to maintain services, such as the common taps and bathroom facilities. By the late 1970s, there were at least 800 “slum houses” within Colombo’s inner city (Interview with Dayananda 2004). 80% of the slums were on Government property. Meanwhile, shanties built with temporary materials came up on the periphery of the city.\(^\text{15}\)

Although measures had been taken to reopen the economy during the UNP’s brief return to power in 1965, the intervening years had witnessed shut down of economic growth as measured by foreign trade. “The restrictive trade regime resulted in a virtual shrink of the private sector in the face of growing role of the state, not only as the regulator of the market, but also the main ‘entrepreneur’ and the main ‘supplier’ in the economy” (Abeyratne 2004). Similarly, “[the state] perform[ed] the functions of national policy-maker, regulatory authority, housing administrator, lender, house developer and landlord” (Marga 1981). In other words, from 1970-1977, Sri Lanka was one of the most state-controlled countries outside of the Eastern bloc (Athukorala and Jayasuriya 1994).

At the same time, the socialist policies of investing in rural industries and the continuing social welfare benefits had contributed to a decline in the urbanization rate. On the other hand, some argue that it was in fact the lack of economic growth in Colombo that had prevented an increase in the urban population (Marga 1981). The Sri Lankan government at that time acted on the principle that government should be responsible not only for producing and delivering

\(^{15}\) Lack of cheap rental units due to the Ceiling on Housing Property Act may have exacerbated the lack of cheap housing in the city (Marga 1981).
housing, but should also manufacture building materials and components. There are conflicting data about the actual number of houses (rural and urban) built during this time, ranging from 4,700 (Weerapana 1986) to 33,700 (Gunaratna et al. 1991).

1977-From Socialism to Liberalization?

In 1977, the UNP led by J.R. Jayewardene, was re-elected and would remain in place until 1994. The new government immediately put into place several economic reforms liberalizing trade and exchange rates, removing domestic price controls and establishing export-processing zones. Apart from promoting free trade, the UNP government also launched a massive public works program including housing construction. The housing portfolio was an important party platform as R. Premadasa, the Prime Minister\textsuperscript{16} himself, took charge of it and became Minister of Housing, having come to power by promising to build a Hundred Thousand Houses in five years.

Having grown up in a slum “garden” himself, in an unprecedented move, Premadasa devoted 10\% of GNP towards construction of housing in the years 1979 and 1980 (Gunaratna et al. 1991). Thus, while the previous government had allocated about Rupees 35 million for public housing resources, the 1977 government allocated about Rupees 1000 million for housing in 1981. As Dunham and Jayasuriya (2001) note, “The implementation of liberal economic reforms was thus accompanied, rather perversely, by a significant increase in the size and importance of the state sector in the national economy.”

\textsuperscript{16} J.R. Jayewardene reformed the political system and became Executive President, while Premadasa was the Prime Minister with considerably less power than in earlier regimes.
The Hundred Thousand Houses Programme

In 1979, the UNP government instituted the National Housing Development Authority (NHDA) in order to lead the Hundred Thousand Houses Programme. Fifty thousand houses were built in rural areas through the aided self-help method. Another thirty thousand houses (including high-rise\textsuperscript{17} for the middle class) were built in urban areas through direct construction by the private sector. The remaining portion of houses targeted the urban poor in Colombo through a "slum and shanty upgrading" component headed by the Urban Development Authority (UDA) a new agency instituted in 1979 (Gunaratna et al. 1991). Apparently, 115,000 units were built through the public sector between 1977-1982 (Weerapana 1986). However, at the close of the program, the government housing professionals agreed that unit costs had remained high and heavily subsidized housing had placed a huge financial strain on the budget (Weerapana 1986).

In 1983, the planners in the Ministry of Housing realized that the cheapest housing unit that the government could provide through direct construction cost more than $770.\textsuperscript{18} At the same time, even if beneficiaries were willing to pay 10-15\% of their income for shelter, barely 50\% of Sri Lankan urban underserved residents could afford to pay even $770 for a housing solution.\textsuperscript{19} Furthermore, in 1982, the IMF had strongly recommended to the Government that a ceiling be placed on all public investment on housing and urban development for the next five years, so the planners had to be innovative (Weerapana 1986).

\textsuperscript{17} The default housing solution for urban areas, pre-1983 (Marga 1981).
\textsuperscript{18} At this lower end of the cost scale, there appeared to be only three feasible housing solutions that the government could provide and the price did not include the cost of the land (Weerapana 1986).
\textsuperscript{19} $1 = \text{SL Rupees 26 at that time}$
Following the end of the Hundred Thousand Houses Programme in 1983, the UNP government appointed a Task Force to assess the prevailing policies and develop a Five Year Programme of Housing (Weerapana 1986). The Task Force reached agreement on several strategies including the stipulation that the government should provide only a supporting role in the next housing program. Nevertheless, Prime Minister Premadasa declared that he wanted to provide a million houses. Towards this end, 1983 was designated the “Year of Planning” in order to field test several pilot programs.

**The Million Houses Programme (MHP)**

In 1984, the Government initiated the Million Houses Programme (MHP). The National Housing Development Authority (NHDA) was charged with leading the massive nationwide program. The program consisted of six “sub-Programmes” covering rural and urban areas, the private sector, plantation housing and major resettlement projects. Following the early success of the rural housing sub-Programme in 1984, the urban sub-Programme, consisting of about 300 housing projects in 51 local authority areas, was launched in 1985.\(^{20}\)

The MHP was notable because the government completely institutionalized enabling mechanisms through a national policy that encouraged local government, community organizations and the beneficiary households to make decisions regarding housing improvements.

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\(^{20}\) While the Urban Development Authority (UDA) had carried out an urban Slum and Shanty Upgrading Programme since 1979, it had only done so on a project-by-project basis. The UDA’s slum and shanty program amalgamated with the NHDA and became part of the MHP urban sub-Programme.
Fittingly, the program’s slogan was: “Minimal intervention and maximal support by the state: Maximal involvement of the builder families.” 21

Beneficiaries in the rural and urban areas were given small loans for housing and housing upgrading along with technical assistance. Through training workshops, technical officers and community leaders prioritized goals and came to consensus about outcomes. The participatory Micro Planning and Community Action Planning methods were tested and refined in Sri Lanka, and are still in wide use 22 (Hamdi and Goethert 1989). Upgrading was not merely a participatory exercise but a joint decision-making effort of the community and the government.

Between January 1984 and September 1985, the Rural Housing sub-Programme had reached 10,000 of Sri Lanka’s 25,000 villages (79,118 families), while the Urban sub-Programme had reached 4,422 families in 49 out of 51 Urban Local Authorities (Sirivardana 1986). Despite the enormous scale of the program, the data show that the rural and urban sub-Programmes achieved a high proportion of their targets (95 per cent in rural and 76 per cent in urban areas) (UNCHS 1999).

**MHP becomes Best Practice**

The MHP was an important innovation in that it was a community-centered, participatory housing program administered by local authorities supported by national institutions. As the MHP resonated deeply with prevalent Bank and UN-Habitat ideology of “enabling” growth and

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21 Sirivardana, S. (December 1999)
22 Community Action Planning (CAP) methodology is integral to the Urban Settlements Improvement Programme (1998-present) funded by JBIC (Japan Bank of International Cooperation) encompassing settlements outside of the Colombo Municipal Council limits
markets, the Million Houses Programme is often referred to as a “best practice” method to be emulated by other countries.

Through the MHP, over 70% of urban slums in Sri Lanka improved access to basic services (Interview with Chularatne 2004). On average, from 1984-1989, beneficiaries improved their housing by investing 2.5 times the original loan issued to them (Sirivardana 1994). In other words, with the loan in hand, many beneficiaries were motivated and felt financially secure enough to invest additional money in housing. Most importantly, “pro-poor” professionals were created and trained at several levels of government (Sirivardana 1994).

Some Challenges encountered by the MHP

1) **Rural Bias:** The Million Houses Programme was more successful in the rural areas because of abundant and cheap land, material and labor. All that was needed was appropriate technology, land title and some seed capital. The success in the rural sector did not indicate that the same approach would work in the urban sector where land, material and labor were scarce especially in Colombo city (Interview with Deheragoda 2004).23

2) **Institutional Capacity:** Loan cost-recovery was tackled successfully in the rural areas by operating through the community-based Thrift and Cooperative Credit Societies. In the urban areas, a new institution was created in the settlements i.e. the Community Development Councils (CDCs). Unlike the pre-existing Village Councils in rural areas, the CDCs were, perhaps unfairly, associated with the UNP.

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23 Additionally, delays in developing the Urban sub-Programme resulted in an extreme rural bias to the MHP (Weerapana 1986).
3) **Land and Infrastructure Capacity:** To facilitate urban upgrading, the UDA declared slums “special areas” not subject to the regular building regulations (Gunaratna et al. 1991). Over time, this created problems in providing adequate public infrastructure and service resulting in “under-served settlements.” In addition, many planned urban settlements became overcrowded as families expanded with time (Interview with Ferdinando 2004). Furthermore, one of the criticisms of the MHP was that it had neglected environmental concerns, allowing slum dwellers to remain on waterway reservation and other marginal lands (Sirivardana 1986).

4) **Hidden Costs:** While the enabling approach was promoted as a solution to the capital crisis in countries facing squatting issues, there had been various hidden costs incurred by the Government such as land preparation and public infrastructure that had not been taken into account by the MHP (Sirivardana 1994). As early as 1986, one official warned that there were several issues about the MHP that needed to be addressed, such as interest subsidies, weaknesses of the lending mechanism, poor recoveries and heavy cost of administration (Weerapana 1986). No mechanism for recovering the cost of land development and infrastructure was established under the MHP, such that the total cost of these elements was routinely borne by the Government (Jayaratne, 1990).

**“Policy disarray” in the late 1980s and the end of the MHP**

The complete political and policy disarray that took place in the late ‘80s in Sri Lanka also had a hand in dissolving the political will that made MHP successful (Interview with Sirivardana 2004). The government had to contend with armed separatists in the North who

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24 For example, while the minimum plot size in urban areas is 6 perches (approximately 1634 square feet), in under-served settlements, the minimum plot size may be 2 perches (approximately 272 square feet).
regularly undertook suicide bombings in Colombo and assassinations of politicians. At the same time, a leftist youth insurrection in the South crippled civilian life. Military expenditures rose while the economy was virtually paralyzed. With 1988 land prices in the order of 5-10 times 1978 prices, public-sector agencies and the private sector found it increasingly difficult to access land (Jayaratne 1990). “1988-1989 saw Sri Lankan society in deep internal crisis” (Gunaratne et al. 1991).

In 1989, Prime Minister Premadasa was elected president and, subsequently, was occupied with more pressing matters than just housing. The country was in dire straits, financially, and Premadasa sought IMF support, resulting in the “second wave of liberalization” (Dunham and Jayasuriya 2001). IMF conditionalities resulted in further tax, trade and exchange rate reforms. In tandem, three high-profile national schemes were announced, namely, privatization, export promotion and poverty alleviation. In 1992, Sirivardana, the head of the NHDA who, together with Premadasa, had lent crucial high-level political support to the housing program, left to head the Janasaviya poverty alleviation program. Thus, two of the most dynamic figures behind the successful institutionalization and acceptance of the MHP approach were lost to the program, leaving a leadership vacuum in national housing policy.

Sirivardana (Interview 2004) noted that even before he left NHDA, the “rot” had already set in. During the civilian unrest in 1988, those on Food Stamps had been exempted from paying back the house loans. This lapse in fiscal discipline resulted in the recovery rate plummeting from 65% to 6% in 1989 (Gunaratna et al. 1991).
While the MHP drew to a close in 1989, the 1.5 Million Houses Programme (1.5 MHP)\(^{25}\) was implemented from 1989 until 1994 (Gunaratna et al. 1991). Once the MHP ended, very little appears to have been done to build on existing community organizations to accomplish shelter and poverty goals in the 1.5 MHP. Further, there appeared to be a greater focus on microfinance and sustainable livelihoods than housing per se. As Sirivardana (1994) muses, “...in the spectrum of Poverty Alleviation, it is useful to see housing as an entry point, which is also by its very nature, fairly short term, whereas poverty alleviation is essentially a longer term activity with multiple different entry points.”

\(^{25}\) In essence an intensified MHP, with perhaps more attention towards loans for community income-generating activities.
Poor Settlement
Apple Watta, Maligawatta, District 2A

Un-Serviced Settlement
Poorwarana Community, District 4

Upgraded Settlement
Swarna Road Community, District 5

Fully Upgraded Settlement
Kalingamawatha Community, District 4

Source: Colombo Poverty Profile 2002, Sevanatha Urban Resource Center
Accelerated Privatization Measures

By 1990, after having quelled the youth insurgency, President Premadasa embarked on a privatization drive that spurred renewed investment in the country. The Ceiling on Housing Property Act was lifted allowing residents to own more than 2 houses.\(^{26}\) Land prices in Colombo soared, creating a scarcity of commercial property within the city. Speculation exacerbated the problem as investors bought land with no intention of proceeding with development (STP Concept Paper 2000).\(^ {27}\) The competing land values in the city as well as lack of buildable lands within the city pushed residential land seekers towards the suburbs of Colombo where increasing population growth was evident (Poverty Profile 2002).

Deteriorating Economy and the Return of the Socialists

In 1993, a suicide bomber killed President Premadasa.\(^ {28}\) In 1994, after being in the opposition for 15 years, the SLFP came back to power with the aid of former leftist parties. The new ruling coalition called itself the People's Alliance (PA), harkening back to the coalition from the 1970s. While the PA had come to power on an anti-Privatization platform, the meager finances in the Treasury compelled the national government to abide by IMF conditions of austerity measures, privatization and poverty alleviation. By 2001, the economy had deteriorated to such a level that severe austerity measures were instituted to qualify for a Stand by Arrangement from the IMF (Dunham and Jayasuriya 2001).

\(^{26}\) However, the restrictive Rent and Tenant Acts remained, preventing the expansion of the private rental market.  
\(^{27}\) The Concept Paper noted that while speculation had created a price bubble, nearly 30% had been shed over the past three years (1998-2001?).  
\(^{28}\) Subsequent terrors strikes included but are not limited to: bombing of the Central Bank (1996) and the World Trade Center (1997), attempts on the life of the President (1998) and the Prime Minister (1999). Eerily, in July 2001, Tamil Tigers attempted to hijack a plane at the international airport and fly a suicide mission into downtown Colombo.
Changes in World Bank Policy in the 1990s

In the 1970s, the World Bank “was inclined to project-by-project loans in sites and services schemes and related in situ slum upgrading” (Pugh 1997). The World Bank’s housing approaches were adaptations of theories of self-help developed by John FC Turner and William Mangin in Latin America (Turner and Mangin 1968). While Abrams (1964) and Ward (1976) had argued for a more holistic view of poverty and urban planning, implementing goals consistent with this type of systems thinking proved daunting for international agencies.

However, by the early 1990s, there appeared to be a return to comprehensive planning although it was not explicitly called that anymore (World Bank 1993). Urban policy emphasized economic growth, poverty reduction and better governance. The World Bank moved from the project approach to a whole sector approach. “More than this, for developing countries, the conceptualization change[d] from providing shelter in the form of sites and services (and slum upgrading) projects to a whole sector development” (Pugh 1997). Housing was now linked to development economics, macroeconomic management, urban economic development, finance capital markets, land policies, poverty and environmental conditions.

World Bank Interventions: The Clean Settlements Project (CSP)

In 1989, the World Bank and UNDP had launched the Metropolitan Environmental Improvement Program (MEIP), which attempted to strengthen the institutional response to environmental issues, foster community-led solutions to urban growth and to promote lesson-sharing between the pilot countries. The MEIP initiated pilot environmental upgrading projects in Beijing, Mumbai, Colombo, Jakarta and Manila (Colombo Story 1999). The World Bank
MEIP project in Sri Lanka was named the Colombo Environmental Improvement Program (CEIP). The Clean Settlements Project (CSP) had started in 1993 as a subcomponent of the aforementioned CEIP.

It was a 1995 survey done through the CSP that first defined the 1,506 low-income settlements in the Colombo Municipality as “under-served settlements” alluding to the fact that these settlements were under-served in terms of environment, infrastructure and living conditions. CEIP was concerned with sewer discharge from approximately 7,000 unauthorized households into the Beira Lake, which is located at the heart of Colombo city (Colombo Story 1999). Accordingly, at the beginning, only the urban settlements around Beira Lake were termed Under-Served Settlements. Later, however, the World Bank indicated that urban slums in the entire Colombo Municipal Council area should be targeted and improved. Thus, the perception existed on the part of local counterparts that the World Bank was going to fund all slum and shanty improvements in Colombo (Interview with Dassanayake 2004). One key informant noted that since the World Bank had indicated that they would be responsible for slums in Colombo, neither the government nor other donors got involved in a comprehensive manner when it came to slum improvement within Colombo Municipal Council limits.

The CSP began with community-led, environmental upgrading implemented by an NGO staffed by ex-MHP officers. However, the CSP began to focus on housing issues when it became clear that in order to achieve sustainable results in the city of Colombo, under-served communities around sensitive ecosystems would have to be relocated. In 1996, citing best practices in Indonesia, the Clean Settlements’ Project (CSP) promoted relocating slum residents
from environmentally sensitive sites into walkup apartments or high-rise apartments elsewhere in the city. The World Bank had also sent Sri Lankan government officials to Hong Kong and Singapore to study low-cost apartments in those city-states. However, it appears that, at the same time, Bank staff was deeply divided about the issue of relocating slum residents instead of continuing to practice slum upgrading (Interview with Witana 2004).

Initially, the World Bank had assisted the government with project preparation.\(^{29}\) Unfortunately, there had been 5 different Bank task managers in the span of 5 years, each one changing the scope of the project, one wanting to focus on Colombo core, one wanting to deal with the entire metropolitan area, another wanting to concentrate on housing mortgages (GOSL had spent a year drawing up a proposal on the housing mortgages issue).\(^{30}\)

**CSP becomes Sustainable Townships Programme/Urban Settlements Improvement Programme**

In 1998, CSP was split into two i.e. the Sustainable Townships Programme (STP) and the Urban Settlements Improvement Programme (USIP). The USIP, presently funded by the Japanese, cost Rupees 102 million and had reportedly benefited 33 settlements (in the Colombo Metropolitan Region, including towns adjoining Colombo city) and 5787 families by the end of 2002 (Weerakoon 2003). In 1998, the World Bank, under the auspices of the aforementioned Clean Settlements Project, had offered the Treasury a loan of US$ 750 million to fund apartments for the poor (Interview with Gunasekara 2004). However, by that time, the

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\(^{29}\) Some insist that the project only entailed urban on-site upgrading/environmental improvement and that there were no high-rises in the picture (Interview with Mirihagalle 2004).

\(^{30}\) According to key informants, the World Bank had later informed government counterparts that the Bank Task Manager had “mismanaged” the project. There is some controversy surrounding this issue, which might be a topic worthy of pursuit in the future.
Government of Sri Lanka was persuaded that it could self-finance housing of slum dwellers through sale of vacated state land (Interview with Gunasekara 2004).

Colombo post-1990s: Port-City and “Economic Hub”

“Modernisation of Port of Colombo is closely linked to the changing role of the City of Colombo, as an International Centre of finance. A policy decision has been taken to shift the administrative functions to the new capital city of Sri Jayawardenepura Kotte. There is a consensus that the City of Colombo should develop as a financial centre and a Port City. The existing zoning pattern has to be modified to accommodate this trend.” (Pathirana 1995)

The Presidential Task Force on Housing and Urban Development

In 1997, dissatisfied with the state of housing in the country, President Kumaratunge commissioned a Presidential Task Force on Housing and Urban Development. The recommendations of the Task Force Report (1998) were in keeping with the national policy goal of making Sri Lanka the “financial and commercial hub” of South Asia in the 21st century. The Task Force recommended shifting government ministries, departments and corporations, which were not directly conducive to financial and commercial activities, from Colombo to Sri Jayewardenepura (a nearby suburb) in order to bring about more functional efficiency as well as to accelerate the development of the city.31 Additionally, the Task Force Report on Housing and Urban Development (1998) noted that the high price of land in the city was due to government monopoly, since major portions of government-owned land remained “underutilized.”

31 It appears that city land was suddenly valuable for its ability to lure financial capital and aid the “accumulation regime” (Painter 2002). At the moment, the Sri Lankan national policy rhetoric is consumed with making Colombo “competitive” and exploiting its “comparative advantage” vis-à-vis its natural harbors and educated population. As Colombijn and Nas (2002) note, Colombo looks towards Singapore as its model, while Singapore envies Tokyo – these “chains of aspiration” are evident in many national policies.
The Report noted that projections indicated that in the year 2005 urban areas would require 322,500 housing units (the island-wide requirement would be 512,000). When it came to future housing policies, the Report recommended that the Government of Sri Lanka:

1) adopt an enabling approach in housing development. However, in the case of underserved settlements “a provider approach may be pursued in order to release prime lands for commercial and economic development.”

2) encourage private sector developers to invest in middle/upper income housing construction by providing affordably-priced urban land

3) encourage “high and medium size (vertical and horizontal) residential development in prime urban land to ensure optimum land use

4) facilitate the issue of deeds to low-income beneficiaries with owner permits so that they could access long term mortgage housing finance

Finally, the Report stated that, “the state will intervene and facilitate to provide offsite relocation housing to uplift the quality of life of the poor families in the underserved settlements in order to liberate the prime and commercially valuable land for Economic Development.”

**Colombo Metropolitan Regional Structure Plan**

Concurrently, the Urban Development Authority (UDA) completed its Colombo Metropolitan Regional Structure Plan (CMRSP 1998). The CMRSP was a distinct departure from the previous methods of blueprints and master plans, and utilized a strategic approach with

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32 On the other hand, the CMRSP noted that the population in the Colombo Metropolitan Region was projected to increase to 6.5 million in 2010 from 4.6 million in 1996. The additional housing requirement for 2010 (for the Colombo Metropolitan Region) was estimated by the CMRSP to be approximately 375,800 units.
emphasis on nodes of activity within the Colombo Metropolitan Region. While the original plans of Geddes and Abercrombie sought to deconcentrate activities in the city, the CMRSP promoted “division of labor” and extreme concentration through higher building densities and new infrastructure within Colombo itself as well as relocation of activities that did not directly correlate to financial matters. The CMRSP recommended relocating slum dwellers living in poor conditions to denser housing schemes where they could be connected to water and sewerage systems. However, knowing that slum dwellers living on government land would not agree to move to the periphery of the city, the CMRSP recommended the construction of multi-story apartments in low value lands within the city.

Conclusion

Thanks to its social welfare policies, such as free education and healthcare, Sri Lanka achieved and maintained high social indicators, in spite of mediocre growth. Furthermore, due to competitive politics, the urban poor, especially in Colombo, benefited from progressive housing policies. The vast majority of the present slum population in Colombo became legal residents following rent and ownership regulations in the 1970s. Furthermore, the Million Houses upgrading program in the 1980s provided tenure security and service improvements to marginalized settlements in the city. Most importantly, the nurturing of pro-poor government officials and planners who cultivated meaningful relationships with community leaders bode well for future housing programs targeting under-served settlements.

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33 As Roger Keil (1998) notes, quoting Goodwin et al. (1993), “…Changes in the mode of regulation will necessarily involve changes in the spatial form and configuration of society.”

34 The CMRSP also mandated the participation of the affected settlers throughout the project cycle in any urban improvement program.
However, beginning in the 1990s, donor agencies such as the World Bank and IMF have urged successive Sri Lankan governments to become more competitive. There was a renewed perception that Colombo needed to capitalize on its comparative advantages vis-à-vis the rest of the region (such as strategic location and educated population) in order to remain competitive and spur economic growth in the nation.

In keeping with the CMRSP and the Task Force Report, the entire thrust of the government’s Poverty Reduction Strategy Paper\textsuperscript{35} (PRSP) was to reorient Sri Lanka and Colombo, in particular, towards attaining “world class city” status and becoming an economic hub for Asia. At the same time, the awareness that 51% of Colombo’s city lived in under-served circumstances as well as the growing sprawl surrounding Colombo made many in government feel that Colombo was not attractive enough to potential investors. The Sustainable Townships Programme and its pilot project, the Sahaspura apartment complex, with its parallel attempts to free up land for development and upgrade slum dwellers to modern apartments, were part and parcel of the drive to make Colombo more competitive in the larger world economy.

\textsuperscript{35} Regaining Sri Lanka: Vision and Strategy for Accelerated Development, PRSP, GOSL 2002
Postcard issued by Real Estate Exchange (Pvt) Limited (REEL)

View of surrounding under-served settlements from the Sahaspura high-rise building
THE SUSTAINABLE TOWNSHIPS PROGRAMME

The policy recommendations36 in the Presidential Task Force Report, Colombo Metropolitan Regional Structure Plan (CMRSP) and Poverty Reduction Strategy Paper (PRSP) were substantially reflected in the Sustainable Townships Programme (STP). The new housing program promoted by the STP Concept Paper stated as its objectives: “Homes for the deprived half of the city population and finding enough lands to steer Colombo as a world class city into the 21st century.”

At first glance, the new Sri Lanka housing policy appears to have elements in common with the urban redevelopment policies practiced in the U.S. in the past and in China recently. Urban renewal efforts, slum clearance and redevelopment policies in the U.S. often exacerbated the housing shortage that had created slums in the first place (Keyes 1969, Gans 1962, Abrams 1964). Similarly, although urban renewal in China was slated to upgrade city parcels that were in the worst shape, the program eventually focused on renewing those city sections that offered the highest resale potential (Zhang and Fang, 2004). However, unlike the urban redevelopment schemes in the U.S. and China, the new urban redevelopment program in Sri Lanka explicitly calls for voluntary relocation and mandatory rehousing of displaced residents.

A closer look at the STP reveals many aspects that coincide with land readjustment techniques popular in Germany and Japan (For land readjustment in Germany see Seele 1982, Larsson 1993; for land readjustment in Japan see Miyazawa 1982, Nakamura 1986, Sorensen 1993). Faced with challenges of under-serviced, crowded cities, countries such as Germany and

36 See previous chapter for detailed summary of the Task Force Report, CMRSP and PRSP.
Japan undertook land readjustment strategies to consolidate fragmented land in order to provide better services and infrastructure in cities and improve the standard of life.\textsuperscript{37} The STP, with its goals of resettling slum dwellers in high-rise buildings in order to improve their quality of life while freeing up land for development, also bears a striking resemblance to land readjustment policies successfully conducted in Korea, where slum dwellers were resettled in compact townships (Kim et al. 1982, Larsson 1993).

The Urban Problem as seen by the Sustainable Townships Programme

The Concept Paper (2000) from the Sustainable Townships Programme noted that there were 66,000 slum and shanty households within Colombo city occupying 1000 acres of prime land.\textsuperscript{38} Given the inability of the government to transfer any of the 1,000 acres of prime city land to the private sector to meet demand, economic growth was restrained and the price of land had escalated out of reach of all but the wealthiest citizens. It was within this context that the STP attempted to tap the economic potential of under-utilized, state land in Colombo to improve housing/service standards of under-served residents and spur economic growth in the city.

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<tr>
<th>SETTLEMENT INFORMATION</th>
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<td>No of Under-Served Settlements</td>
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<tr>
<td>No of Households</td>
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<td>Population</td>
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From: Best Practice From the City of Colombo, Sri Lanka, STP, 2000

\textsuperscript{37} For land readjustment in Germany see Seele 1982, Larsson 1993; for land readjustment in Japan see Miyazawa 1982, Nakamura 1986, Sorensen 1993.

\textsuperscript{38} Of the 66,000 under-served households living in the Colombo Municipal area, 11,000 households (249 settlements) were identified as living in 150 acres of environmentally-sensitive or flood-prone areas such as road, railway and canal reservations.
According to the STP Concept Paper (2000), the growth of the city’s population to nearly a million people had caused the century-old sewer system (designed for a population of less than 350,000) to fail. Consequently, approximately 51% of Colombo’s 725,000 residents were tolerating squalid living conditions, poor garbage collection, water pollution and the perpetuation of multigenerational urban poverty. Lack of available housing, the growth of slums, the loss of available government lands and rising land prices constituted a vicious cycle.

The Concept Paper further notes that previous attempts such as community based shelter approaches and incremental upgrading methods had fared best in rural areas where land, material and labor were abundant resources. In urban communities, these conventional approaches had resulted in temporary solutions, which had failed to provide social and economic mobility to under-served communities. Furthermore, the escalating prices in the land market had led to new encroachments and illegal fragmentation of plots in under-served communities as families had expanded over two or three generations. Since addressing the issue in a comprehensive manner would entail spending approximately Rupees 50 billion, the STP Concept Paper proposed a market-based approach.

STP’s market-based approach to rehouse Colombo’s under-served residents

The STP plan envisioned the relocation of poor families living without proper title on valuable government lands to compact townships within the city of Colombo and in the process, the liberation of 3/4 of encumbered government lands for urban redevelopment. The STP also calculated that profits from the sale of newly liberated government lands could be used to fully

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39 Approximately 350,000 under-served residents were living on 6% of the total land extent in Colombo. Slums and shanties account for 27% and 24%, respectively, of the housing stock. (UNHABITAT/UNEP, 2003)
fund the rehousing scheme. In this sense the STP conceived of its strategy as a self-financing, market-based, and market-driven one.

In the long term, STP proposed to capture value from 1000 acres of land within the Colombo Municipal limits, entailing the rehousing of 66,000 families. In 1998, STP estimated that these 1000 acres might potentially fetch up to Rupees 60 billion (US$ 60 million). On the other hand, it would cost approximately Rupees 25 billion (US$ 25 million) to rehouse families in high-density housing with modern infrastructure and individual services (Interview with Gunasekara 2004). One family was found to occupy on average 2 perches of land, and in 1998, one perch was estimated to cost about (on average) Rupees 400,000 (Interview with Mirihagalle). Thus, the STP formula dictated that if a family liberated 2 perches of land, they would be entitled to a house worth Rupees 800,000. To manage this process, STP created a new company called Real Estate Exchange (Pvt.) Limited (REEL), with equity partners comprising the relevant land-owning government agencies. The Chairman of REEL, obviously an advocate of the project, claimed, "Existing housing policies encourage fragmentation of land in Colombo. We do the opposite by assembling land to enable urban regeneration."  

Real Estate Exchange (Pvt.) Limited (REEL)

REEL was established in 1998 with equity participation of several key government agencies and the Colombo Municipal Council with an eye towards fast track implementation of the STP program. REEL employees are all seconded from NHDA or UDA. The goal was to induce the agencies to cooperate rather than recreating another huge institution like the NHDA or

40 The Government would bear the costs of infrastructure and land.
41 The Sunday Leader, August 25, 2002
the UDA (Interview with Deheragoda 2005).\textsuperscript{42} REEL was registered under the Company Act of 1982 and is characterized in the Concept Paper as a private company that enjoys the patronage of the government but operates independently. As the operating/managing arm of the STP, REEL continues to manage the rehousing/maintenance at Sahaspura as well as oversee future plans.

The REEL shareholders listed in the Concept Paper contributing Rupees 5 million worth of equity each are STP, UDA, NHDA, SLLRDC and CMC. However, the main shareholders listed in the REEL annual report (2002) are National Housing Development Authority (50,000 shares), Urban Development Authority (20,000 shares), Sustainable Township Programme (50,000 shares), Sri Lanka Land Reclamation and Development Corporation (20,000 shares). In addition, the chairpersons of REEL, UDA, and SLLRDC own one share each.

As stated, REEL is government-owned but operates with the flexibility of a private company with decisions made by a board of directors. REEL’s board of directors is nominated by the share-holding government agencies. The board makes decisions pertaining to land development, land sale and housing development decisions. In this manner, REEL has attempted to operate independently of the Government and avoiding red tape (Interview with Deheragoda 2005). However, during

The Ministry maintains its relationship to REEL through the STP. STP is a policy-making body within the Ministry of Urban Development and Water Supply (within the earlier

\textsuperscript{42} As of June 30, 2002, STP?REEL had 48 employees, while NHDA (which, to be fair, deals with rural housing on a nation-wide basis) had 2,896 employees and UDA had 1356 employees. (Census of Public and Semi-Government Sector Employment, Department of Census and Statistics, 2002)
government STP was located in the Housing and Plantation Infrastructure\(^{43}\) and answers directly to the Minister through the Secretary of the Ministry. The Director of the STP, Dr. Deheragoda, is also the Chairman of REEL, ensuring that there are no conflicts in decision-making.

The STP/REEL Plan of Action:

Designation of Lands and Households:

Under the STP strategy, all households in underserved settlements (USS) would be registered as Designated Households and Designated Lands. Residents on Designated Land could not transfer ownership or utilize Designated Land for other purposes without consulting the STP. Designated Households would be provided the opportunity to choose from different housing schemes in STP Compact Townships. STP would only consider public land owned by the Government, NHDA, UDA, SLLRDC and CMC, which would in turn receive a value for land less costs of liberation and rehousing of residents.

Entitlement Certificate and Apartment Allocations:

Under the STP plan, REEL would provide entitlement certificates to Designated Households qualifying them to receive an apartment ranging from 300 to 600 square feet, the precise size of which would be determined according to the value of the vacated land.

Individual Choice

In contrast to social mobilization programs in which communities are empowered by collective bargaining, in the market-based program constructed by the STP, individuals would

\(^{43}\) One of the problems with the change in Government has been that earlier STP and the government agencies owning REEL were all under one Ministry. Now they are splintered in two Ministries creating a lack of interest on the part of some agencies.
choose the building and apartment they wished to move to. Such a process would, in the estimation of the STP, lend itself less to potential political influence or community pressure.

**Land Cycle**

Land occupied by under-served settlements was perceived as commercially viable yet under-utilized land. STP hoped that each rehousing project would utilize non-prime land for rehousing while liberating prime land for urban redevelopment. By arranging temporary housing for occupants of prime land, even before the compact townships were completed, the hope was that the liberated lands would be made available for immediate redevelopment, thereby raising funds for the construction of the rehousing schemes. As the Concept Paper (2000) notes, “The better the market for housing and commercial space, the better will REEL fare.”

**Land Liberation Process**

The first stage in the land cycle involved the partner agencies of REEL agreeing on the sites involved in each cycle, including land for rehousing and urban redevelopment as well as land for temporary housing. Once identified, the sites would be registered as Designated Land and Designated Households could sign up through the REEL office.

Designated Land had to be legally transferred to REEL by the partner agencies. The partner agencies would then be entitled to a share of net profits generated from a particular land cycle in proportion to the amount of land contributed.

While the land in various locations would be of varied assessed value, within the REEL process all land would be treated as of equal value for purposes of profit sharing. The Concept
Paper notes that since REEL was a subsidiary of Government agencies with powers of forcible ejection, the agencies would retain the right to use such powers in spite of the transfer of designated land to REEL.

Rehousing Program

STP and REEL use the word rehousing to characterize the process of placing underserved residents in modern compact townships. Rehousing would occur only with the complete consent of all residents in a particular location. The program aimed to relocate 66,000 households who were occupying Government land and rehouse them in seven compact townships. The goal was to liberate 955 acres of prime land within the Colombo Municipal Council area (830 acres would be used for rehousing/redevelopment and 150 acres would be reserved for environmental and open space uses).

The STP Concept Paper indicates that the rehousing mechanism would allot an average 300 to 600 square feet per household in the compact townships. In addition, the Designated Households would obtain individual bathrooms, toilets and kitchens as well as individual water and electricity connections not to mention access to telephone facilities.

Redevelopment Program

Through the STP, under-served residents would vacate on average two perches of land (1 perch = 272 square feet). They would then be rehoused in new buildings and occupy less than half a perch of ground land, thus, vacating land for commercial and up-market residential
purposes. It was essential that the REEL obtained the maximum value from the vacated lands so that the redevelopment process would fund the rehousing process.

Land Disposal Method

REEL would advertise the land available for redevelopment and develop profiles of these lands. If necessary, REEL would conduct soil tests and verify clear title.

In areas designated by UDA as low density residential zones, REEL would prefer auctioning of liberated land. In areas zoned for a minimum ten floor development with housing and commercial, REEL would push for land sale plus a share of the proceeds from the sale of housing units and commercial spaces through redevelopment.

Real Estate Trustee Company (RETCL) and REIT\textsuperscript{44}

A company called the Real Estate Trustee Company (RETCL) was formed by a group of 19 local financial institutes (mainly banks and finance companies) in order to finance private sector urban redevelopment. Each financial institute owned a share in the company. Each financial institution would look for developers and submit proposals to the RETCL. The developers in turn would use competitive processes to pick contractors for the construction. The REIT entailed the company selling its own certificates to investors to finance the potential development ventures (basically shares based on property development).

\textsuperscript{44} Similar to a mutual fund that invests in real estate, a REIT is basically a trust company that accumulates a pool of money through an Initial Public Offering (IPO). The pooled money can then be used to buy, develop, manage and sell assets in real estate.
The RETCL and banking group were to set up Real Estate Investment Trusts (REIT), one for each land or development site, to facilitate public investment and transparent market pricing of property units. The investors in the Trusts would have two years to make a profit. REEL would be entitled to 15% of the profit, while the developer was entitled to 25% and the investors were entitled to 60% of the profits. REEL was also able to get the basic price of the land in which case it would forfeit the profit sharing. In essence, REEL was a joint investor in the development by providing the land for free at the beginning of the process.

The Residential Nodal Compact Townships

The nodal point development approach was promoted to identify and implement common land alienation and land use policies and regulations as well as to facilitate the joint effort of infrastructure agencies in developing the compact townships in an integrated manner. The idea was to proceed from selected nodes, expanding infrastructure and jumpstarting the redevelopment of the city.

The Concept Paper (2000) suggested that UDA and REEL proceed by creating nodal points such as the Borella Junction, which would in turn trigger localized development strategies. The goal was to implement a Concept Plan, which is more an exercise in envisioning what type of development would take place at the nodes e.g. a supermarket or a school. However, UDA went further and declared the Sahaspura site a “special development area” freezing other developments in the area for two years. These restrictions are more in line with strategic planning and were apparently counter to the idea of what the nodal townships were meant to achieve (Interview with Gunasekara 2004).
Low Income Settlements in Colombo

Map No. 11

Existing Low Income Settlements (1996)
City of Colombo

Legend

- Low Income Settlements

Source: CMRSP 1998, Urban Development Authority, Sri Lanka
The Sahaspura High-Rise Housing Project

Through a comprehensive survey undertaken by University of Sri Jayewardenepura students, it was found that in Colombo city, 66,000 under-served households were living on 1000 acres or 11% of city land. The land mostly belonged to NHDA, CMC, SLLRDC, or the Housing Commissioner (Interview with Mirihagalle 2004). In effect, 1000 acres of potential prime land was available for development of which 600 acres would be sold on the market and 400 acres would be utilized for rehousing. Six locations were identified as potential new compact townships: Borella, Grandpass, Kochchikade, Slave Island, Narahenpita and Wellawatta.

First Compact Township – Borella

The first nodal compact township selected was the compact township in Borella, Colombo 8. 10 acres of land would be utilized i.e. 6 acres from the saleable 600 acres would be sold at market rate to fund construction of housing units on 4 acres from the 400 acres pegged for rehousing.

After some difficulty locating bare land, 2 ½ acres of UDA land adjoining Wanathamulla, the oldest and largest under-served community within Colombo city, was identified as the project site for the pilot housing complex, Sahaspura (Millenium City). Occupying a total floor area of 2970 square meters (approximately 31970 square feet), the 14-floor high rise building was completed in 2001.

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45 More recent sources (PRSP 2002) report that there are 1613 settlements containing 350,000 persons occupying 6% of city land.
Sahaspora Context Map and Land
Liberated by Sahaspura Project

Source: Colombo Municipal Council, 2004 and REEL, 2002
Criteria for Picking Sites from which Residents would be Relocated

For the Sahaspura project, residents from 14 locations were chosen to be relocated viz. Pattiyawatta, 60 Watta, Bo Sewana Watta, 57 Watta, Punchi Borella, Maradana, 54 Watta, 48 Watta, Union Place, Panchikawatta, 66 Watta, Baseline Road, 254 Watta, 52 Watta. There were several criteria that went into picking the sites from which residents would be relocated to Sahaspura (Interview with Mirihagalle 2004):

1) Each household was living on at least 1.9 perches (on average). This was to make the land exchange feasible, so that on average, beneficiaries were exchanging 2 perches of land for an apartment worth Rupees 800,000.

2) “Prime Land”– attributes included market price or potential value of land, strategic location i.e. land next to JAIC Hilton (upscale apartments)

3) Total land size should be 40 perches and above, in order to be commercially attractive

4) Government-owned land

Social Marketing

At the beginning, many beneficiaries were not willing to contemplate moving into a high-rise building. So before the design was voted on, social marketing of the high rise concept began in earnest. The social marketing team visited households to clarify REEL’s concept of resettlement and provide brochures on REEL’s approach.

As soon as a legal agreement had been signed, a more significant campaign was launched with workshops on various issues (including new employment opportunities), visits to

46 Note settlements bearing single municipal assessment numbers.
resettlement sites and the training of peer educators drawn from the community. REEL also had a few media campaigns on its resettlement program such as radio programs, which featured on-air discussions. Since there were some television sets in under-served communities, REEL was also involved in the production of two teledramas focusing on resettlement (Schilderman 2002).47

Approximately 600 people had voted on the three short listed designs, which had been exhibited at the REEL office (Interview with Samarasinghe 2005). Once the developers’ plans had been exhibited and voted on, and the design’s technical feasibility had been approved, project land was cleared for the building of the high rise.

Following the vote, the social marketing group talked to the potential beneficiaries about building finishes and elevators as well as other interior features of Sahaspura.48 There was also extensive training provided on how to use toilets and behave within the high-rise building.

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47 In fact, my mother and brother vividly remembered the story line about the planner who fell in love with a lady from a resettled family!

48 One informant indicated that while some bathrooms had been advertised as having tiled floors and half walls, after construction, only the floor had been tiled, causing undue embarrassment for the social marketing team. It appears that construction supervision left much to be desired, especially where the finishes were concerned.
Outcomes of the STP/REEL Process

Private sector participation and voting on the design

In the case of Sahaspura, REEL was able to generate significant private sector participation in the design and construction process, receiving several designs for high-rise structures. A short-list of three designs was presented for voting by members of Designated Households. Over 600 eligible residents had voted on the final designs exhibited at the REEL office. The winning design, that of Sri Lankan architect Rohan Fernando and Pillar-Asset (a Sri Lankan/Singaporean joint venture) won over 80% of the vote (Interview with Fernando 2004).

Inability to develop multiple sites concurrently

However, the initial idea was that once several resettlement sites had been picked, local private contractors would present the beneficiaries with various models for multiple sites, and the dwellers would sign up for their preferred sites and the designs. In this way, beneficiary preference would play a large role in choosing contractors for the different resettlement projects. However, REEL was able to locate only one buildable site of land at Wanathamulla. It appears that state landowners such as the UDA were unwilling to vest land with REEL for the resettlement and redevelopment process (Interview with Gunasekara 2004).

Accordingly, while the residents of the 15 under-served settlements selected for the program were able to vote on their preferred design for the Sahaspura high-rise complex, unfortunately they were not able to choose between various locations and several building types. Similarly, since there was only one site available, only the design/construction firms bidding on
Sahaspura underwent a selection process, preventing multiple firms from participating in the process.

**Inability to sell the vacated land**

The assumption was that the sale and development of liberated land would fund the costs of rehousing under-served residents. The Treasury advanced the sum of approximately Rupees 510 million (US$5.10 million) for the financing of the STP rehousing program and the Sahaspura project, with the understanding that STP would pay them back once the liberated lands had been sold.

However, there has been considerable difficulty selling the liberated land due to the sluggish real estate market since 1999. The significant price bubble that existed from 1990-1998 skewed the projected value of liberated land. On top of this, the Board of Investment had been in the practice of giving potential developers tax breaks and discounts on land prices, which worked against the interest of STP, which was attempting to sell the land at market price. Furthermore, since land was still so expensive in Colombo, many commercial and residential developers preferred to buy cheaper land in the outskirts and suburbs. Consequently, thus far, the program has not been self-financing.

**Political support**

It appears that during project preparation, the Minister in charge would tell STP to proceed with the project but indicate to the developers that the project did not enjoy outright political backing. This caused many developers and financiers to have second thoughts about

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49 The BOI would often sell land for 2% of actual land value in order to encourage investment and development.
participating in the project (Interview with Gunasekara 2004). At the same time, the personal interest of the President enabled rapid project delivery and construction of Sahaspura, at times to the detriment of financial management and building supervision (Interview with Fernando 2004).

REEL was also hamstrung by the change in national Government from 2001-2004. During those intervening years REEL had only received operating funds of Rupees 2 million from the Treasury. Furthermore, during the changes in government, ministries and agencies were reorganized such that the entities owning REEL were assigned to separate ministries. Thus, REEL struggled to align its interests with multiple ministries while some owner-agencies in other ministries lost interest in the STP process. However, now that the PA coalition government is back in power, REEL programs are receiving prominence once again.

RETCL Scheme and REIT

While the initial plan was to create an RETCL scheme where Trustees would hold shares in REEL, many of the financial and banking companies gradually withdrew from the program. In essence, the remaining entities are the government agencies, which also happen to be the owners of the encumbered land. Thus, neither the RETCL nor the REIT systems appears to be operating as detailed in the STP Concept Paper (2000). When it came to the REIT, it turned out that no entity or person was willing to invest in property-based shares, especially those concerning rehousing projects (Interview with Gunasekara 2004).
Access to Collateral and Title Deeds

STP/REEL assumed that under-served residents living in slums had no mobility due to a lack of access to collateral. Residents of under-served settlements had always rented, leased or sold their land, but had done so outside the mainstream legal system. While the residents of Sahaspura are still awaiting their permanent title deeds, they have received temporary deeds, which can be used as collateral. Furthermore, residents of Sahaspura are able to legally rent or sell their property, and this has, above all, allowed them to enter the mainstream economy.

Maintenance Fees, Costs and Management

Relocated residents were required to pay a one-time deposit of Rupees 25,000 when they began occupying their new apartment. The deposit from each resident was placed in an account with Sanasa Bank (which had a branch on the ground floor commercial space of Sahaspura) and the interest from this sum was earmarked for maintenance costs and common area utility payments (Interview with Mirihagalle).

In 1999, REEL planners had studied Liberty Plaza, a well known up market residential apartment complex with a condominium association that required the residents to pay a monthly fee of Rupees 3,000. REEL felt that a one-time deposit was more likely to succeed with under-served residents than monthly payments for maintenance. Thus, in 1999, the planners had devised the deposit of Rupees 25,000 per apartment.⁵⁰

⁵⁰At that time, NHDA engineers had done some cost analysis and recommended Rupees 15,000 to cover costs, but REEL had decided to increase the deposit to Rupees 25,000 (Interview with Samarasinghe 2005 and Mirihagalle 2005).
Unfortunately, in the interim between planning and completion of the Sahaspura building, interest rates had decreased from 18% to 8% and electricity rates had tripled. In 2004, expenses amounted to almost Rupees 200,000 while interest from the deposits came to merely Rupees 150,000. If all the residents had paid the deposit, the earnings from interest would add up to at least Rupees 200,000, allowing REEL to break even (Interview with Mirihagalle 2004). Relying on a one-time deposit to finance maintenance for the lifetime of the building proved costly.

The monthly wages/bills for Sahaspura in January 2005 totaled Rupees 195,000 and were as follows:51

- Rs. 160,000 for common areas electricity bill
- Rs. 500 for management office electricity/water
- Rs. 11,000 for building manager
- Rs. 7,500 for 2 technicians
- Rs. 5,000 x 5 elevator operators
- Rs. 4,500 x 5 cleaning staff
- Rs. 4,000 for watchman
- Rs. 3,000 for landscaping

Furthermore, in some instances, in order to fill the building initially, REEL had allowed some early occupants of Sahaspura to take possession of their new apartments without paying all or some of the deposit. The manager of the building noted that when he first started working at Sahaspura, only 133 people had paid the Rs. 25,00052 deposit.

In other instances, residents had taken loans from the Sanasa Bank (where the deposits account was maintained) to pay the Rs. 25,000 deposit and then defaulted on all or some of the

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51 In addition, the annual costs for the elevator maintenance service contracts amount to Rupees 400,000.
52 Equivalent to SUS320 in the year 2000
loan. When this happened, Sanasa Bank had withheld part of the interest from REEL until the residents’ loans were paid back. REEL informed me that after that experience, they realized that before residents could move in, they had to pay the deposit in full. Thus, subsequent groups of residents had paid the down payment amount in full before being allowed to occupy apartments in Sahaspura.

REEL indicated that they consider that they had “loaned” the Sahaspura project approximately Rupees 4 million. While there are 69 commercial spaces in the building available for monthly lease, only 20 shops are being rented out and used for this purpose. If necessary, REEL will sell the commercial spaces outright to recoup their losses.

REEL assumed that the Condominium Association Board\(^5\) would eventually take over maintenance of the building through the active participation of the residents. However, many residents are reluctant to spend the time and effort managing Sahaspura. In fact, many residents I spoke to had not heard about a potential resident-managed Condominium Association and most, if not all, expected REEL or UDA to take care of the building. As of January 2005, Sahaspura was still managed by the Management Corporation staff hired and paid by REEL.

**Apartment Allocations and Locations**

First, the concept was to measure each plot and give each household a 400 square foot apartment, but beneficiaries had not accepted such an allocation since they had differing levels of habitation in the settlements. Many residents had complained: “Why should that man who’s

\(^5\) Previously the Common Amenities Board, which oversaw common tap/bathroom maintenance in upgraded slums and shanties.
squatting on less ground get the same size apartment that I do?" Thus, REEL was compelled to provide 10 housing options:

1) 300 sq ft
core unit/studio
deluxe/partitioned room

2) 400 sq ft
core unit/studio
deluxe/partitioned room
superdeluxe/tiled bathroom

3) 500 sq ft
same as (2)

4) 600 sq ft
deluxe/partitioned room
superdeluxe/tiled bathroom

Internal formulas were used by REEL to weight each family’s former habitation (Interview with Mirihagalle 2004). Points were allocated for existing services as well as previous floor area enjoyed in the squatter settlement. Points were given for:

- Size of floor area
- Type of roof
- Type of house wall
- Type of structure
- Age of structure
- Existing services – water, electricity, telephone
- Ownership – lease holder, conditional deed, 20-30 year rental

Households would have the ability to add their own additional cash funds in order to achieve a larger apartment and/or more desirable location. Once a household’s points had been tallied up, the computer would recommend a suitable match i.e. the program would recommend a 400 square foot D (Deluxe) or a 400 square foot S (Super deluxe). If a resident wanted a bigger apartment then the balance had to be paid in cash at a 70% discount. Thus, for 100 extra square feet, a beneficiary would pay 30,000 rupees rather than 100,000 rupees. 54

54 About 100 residents took the option of paying more and receiving a larger apartment (REEL 2005).
In 2004, almost 650 apartments were full; only about 10-15 (all super deluxe) apartments were left vacant (Interview with Kehelkaduwa 2004). As of early 2005, the last apartments were in the process of being occupied (Interview with Mirihagalle 2005).

While the largest and most costly apartments were located on the ground floor, they were the last units to be filled (Interview with N. Fernando 2004 and D. Fernando 2005). In other words, the ground floor apartments were earmarked for those who had been allocated the most points according to their previous level of habitation in the under-served settlements. There appear to be three reasons why these apartments were slow to fill:

1) REEL assumed that those beneficiaries that had been better off in the under-served settlements would prefer the ground floor. In fact, it turned out that the better off residents preferred the upper floors, which were perceived to be quieter, cooler and better lit. By contrast, the lower floors were seen as darker, not as well ventilated, noisy (due to residents pounding spices upstairs) and litter-strewn (due to the unfortunate tendency of some residents to throw garbage down the interior air wells).

2) Those with large, storied houses refused to move into Sahaspura, preferring to remain where they were.

3) The garbage chutes for the building emptied onto the ground floor adjacent to these apartments creating an eyesore. In addition, the sewer gullies also were located in this area causing a pungent aroma at times.
Construction Problems

Construction was supervised by the National Building Research Organization (NBRO). The architect as well as planners and activists agree that their supervision appears to have been below par. There have been complaints by planners and residents about shoddy tiling, leaky pipes and undue cost-cutting. While the architect had planned on large elevators so that residents could transport their motorcycles and other large possessions into their apartments, the actual elevators used had been smaller and thus, defeated the purpose. Furthermore, the architect noted that the contractor, even though an experienced builder of public housing in Singapore, opted not to tile the area around the elevator buttons (which should have been done for easy clean up and less wear and tear).

Next Steps

REEL plans for 5 more compact townships targeting under-served settlements in Colombo (Minikelanipura, Kochchikade, Slave Island, Narahenpita, and Mayura Place). There also appears to be 550 residential housing units being developed in Pelangastuduwa, targeting middle income groups. Shelter (Pvt) Ltd, an Indian company, will be joint developers and thus have to come up with the funds. The Government will provide a guarantee and pay the developer once construction is complete and beneficiaries have bought the housing units. In this next phase, previously uninterested local contractors with the capacity to undertake projects of this nature have become eager to join the process (Interview with Rohan Fernando 2004).
Under Served Settlement in the City of Colombo and Proposed Project Areas

Source: Based on UDA-CMRSP (1998)
Conclusion

Although, the de facto housing intervention for slum dwellers remains on-site incremental upgrading, Colombo city faces a situation where land is scarce and expensive. Meanwhile, the slum dwellers in Colombo are located on centrally located, potentially valuable real estate. Thus, when REEL made its offer, many entrepreneurial slum dwellers were eager to exchange their small plots of land for modern apartments that they would own outright. Although, buying and selling of land occurs in many slum settlements, certainly, one might obtain much more income from the sale of a fully serviced, modern apartment than from 2 perches of land in the middle of a slum settlement.

From several conversations with Sahaspura residents, I gleaned that at least 30 households have already sold their apartments and moved elsewhere. There is anecdotal evidence that most of these residents have moved to suburban areas.\(^{55}\) It would certainly be fruitful to study to which areas these residents relocated and most importantly, to whom they sold their apartments. There are some concerns that during turnover, the resident pool would “filter up” to the higher income groups rather than under-served residents. On the other hand, as will be seen in the next chapter, under-served residents in Colombo, while socially marginalized, may not fall within the low-income bracket. Furthermore, REEL officials indicate that Sahaspura and other projects like it will serve as points of transition for slum dwellers that, after all, comprise 51% of the city population, so that they may accumulate property assets and participate in the private real estate market. However, since the goal of STP is to incorporate

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\(^{55}\) During one visit to Sahaspura, I noticed a man distributing leaflets. I too was handed one and discovered that it advertised one of many subdivisions cropping up outside the city.
under-served residents into the social and economic mainstream, then potential filtering up to higher-income groups might be an issue to be studied in the future.

REEL/STP were successful in so far as relocating slum dwellers on a voluntary basis to modern, serviced apartments and enabling slum dwellers to exchange their (on average 272 square foot) land for new apartments within the city of Colombo. In this regard, the relationships forged between slum residents and government planners during the MHP era paid dividends in terms of a successful participation process. Slum dwellers who chose to participate in the relocation program voted on the building design of their choice and, according to the square footage allotted, selected the apartment of their choice within Sahaspura.

However, there were several unexpected challenges that prevented REEL from achieving financial self-sufficiency:

1) change in national government so that the STP lost its high-level political backing for a period of time,

2) institutional instability caused by changing governments reorganizing ministries and government agencies

3) rise in construction prices between design and completion of the building increasing costs, so that an increased amount of money had to be recouped from the sale of vacated land to fund the building,

4) uncoordinated policies at the national level such as the Board of Investment, offering heavily discounted land to private developers so that investors were unwilling to pay market price for vacated slum land,
5) rise in tariffs on electricity after the completion of the project meant that the maintenance costs were higher than estimated,

6) unwillingness or inability to require all residents of Sahaspura to pay down payments before moving in, which created havoc on the maintenance funds and the management staff,

7) decrease in interest rates, which further reduced the income generated from down payment accounts earmarked for maintenance funds.

While REEL/STP had hoped to subsequently sell the vacated land in order to recoup the costs of constructing the apartments, they have not been able to do so as yet. Furthermore, due to macroeconomic and political instability, construction and maintenance costs were much higher than estimated. Consequently, the down payments for the maintenance costs have proved to be inadequate. It remains to be seen if the maintenance of the building will suffer over the long-term. However, because of these lessons learned, REEL officials note that they will adjust the down payment structure accordingly in future projects.
THE SAHASPURA PROJECT AND UNDER-SERVED RESIDENTS

While in-situ slum upgrading remains the preferred intervention promoted by development agencies, as mentioned earlier, Colombo city faces challenges such as scarcity of land and an already dense population. In 2002, a survey conducted by Sevanatha, an urban NGO, counted 1614 under-served settlements in Colombo city. Most, i.e. 74%, of these under-served settlements contained less than 50 housing units and only 0.7% of the USS had more than 500 housing units (Colombo City Profile 2002). Furthermore, high population density, congested housing, and lack of access to basic services, such as water and sewerage, characterized these settlements. Thus, as noted by Mukhija (2001), in the face of physical constraints in the existing slum, redevelopment might be more appropriate to improve the lives of urban residents.

The Design: Replicating the Street

The architect, Rohan Fernando had attempted to “replicate the street” in his design due to his observation that life in the under-served settlement takes place much of the time on the street (Interview 2004). Fernando allowed for what he termed “vast free horizontal movement spaces in any given floor.” The 14-story, 671-unit complex comprises a ground floor containing commercial areas, while 13 upper levels accommodate dwelling units and secondary commercial and community spaces.

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56 It should be noted that Japan has organized a few conferences promoting land readjustment on the grounds that it was a suitable method for low-income countries (Nagamine 1986)
57 The city's administrative area is relatively small (37.32 square kilometers)
58 278 persons per hectare according to Sustainable Cities (SCP)/Local Agenda 21 Regional Programmes, UNEP/UNCHS, 2003
59 Fernando also noted that he was influenced by public housing in Singapore, most notably Toa Payoh new towns, as well as Corbusier’s Unite d’habitation de Marseille.
60 Total Floor Area of building is 2970 square meters (NBRO 2005) while the entire extent of land is 2.2 acres.
Ground Floor

The ground floor contains space for a bank, clinic, community center and day care center where resident children are looked after for Rupees 500 per child per month. The teachers' salaries and school supplies are paid through these fees. The Sahaspura Management Corporation's offices are also located on the ground floor.

Enterprising residents can rent out commercial space on the ground floor and residential floors for Rupees 3000 (approximately US $30) a month. An entrepreneurial lady has rented out two adjacent shop spaces and enjoys a brisk trade in cups of tea, baked goods and other sundries. A parking garage serves the many three-wheeler drivers who make their home in Sahaspura.
There are two play areas adjacent to each elevator foyer. A chain link fence separates the landscaped garden of Sahaspura from the surrounding under-served settlement. However, the fence has been breached in several locations, as residents from the settlements are frequent visitors at Sahaspura.

Residential Floors

In order to foster a feeling of community, one emerges from the elevator into a wide corridor meant to resemble the main road. Over the half-wall, planted with various greenery, one sees views of surrounding settlements. Some floors have vegetables planted along the main corridor. The main “Roads” of the Sahaspura building are wide and can act as community spaces in which people gather and relax. In fact, on the three occasions I visited, children were playing, grandparents were strolling with babies and, most interestingly, older residents could be seen sitting down or lying down by the side of the corridor. Many residents had placed racks of clothes to dry alongside the main corridor.
Commercial shops are located at the center point of the main road on every floor. One floor has a beauty salon, while another has a medical clinic. Most of the commercial shops resemble the ubiquitous roadside "boutiques," the Sri Lankan equivalent of a convenience store, selling items like soap, soft drinks, cigarettes and toffees.

On either end of this main corridor or "Road" are two "Junctions." Off the wide main corridor are the side corridors, or streets, which are narrower and more intimate. The side corridors act as a cul-de-sac of sorts.
The residential apartments are located along these side corridors with personal verandahs belonging to each family. Some residents along a side corridor had painted their floor red and applied red polish (a traditional Sri Lankan application), in effect, extending their apartments and verandahs onto the side corridors.

Residents use their personal verandahs for various purposes, including extension of the family living area, gardening, drying of clothes or the establishment of a boutique store where sundry items required by the community are sold. The verandahs also allow each family to individualize the entrance to their apartment. The verandahs are enclosed with iron grills and gates. This was a point of contention for the architect, who had planned on using picket fences,
but the residents had demanded metal grill for added security. Some verandahs were completely covered up so that one could not see inside and I was told that these apartments belonged to Muslim families.
The architect planned that children would be able to use the verandahs and side corridors as play areas, overseen by the adults. The children, however, use the main corridor as well to cycle and to play ball.

Cluster design

In an attempt to prevent the social alienation often experienced in high rise condominiums, Fernando’s plan incorporated 8-11 unit apartment clusters designed to group residents from the same underserved settlements into smaller communities with common bathing facilities. Communal bathing areas are located at the end of each of these "Streets." Fernando intended for the new apartment dwellers to meet each other at the tap, as is common in Colombo’s under-served settlements. Here residents could mingle and interact with each other while attending to their washing of clothes and bathing.

However, occupants objected to the "road side tap" and preferred to do all washing and bathing in their own apartments since they had individual bathroom/toilets. In this instance, residents did not appreciate the architect’s attempt to duplicate what was on the ground. A few residents noted that the common bathing area reminded them of the slums, while they felt that they were no longer in the slums. Residents in some clusters had used the common bathing area to dry clothes or to store household items.
Furthermore, when the apartment allocation was carried out, REEL was unable to place a ground cluster together. This was partially because of the point system corresponding to previous habitation level. Another reason was that those who lived together on the ground did not always choose to remain together in the same cluster in Sahaspura. Residents picked apartments according to a preferred view or location within the building regardless of where their previous neighbors were located. On the other hand, several residents did mention to me that relatives had picked apartments next to each other.
Apartment design

While many of the residents appreciated having individual bathrooms and piped water, there were several critiques regarding the size of the apartment. 54% felt that there was not enough space (interestingly, the survey conducted by IMCAP (2003) indicates when compared to previous residence, 48% had more space, 38% had less space, and 21% had no change in space).

Additionally, there were complaints about the lack of partitioning in the studio apartments. However, most of the residents had proceeded to partition the apartments on their own using furniture or wooden partitions.

Also, there were complaints about the kitchen and bathroom being within sight of the main entry and living area. In Sri Lankan traditional society, the kitchens and bathrooms are at the back of the house. Many families had positioned large cupboards that effectively shielded the kitchen area from the living room area.
Is High Rise Housing Appropriate for Under-Served Residents?

This section of my thesis is based on my own interviews and observations of residents in Sahaspura as well as primary data from a survey of 100 households in Sahaspura conducted by Colombo University’s IMCAP program (Survey 2003).

Social Networks

The residents interviewed were satisfied and felt better off than when they lived in the slums. Interestingly, they felt significantly better off than those still living in the neighboring slums. As one resident noted, “When I first saw Sahaspura all lit up in the night, it looked like heaven!” They no longer felt embarrassed to have friends and relatives visit. In fact, many noted that during the first few months of residence, there had been masses of visitors from their former settlements, coming to admire their new apartments. Children mentioned that they were no longer ashamed to have school classmates visit them at home. A few residents proudly informed me that their apartment building was built along the lines of housing in Singapore. Many residents said they felt a sense of upward mobility.

The IMCAP survey (2003) indicates that 56% of the respondents said that their social life had improved, while 29% noted that life had stayed the same. Only 15% felt that their social life had worsened. In other words, at least 85% did not feel worse off since moving to Sahaspura. Of the 56 respondents who felt that their life had improved, the reasons given most often were “Clean and independent” (45%) and “Decent life” (38%). Of the 15 respondents who felt that life had worsened, the reasons given most often were “No good neighbors” (33%) and “Isolated” (27%).


When asked if they knew more people from Sahaspura or from elsewhere, 35% said they knew more people from Sahaspura, 38% said they knew more people from outside, and 25% said they knew people equally from both places. When asked if they had a “friendly relationship” with their neighbors, 20% said “many,” 60% said “few,” and 20% said “none.” When asked how people in the neighborhood got along with each other, 11% remarked “very good,” 60% indicated “good,” and 24% noted “moderate, while 4% said “bad.” Several families I talked to had visitors from the adjoining settlement drop by while I was talking to them. A lady from the adjoining settlement told me that she had wanted to move to Sahaspura but a vocal group in her particular settlement had opted not to participate in the REEL rehousing program.

According to survey data, when asked if conflicts or tensions in the neighborhood had changed compared to previous residence, 80% said the tensions had improved since moving, 16% said the situation was the same, and 4% felt it had worsened. Many of the residents I spoke to noted that in the settlements there had been frequent verbal exchanges over access to the common water tap and bathroom facilities, whereas now they had individual control over these resources.

When asked what kind of support they would ask relatives, friends or neighbors, relatives were used most often to obtain money (44%) or not used at all (41.8%). Similarly, friends were most often not relied on at all (63%) or used to obtain money (14%). On the other hand, neighbors were either not relied on at all (43%) or relied upon for general help in case of a problem (28%).

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61 As noted earlier, REEL attempted to keep the community together by only moving settlements where everyone was willing to participate and volunteered to move.
Finally, when asked if they felt well integrated/connected to their “present community,” 82% noted, “yes” while 18% said “no.” Of the 18 respondents who said “no,” 7% said they did not like to integrate, while 5% noted that they only spoke to a few people and 4% said they had no neighbors yet.

Better Infrastructure

The residents greatly appreciated their “own” services such as their own bathroom and kitchen. In the IMCAP survey, 42% of the respondents felt that the main advantages of Sahaspura were the infrastructure facilities such as water, electricity, toilet, etc.

18% felt that “cleanliness” was the main advantage, and 18% felt that “freedom” was the main advantage. The water service was good and they didn’t have to line up to use the common tap/bathroom. So there was less competition for these goods, hence, more freedom and independence. Particularly, they pointed to freedom to do other things with their time, and the independence to do it without worrying about neighbors. Several residents told me that in the informal settlements, people were always interfering in one’s affairs, whereas in Sahaspura, it was not so.
Slum dwellers did not like the common washing area on each floor as “it reminded them of the slums all over again.” They wanted their own space to do the washing. Basically, slum dwellers did not want to be treated differently than other residents and they wanted the same services mainstream residents of Colombo enjoyed.62

Livelihoods

According to Gunatilleke et al (2004) and the Colombo Poverty Profile (2002), most of the present slum settlements in Colombo city consisted of a non-migratory population of over two adult generations.63 Thus, these slum dwellers were bona fide urban residents, used to city life. Many were casual employees i.e. laborers and cleaning staff at government offices and in private enterprises, engaged in livelihoods that did not depend on their residential surroundings. Furthermore, in 2003, only 3.8% of the surveyed Sahaspura residents were unemployed (IMCAP Survey 2003), whereas nationwide unemployment was approximately 8.4%.64 In other words, moving to Sahaspura does not appear to have negatively affected livelihoods of residents.

Many residents engage in cooking prepared meals for roadside convenience stores called “boutiques.” Others roll cigarettes, place labels on packets, or packet items like incense sticks. Others buy and sell plastic bags to shops. Many men at Sahaspura are three wheeler auto rickshaw drivers. The density of the building has engendered healthy competition among

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62 This is one reason that high rise public housing in Singapore and Hong Kong have been popular since almost 95% of the population is eligible for public housing, thus removing the stigma attached to high rise public housing that contributed to its overall poor quality and subsequent failure in the West (Yuen 2005).

63 Dayananda (2004) noted that shanties had cropped up in the 1950s and by the 1970s, they had numbered around 20,000 on the periphery of the city. Rural immigration began in earnest in the 1950s and reached its peak in the 1970s.

64 Unemployment in the Southern province, in which Colombo is located was a high 10.7%.
residents preparing food items, improving the quality of the food. Also, several women indicated that since they have their own kitchens, they find it easier to manage their time and prepare their food items for sale. Many residents are proudly sticking a label on their wares with the word “Sahaspora” emblazoned on it!

The IMCAP survey data indicate that employment opportunities remained the same for most (78%) while opportunities improved for 6%. On the other hand, opportunities worsened for 16%. (c/f response to same question regarding skill acquisition in the next paragraph.)

Further, the respondents indicated that there were more services in the present neighborhood where they could acquire certain skills such as dress making, cake making, beauty culture, cookery or driving. However, 81% of those surveyed indicated that they did not want to acquire more skills. Reasons given ranged from having no time (35%), to being too old (16%), to having to look after a child (13%). When asked if they had more opportunities at Sahaspura than at their previous residence, 74% said yes, 4% said same as before, 7% said no, and 15% said not applicable.

When asked if there had been any financial changes since shifting to Sahaspura, 20% said that they had too much expenditure while another 20% said that water and electricity bills were expensive. Altogether, 52% felt that their financial situation had worsened. 47% remarked that there had been no financial changes since shifting to Sahaspura! Finally, when asked if they

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65 According to the survey data, 37.2% of respondents were laborers, 12.8% were daily-paid laborers, 7% were drivers/trishaw drivers and 6.4% were food makers.
66 Respondents’ current skills ranged from “no skills” (54%), “dress making” (22%), making sweets (7%), painting (4%), patchwork (3%), screen printing (2%) etc.
thought their financial situation would change in the future if they stayed in this location, 25% optimistically said it would get better, 23% thought it would stay the same, 13% felt that it would get worse, while 39% wisely noted that they couldn’t say.

Access to transport and facilities

Sahaspora is located off a main highway, Baseline Road, with multiple transport options and other amenities. The main highway is about a 10-minute walk from Sahaspura and many residents take a three-wheeler to the junction. 62% of the respondents noted that the children in the household attended Government schools, while 2% attended private school. 58% revealed that they were satisfied with the quality of the school service. 12% of the students used the bus to get to school, while 72% walked to school. 8% took a three-wheeler to school, while 5% used a school van service.

For health issues, of the 42 who responded to the question, 57% use the public health system at the general hospital, 21% go to a private dispensary, and 14% seek treatment at the Ayurveda (indigenous medicine) hospital. Consequently, 55% of the respondents enjoy free medical treatment.

As Sahaspura is located next to an informal settlement, the residents have access to the stores and amenities available to those in the informal settlement. Furthermore, the placement of convenience stores within the building, on individual floors run by residents themselves, and in the commercial space on the ground floor, affords access to sundry items.
Many residents have visitors from their former settlements and weddings are held in the community center. There is a small library organized and operated by the children at Sahaspura, and frequent classes such as flower arranging, sewing, cake making etc. However, I was told that attendance at the classes is very low.

It is troubling that the elevators do not appear to work at night causing problems for those in upper floors and the elderly. The elevators only run when an elevator operator is present, which prevents the usage of elevators when the operators go home for the day. While this could also be a cost-saving measure on the part of the management office, it is certainly a serious inconvenience that needs to be addressed.

Space

There have been complaints about the lack of space. In general, the unwillingness of under-served residents to move to high-rise housing in the past has been linked to the inability to expand one’s house. While small families generally appear to be satisfied with the space
allocation, most apartments look and are crowded. One resident informed me that when his
daughter became older, he would look for another house.

48% of the survey respondents noted that their previous residence had been bigger than
their present apartment, 31% said that their former house had been smaller, and 21% felt that
there had been no change in the amount of space. However, when asked about the main negative
aspect in terms of the present housing conditions, 54% of survey respondents complained that
there was not enough space. (On the other hand, 19% felt that there were no negative aspects.)
When asked more specifically later on in the survey, if they were satisfied with the space for living that they had, 70% indicated that the space was not enough. Interestingly, 30% felt satisfied with the space.

Safety

There is a general air of hustle and bustle and a lively yet safe atmosphere prevails at Sahaspura, according to my observations. There is also a policeman on duty on the ground floor as well as a watchman (one of the residents). However, there have been several petty burglaries according to the shop owners with whom I spoke. They allege that residents from the surrounding settlements are engaging in this criminal activity.

Management and Maintenance

Although the STP concept paper indicates that residents will eventually manage the building themselves through the formation of an apartment management association, none of the residents I spoke to were aware of any steps that had been taken in this regard. Further, many expressed to me that they wanted the present Sahaspura Management Corporation or the UDA to continue maintaining and managing the building.

Image

Unlike many other countries, the only other residents of high-rise in Colombo city are those that belong to the extreme upper income bracket. The social marketing of the project had equated Sahaspura with a well-known exclusive high-rise development visible from the upper floors of Sahaspura. In fact, the early renderings of the building made Sahaspura look very
similar to the exclusive high-rise development down to its distinctive peaked roofs.

Furthermore, many slum dwellers informed me that Sahaspura had been built according to the Singaporean model, and thus they felt that they had moved up in the world.

**Conclusion**

All in all, the relocation of the residents to Sahaspura has been fairly successful perhaps due to the following conditions: 1) voluntary relocation, 2) provision of improved housing and services, 3) absolute ownership of new housing, 4) access to collateral through temporary and permanent title deeds, 5) desire to leave a “slum” environment, 6) access to transport and livelihoods.

Thanks to the sensitive design of Sahaspura with its wide main corridors and individual verandahs facing intimate cul-de-sacs in the side corridors, the layout of the common spaces has succeeded in fostering a lively yet safe atmosphere. Most interesting was the frequent response from residents that they felt more independent and free. Thus, many teenagers (mostly girls) told me that in the slums, if people were using bad language they had no place to get away from it.
because of shared facilities in crowded environments. Now, they told me, they could close the door and avoid unseemly language and behavior. It is striking that the IMCAP survey data reveals that 80% feel that tensions have decreased since moving to Sahaspura.

This is also surely tied to the lack of competition for public goods. The individual services and infrastructure available to each resident has heightened the feeling of moving up corroborating the findings in Gunatilleke et al (2004) that housing standards are an indicator of wealth. On the other hand, while Gunatilleke et al (2004) in their representative survey of slums did not find any indication that better housing led to wealth, at Sahaspura many residents (especially women) indicated to me that they had better control over their time and could prepare foods and do other income-generating activities in a more efficient manner. Thus, in some cases, better housing standards have led to more wealth, not just the perception of more wealth.

As Sahaspura is located close to all public facilities and amenities, the residents have not suffered from lack of access to transport, schools or hospitals. In effect, the STP program’s stipulation that under-served residents are relocated within Colombo city has maintained the locational advantages they had previously as under-served communities in Colombo city. This is important as the IMCAP survey reveals that a majority of residents are laborers and temporary workers without income-generating skills. Interestingly, the residents polled believed that there were more opportunities at Sahaspura to gain additional skills.

While relative space (as defined by locational advantages and access to services) remained unchanged, absolute space as defined by personal household space was a definite issue.
54% felt that living space within the apartment was not enough. This was in spite of the average family size in Colombo being 4.3 and the average family size in Sahaspura being 4.2 (IMCAP Survey 2003).

On the other hand, a study of one representative slum settlement in the heart of Colombo (Maligawatta Place) conducted by Sueyoshi and Ohtsuka (1999) found that it was inhabited by 1717 persons in 300 households on 1.21 hectares of land, causing densities of 1400 persons per hectare (approximately 75.85 square feet per person). The average per person floor area was 36.6 square feet. Sueyoshi and Ohtsuka reported that even in Bangkok, Thailand, floor space was not so tight and restrictive.

Similarly, a survey conducted in 1999 by the Colombo Municipal Council shows that the average dwelling size for slum dwellers within Colombo city is just 20 square meters (approximately 215 square feet). Thus, the apartments ranging from 300-600 square feet in Sahaspura might not be as restrictive as it appears. In other words, for a certain segment of the slum population in Colombo city or other urban areas in Sri Lanka, especially those in overcrowded, under-served living conditions, slum redevelopment might be an appropriate method of improving lives and developing the city.

The Sahaspura Project Challenges Perceptions about Public High-Rise

Modeled after Le Corbusier's Unite D'Habitation and the Toa Payoh public housing schemes in Singapore, the design of the building attempts to equate living in public housing

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with living in luxury condominiums.\textsuperscript{68} The IMCAP survey (2003) as well as my own interviews indicate that once in the high-rise apartments, the relocated slum dwellers have indicated that they feel more independent and have more “freedom” than in the slums below. In addition, they have requested that more security be installed at the entrance to the complex to keep out unwanted visitors from the surrounding slums. In other words, moving into the apartment appears to have caused a shift in perceived social status (Hettige et al. 2004).

Thus, while many international donors, planners and academics oppose high-rise apartments for the urban poor, there might be conditions that are conducive to slum dwellers adapting successfully to life in high-rise apartments. As noted earlier, 56\% felt that their social life had improved since moving to Sahaspura, while 29\% felt their social lives had remained the same.\textsuperscript{69} On the other hand, 15\% of the slum dwellers felt that their social lives had become worse\textsuperscript{70} (IMCAP 2003). However, as only two years have gone by, it is still too early to evaluate the effects of high-rise living on long-term life patterns and community structure.

While Singapore and Hong Kong are two regions where public high rise housing has been institutionalized since the 1960s, enabling the great majority of citizens to become homeowners, the political systems in those countries are vastly different from that prevalent in Sri Lanka. Interestingly, government counterparts in Mumbai, India, are contemplating trying a similar approach in the Dharavi settlement (Shah 2004).

\textsuperscript{68} This is especially so because in Colombo the only other residents living in high-rise condominiums belong to the extreme upper-income group.

\textsuperscript{69} The 56 people who said their social lives had improved, said it was due to now being “clean and independent” (44.6\%) and having a “decent life” (37.5\%).

\textsuperscript{70} The 15 people who said their social lives had worsened, said it was due to “bad neighbours” (33.3\%) and feeling “isolated” (26.7\%).
Universality leads to Successful High-Rise Public Housing in Singapore and Hong Kong

While the high-rise is usually seen as a failed design and public housing intervention in the West, Asian city-states such as Hong Kong and Singapore have relied on high-rise public housing to accommodate the majority of their urban populations. In Hong Kong, it was found that residents derived a sense of prestige and security from living in high-rise circumstances, while in Singapore, tenants in high-rise public housing have consistently expressed a high level of satisfaction (Yuen 2005). One reason put forward is that in Singapore, for example, public housing can be accessed by 90% of households, creating a situation where high-rise housing was not seen as stigmatizing. Thus, while in the beginning public high-rise flats were seen as monotonous and architecturally insensitive, later on, public high-rise housing was associated with “comfortable, middle-class housing, for most Singaporeans” (Yuen 2005). In keeping with public high rises that target the entire population, the high-rises in Singapore are built with locational conveniences in mind and quality of space is emphasized.

Urban Crisis and Population Decline led to failure of Public Housing in St. Louis

In the U.S., the demolition of the notorious public housing towers, Pruitt-Igoe in St. Louis, is commonly conjured up as proof of the unsustainability of high-rise for low-income, marginalized city dweller. Pruitt-Igoe was also seen as evidence of the death of modernist architecture. Furthermore, writers such as Newman (1972) opined that it was the lack of features, such as “defensible space” that resulted in the overall lack of livability and security in the high-rise towers of St. Louis. However, Bacon (1985) and Heathcott (2004) have in more recent years detailed that the failure of the towers depended more on the systematic urban crisis

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71 As Harvey (1997) notes, projects undertaken to preserve certain communities might very well serve to isolate communities within larger cities if the standards applied to them are different from the standards applied to the rest of the city.
in post-WWII cities, rather than a design flaw itself. In other words, the population loss coupled with the downward-spiraling economy left a building that was half-empty and a city unable to maintain the infrastructure, as the residents were poor and could not afford the rent. To make matters worse, the population decline led to a housing surplus, creating a situation where the public housing became superfluous. In fact, it is noted that many of the residents in Pruitt-Igoe fought to prevent the demolition but in the end, the towers had attained such notoriety that they had become blights on the mental landscape of St. Louis city fathers.

Sidewalks in the Sky or Replicating the Street

It is notable that in St. Louis, the architect attempted to adapt the “sidewalks in the sky” schemes made popular in the earlier Chicago public housing schemes, so as to acclimatize slum dwellers to life in a high rise. However, in St. Louis, unlike in Chicago, the elevator did not stop on every floor and the common galley was only adjacent to the laundry facilities. In Chicago, on the other hand there was a wide walkway on every floor and kitchens overlooked the galley so that mothers could watch for their children. The sidewalks in the sky schemes were designed “because of the preference of American families for housing with ground level access.” It is striking that the Sri Lankan architect for the Sahaspura project also attempted this line of design by “replicating the street.”

Changing City Economies

Just as in Colombo in the early 1990s, the economy was changing in St. Louis to one based on an “accumulation regime” (Painter 2002). Tremendous demand was generated for commercial space in St. Louis in the 1950s. The high-rise housing schemes were supposed to

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release the pressure on land supply but unfortunately, since construction of housing did not keep
apace with demolition, there was a net loss in housing supply (c/f Keyes 1962). In St. Louis,
 furthermore, the continued expansion of Anheuser-Busch and renewed interest in the central
business district through millions of dollars of investments meant that the problems of affordable
housing had become secondary to becoming a financial capital. To make matters worse, St.
Louis continued urban crisis from 1950-1970 meant that jobs were lost and population declines
at such a rate that there was a surplus of housing. The national interest in the buildings created a
high profile for Pruitt Igoe, which might have led to its downfall as the problems of St. Louis
became associated with the marginalized residents of Pruitt Igoe and the building itself. It was
only by demolishing it that St. Louis city government could not only save resources but also save
face (Bacon 1985, Heathcott 2004).

Colombo slum dwellers may not be low-income

Unlike in St. Louis and its Pruitt-Igoe experience, slum dwellers in Colombo, while often
socially marginalized, are not necessarily “low-income” according to daily purchasing power.
According to analysis undertaken in 1999, the urban sector had the lowest rates of poverty in Sri
Lanka with only 8.6% falling below the poverty line as opposed to the national rate of 23.9%.
The average income level per household in USS was found to be between Rupees 8,000 – 10,000
per month (Wanasinghe and Abhayaratne, 1999). The lowest recorded expenditure level per
month was Rupees 6,300. In 1999, the national average household income in Sri Lanka was
estimated at Rupees 9,400 per month (Gunetilleke et al, 2004). According to more recent figures
(Household Income and Expenditure Survey 2002, Census and Statistics, SL, cited in
Gunetilleke et al, 2004), an urban household’s average monthly expenditure on food is Rupees
8540 as compared to the national average of Rupees 6016 per household per month. Gunetilleke
et al. consider expenditure on food a proxy for average income earned in an urban household. 54% of the sample under-served settlements in Colombo city surveyed by their group revealed spent less than the average urban household on food, while 46% of the sample settlements spent more than the average urban household on food. This adds weight to the argument that many settlements could not be considered low-income settlements although still carrying the social stigma of being a “settlement” or “pura.”

Increased Social Mobility

Remarkably, most residents of Sahaspura reported that they no longer felt socially marginalized. Very few people resident in Colombo are aware that almost 51% of Colombo city residents live in under-served communities of one form or the other. The relocated residents of Sahaspura believe, and they are correct, that in terms of facilities and services, they are much better off than the vast majority of city dwellers. Since the only other residents of such massive high-rise buildings are Sri Lankans and foreigners in the upper income brackets, Sahaspura residents feel that they are upwardly mobile and in the mainstream of society. Thus, at least in terms of improving not just physical standards and services, but in terms of enhancing slum dwellers' social standing and individual dignity, the Sahaspura project has succeeded. While high rise housing may not be appropriate for all under-served communities in Sri Lanka, or even Colombo, it does appear that, for a particularly upwardly mobile groups of slum residents, public high rise housing might be an appropriate tool to transition into mainstream society.

73 As many residents noted correctly having the suffix “pura” signals that one lives in a “low-income” settlement. It might be preferable for the government to give townships or settlements a street address or some other more neutral designation.
CONCLUSION

Development aid is increasingly tied to competition between cities for economic growth. While donor analysts frequently point to the opportunities “missed” in the past by successive Sri Lankan governments, the most recent political leaders have aggressively pursued the IMF/World Bank privatization and decentralization agendas. At the same time, social welfare policies in the city remain an important party platform in order to win the approval of the large urban underserved population, which comprises 51% of Colombo. While the Sahaspura high-rise housing project is merely the first phase in the Sustainable Townships Programme’s aim to rehouse almost 50,000 slum residents in Colombo, it represents a particular shift in housing policy and development ideology in Sri Lanka.

In this study, I sought to evaluate the driving forces behind this radical shift in housing policy and the progress made to date by the government towards meeting the goals of the Sustainable Townships Program. While the acclaimed Million Houses Programme (MHP) achieved much in terms of urban slum improvements, tenure security and community mobilization, the urban program lagged behind the rural program. By the late 1980s, the deteriorating economy and political instability in the country resulted in complete policy disarray, which prevented seamless planning for the next phase of the MHP. To compound matters, the partially upgraded under-served settlements in Colombo city were fragmented within the city and restrictive in space.

In 1994, the newly-elected Socialist coalition established several new programs to differentiate itself from the former Capitalist party. Mirroring the earlier debate between Turner...
and Burgess regarding the efficacy of user-built housing versus directly constructed housing units, the new government’s Sustainable Townships Programme (STP) aimed to incorporate slum dwellers into the urban economic and social mainstream by providing standard housing and by making them propertied class. Furthermore, the STP expected to finance the construction of high-rise apartments by reselling and redeveloping the vacated blocks of public land.

While the government accomplished its goal of rehousing slum dwellers and improving their quality of life, the STP is still working towards reselling the vacated land and making Sahaspura a self-financing effort. The pressing matter of long-term building maintenance costs remains a key issue that needs to be addressed in future projects. The challenges were several:

8) **change in national government** meaning that the STP lost its high-level political backing for a period of time,

9) **institutional instability** caused by changing governments reorganizing ministries and government agencies

10) **rise in construction prices** between design and completion of the building increasing costs, so that an increased amount of money had to be recouped from the sale of vacated land to fund the building,

11) **uncoordinated policies at the national level** such as the Board of Investment, offering heavily discounted land to private developers so that investors were unwilling to pay market price for vacated slum land,

12) **rise in tariffs on electricity** after the completion of the project meant that the maintenance costs were higher than estimated.

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74 See Marcussen (1990).
unwillingness or inability to require all residents of Sahaspura to pay down payments before moving in, which created havoc on the maintenance funds and the management staff,

decrease in interest rates, which further reduced the income generated from down payment accounts earmarked for maintenance funds.

In addition, many have expressed concerns that residents may sell their apartments to higher-income groups, causing a change in the residential pool and a loss of low-income housing. Since the STP aims to incorporate slum dwellers into the social and economic mainstream, it would be valuable to study the long-term trajectory of residents who sell their apartments and move away, as well as those who choose to remain in the public high-rise system. However, as noted earlier, Colombo’s slum dwellers, while categorized as under-served in terms of services and infrastructure, do not necessarily fall into the low-income bracket. REEL officials, furthermore, see the eventual transition of these apartments to the private real estate market as a desirable result, and indicate that it signals that slum dwellers are moving away from government dependence and entering the mainstream economy.

Strikingly, according to IMCAP survey data from 2003, 85% of the residents in Sahaspura do not feel worse off living in a high-rise building. In fact, 56% out of 100 households surveyed reported that they felt better off. These satisfied residents explained further that they now felt “independent and free” and that they had a “decent life.” This is surely tied to acquiring individual bathrooms and kitchens with full services so that there is less competition
for public goods. In fact, many residents told me that they could now manage time in a more
efficient manner.

The IMCAP survey data also indicate that employment opportunities remained the same
for most (78%) while 74% noted that there were opportunities to gain additional skills at
Sahaspura. It is troubling, however, that 52% reported that their financial situation had taken a
turn for the worse due to increased expenditure on utility bills, which many residents did not
have to pay before.

While the residents were satisfied with the access to transportation, schools and hospitals,
70% complained about their individual space within the apartments. The average family size
according to the survey data is 4.2 persons per household, which would be a tight fit within an
apartment of 300 or 400 square feet.\(^7\)\(^5\) Thus, in the next phase, STP should look into expanding
the minimum apartment sizes in their buildings.

While the prevailing ideology insists that public high-rise is not a suitable intervention
for low-income, under-served residents, it is fruitful to look at the differences between the failed
experiments in cities like St. Louis and the successful high-rise projects in city-states like
Singapore. While the infamous Pruitt-Igoe high-rise complex in St. Louis was ultimately
demolished in 1972, the demise of the buildings was brought about not by design flaws or
maladjusted residents, but by the severe urban crisis in St. Louis in the 1960s. The subsequent

\(^7\) It is interesting to note here the minimum dimensions of ownership flats in Hong Kong and Singapore, which are
389 square feet and 355 square feet, respectively. A further similarity is the average household size, which is 3.8 in
Hong Kong and 4.1 in Singapore (Fong 1990).
lack of jobs led to a population decline, which in turn caused a housing surplus. The high vacancy rate in the towers eventually depleted maintenance funds and Pruitt-Igoe became a convenient symbol of the failure of high-rise housing. In Singapore, on the other hand, almost 90% of residents were eligible for public housing. Knowing that the housing program is an important tool, the government endeavored to provide quality housing, in which all citizens aspire to live (Yuen 2005). Unlike the targeted programs in the U.S., the very universality of public high-rise housing in Singapore created an important condition for success.

While the Sustainable Townships Programme is still ongoing, it is too soon to fully evaluate its long-term impact on Colombo’s slum population. So, what can we learn from this early look at its first high-rise housing project? For one thing, we might have to rethink the preferences of the poor. The Sahaspura project shows that a particular segment of slum dwellers in the city might prefer to live in a high-rise building given certain conditions such as:

1) potential high value of slum land
2) potential high value of high-rise apartment
3) livelihood activities that are not affected or are actually enhanced by living in a fully-serviced high-rise apartment
4) location of high-rise building in central location close to transport, jobs and school extremely cramped and unhygienic conditions in former settlement,
5) 1st and 2nd generation residents of Colombo city
6) under-served residents not necessarily low-income
7) government planners who were well versed in community participation methodology and who had gained the trust of slum dwellers through previous people-centered housing programs.

In sum, the Sustainable Townships Programme was fairly successful in improving the social lives of a selected group of slum dwellers. Thus, if certain conditions are met, and in the face of land constraints, high rise housing might be an appropriate method of improving the lives of particular under-served communities.

Often, as detailed by McCarney (1987), practitioners and academics will abandon old methods for new ideas while the beneficiary country is not ready to move on. On the contrary, the Sahaspura case exemplifies a bold attempt by practitioners in the field to try some new ideas in spite of prevailing global ideology. Appadurai (2002) encourages grounding policy responses in the realities of each local community instead of relying solely on ideas from abroad or what has worked elsewhere, i.e. best practices. While some domestic decisions will lead to successes, other changes might be mistakes, but one might argue that is part of the development of a community/city/state and its institutions. Eventually, this iterative process of risks, mistakes, successes and shifts in policy, translates into place-based know-how usually peddled around the world by foreign consultants. Thus, local actors have the unique opportunity to specialize in spaces that are deeply rooted in local contexts and engage in truly meaningful, radical reform that might inform the complex relationships that govern the world today.


APPENDIX

Methodology

Qualitative Interviews

In July-August 2004 and December 2004-January 2005, I traveled to Colombo, Sri Lanka, where I interviewed past and present government officials, NGO staff, donor agency counterparts, academics and architects who are/were closely involved with housing policy for slum dwellers. The following individuals were interviewed:

Dr. Krishan Deheragoda, Chairman of Real Estate Exchange Limited (REEL), Colombo, 2005
Mr. Darrin Gunasekara, Economist/REEL, 2004
Mr. Lalith Minhagalla, Executive Director of Planning and Marketing, REEL, 2004 and 2005
Ms. Deepika Fernando, REEL, 2005
Mr. Rohan Fernando, Architect of Sahaspura, 2004
Mr. Susil Sirivardana, past Director of the Million Houses Program, 2004
Mr. HMU Chularatna, Sevanatha NGO, Colombo, 2004
Mr. KA Jayaratne, Sevanatha NGO, Colombo, 2005
Ms. Miriam Witana, World Bank office, Colombo, 2004
Mr. Anura Dassanayaka, former Director of the Clean Settlements Project in Colombo, 2004
Mr. Karunasena, former Director of the Clean Settlements Project, 2004
Mr. H.M. Dayananda, Project Director, Urban Settlements Improvement Programme (USIP), 2004
Mr. Samarasinghe, past Director of Social Marketing, REEL, 2005
Professor S.T. Hettige, Professor of Sociology, Colombo University, 2004
Mr. Nishara Fernando, Lecturer, Department of Sociology, Colombo University, 2004
Dr. Markus Mayer, IMCAP, Colombo University, 2004
Dr. Neela Gunasekara, Deputy General Manager (Urban Housing), National Housing Development Authority (NHDA), 2004
Mr. MMC Ferdinando, Additional Secretary (Development), Ministry of Urban Development and Water Supply, 2004
Mr. Kehelkaduwe, Manager, Sahaspura Management Office, 2004 and 2005

I also interviewed 15 residents at the Sahaspura housing complex during three site visits.

The residents were selected at random from each floor. Interviews in the form of informal
question and answer sessions were conducted with willing participants in their homes. I utilized hand-written interview notes that I typed up after each site visit.

**Sahaspura Design**

In order to verify the success of the design, I met with the architect and discussed his objectives. I obtained the floor plans of Sahaspura from the architect and visited the apartment complex thrice (July 2004, December 2004 and January 2005). During these visits, I was able to observe the residents' response to the design and experience the design for myself. I also asked residents about their response to the design. Photos of Sahaspura and residents were taken by the author in December 2004 and January 2005.

**Survey Data**

In order to discern the response of relocated slum residents in the Sahaspura high-rise building, I utilized data from a 2003 survey of 100 households in Sahaspura undertaken by the University of Colombo’s IMCAP program.\(^7^6\) A short study of the survey results were published by GTZ-Sri Lanka in collaboration with the Colombo Municipal Council’s PRIMUSS\(^7^7\) project and IMCAP. The study by Hettige et al (2004) details the methodology used to survey 100 households, with preference being given to household heads in order to gauge household decisions. IMCAP was kind enough to give me a copy of the primary survey data, which I reanalyzed using SPSS statistical software.

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\(^{76}\) Programme to Improve Capacities for Poverty Research, GTZ (German Aid)-Colombo University joint program

\(^{77}\) Participatory Improvements of Under-Served Settlements, a joint GTZ-Colombo Municipal Council project
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*Sustainable Colombo Core area Project (SCCP)*. Sustainable Cities (SCP)/Local Agenda 21 Regional Programmes, UNHABITAT/UNEP, 2003


Ground floor shop leased by resident

Resident pet using staircase