

An aerial photograph of a city grid, overlaid with a white outline of a house silhouette. The house silhouette is composed of a dark green roof, a white outline, and a dark green base. A horizontal red bar is positioned across the middle of the house silhouette.

**MORE THAN**  
THE BELLAGIO HOUSING DECLARATION  
**SHELTER**

**JOINT CENTER FOR HOUSING STUDIES OF HARVARD UNIVERSITY**

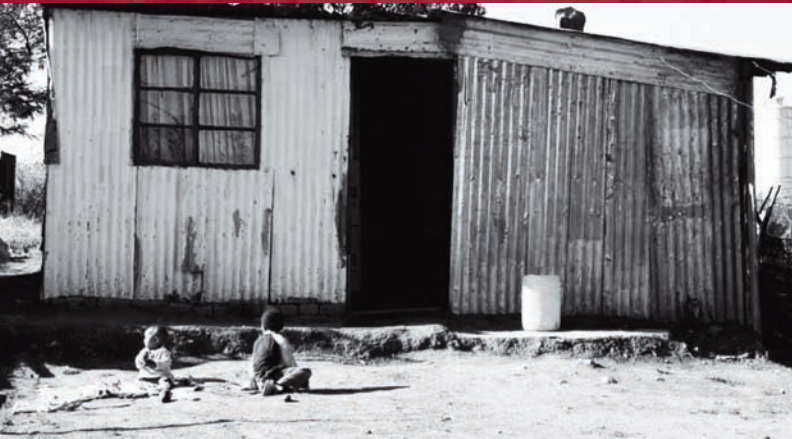
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**THE ROCKEFELLER FOUNDATION**

**Housing is much more than shelter, providing access to work and educational opportunities as well as defining the health and well-being of families. It is also an asset that safeguards households against short-term financial setbacks and serves as a vehicle for savings. And for societies as a whole, a well-functioning housing market is an engine of growth and a wellspring of social and economic progress.**



Organized by the Joint Center for Housing Studies of Harvard University, the Bellagio Housing Conference—*More Than Shelter: Housing as an Instrument of Economic and Social Development*—was held in May 2005 at the Rockefeller Foundation's Bellagio Study and Conference Center in Italy.



A group of people are seated around a table in a meeting room, engaged in a discussion. The image is overlaid with a yellow tint. The text is positioned on the left side of the image.

## **BELLAGIO CONFERENCE PLANNING TEAM**

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**MORE THAN**  
**THE BELLAGIO HOUSING DECLARATION**  
**SHELTER**

## HOUSING AS AN INTERNATIONAL PRIORITY

*As an institution whose purpose is to fight poverty and reduce inequality, the Rockefeller Foundation is keenly aware of the fundamental importance of decent, affordable housing. Access to decent shelter has a profound impact on a family's economic outlook, educational opportunity, safety, security and health.*

*Beyond quality of life, the economic benefits are undeniable: housing can increase a family's ability to withstand hardship or it can be a springboard to help lift the poor out of poverty. Housing can also be an engine for economic growth, creating jobs and spurring broader development.*

***Nearly one billion people living in cities around the world are without adequate housing. That number is expected to double within the next quarter-century.***

*In spite of the benefits, it has been difficult to elevate the issue of housing as a priority in many countries. Our colleagues at UN-Habitat, the Millennium Project, Habitat for Humanity International and elsewhere have worked tirelessly to call attention to this basic need from donors, government leaders, civil society and the private sector. These efforts and others are gaining ground.*

*What will it take to get housing the attention it deserves? Securing land tenure, creating infrastructure, and improving governance are all critical if housing systems are to be built. Another essential element is mobilizing private capital, which must be harmonized with public policy to create healthy, strong and sustainable housing finance systems. Exploring these issues was the central objective of a conference at the Rockefeller Foundation's Bellagio Study Center in May 2005.*

*The conference, while ambitious, was grounded in the reality of an evolving global landscape with challenges particular to each country. It is our hope that the Bellagio Housing Declaration will encourage governments, private sector leaders, civil society and other development stakeholders to recognize the critical role of housing finance and focus resources and policy to achieve the goals articulated therein.*



**Darren Walker**, DIRECTOR, WORKING COMMUNITIES

*The Rockefeller Foundation*

## AN UNPRECEDENTED COMMITMENT TO PRINCIPLES AND PRACTICE

*The Bellagio Housing Conference was conceived out of the urgent need for developing countries to give housing issues new priority as they chart their paths to growth. The idea was to capitalize on the experience of housing and finance leaders from four emerging economies—Kenya, Mexico, South Africa and Thailand—that have already made housing policy a centerpiece of their development strategies. Although the housing systems within these countries vary greatly, we purposely sought this diversity to optimize our research and build linkages across a range of cultures and experiences.*



*Each of the participating countries has in fact made significant efforts to improve the functioning of the housing market and the delivery of formal housing finance. Specifically, Mexico, South Africa, and Thailand have all worked to liberalize their legal and regulatory systems, as well as encourage housing investment by both traditional and nontraditional sources. Kenya has also been able to assemble broad stakeholder consensus for change as it establishes a capital-enabling environment for housing. The four countries are ready to build on these solid advances by expanding access to credit and improving the availability and affordability of housing for low-income families.*



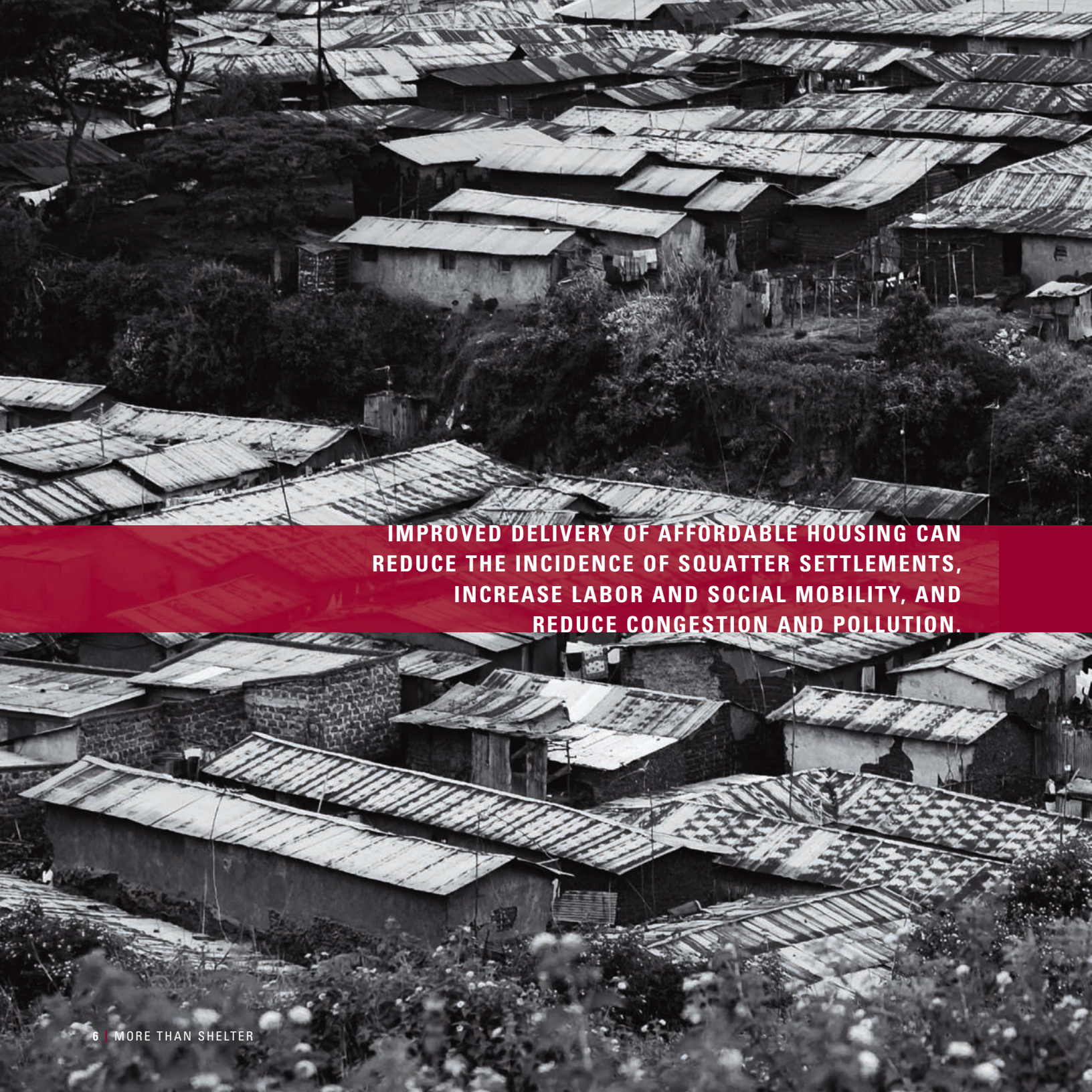
*Within just four days, conference participants were able to craft and unanimously endorse a concise but substantive document known as the Bellagio Housing Declaration—a bold call to action that affirms housing as a cornerstone of improved living standards and enhanced economic well-being. Remarkably, this outstanding group achieved a unified policy statement outlining the prerequisites for a robust and sustainable housing finance system, together with a plan for putting those principles into practice through public-private partnerships.*

***At this stage of development, the participating countries seek to improve the functioning of their housing finance systems to meet the needs of low-income families.***

*Much of the success of the Bellagio sessions is due to the setting itself—an extraordinary environment for fostering idea exchange, mutual learning, and network-building. It is our hope that the clarity of purpose and spirit of cooperation achieved at this memorable event will encourage other countries to join in this exciting and ongoing dialogue.*



**Nicolas P. Retsinas**, DIRECTOR  
*Joint Center for Housing Studies*  
*Harvard University*



**IMPROVED DELIVERY OF AFFORDABLE HOUSING CAN  
REDUCE THE INCIDENCE OF SQUATTER SETTLEMENTS,  
INCREASE LABOR AND SOCIAL MOBILITY, AND  
REDUCE CONGESTION AND POLLUTION.**

## HOUSING CHALLENGES FOR ECONOMIES IN TRANSITION

As many as 50 million people living in the urban centers of Kenya, Mexico, South Africa and Thailand are inadequately housed. With severe overcrowding both within and between homes, lack of access to clean water and sanitation, and daily exposure to pollution and other hazardous conditions, these urban dwellers live under constant threat of disasters, evictions, disease, and crime.

Current housing policy makes these conditions even more intractable. High costs, unclear procedures, and burgeoning bureaucracy work to prevent low-income families from gaining legal tenure for land. Unrealistically high building standards often compound the problem, encouraging “incremental” construction and the spread of squatter settlements. The lack of financing options also prevents the poor from investing in homeownership—one of their best hopes for lifting themselves out of poverty.

With population growth and urbanization increasing, the four countries joining the Bellagio Housing Conference fully recognize the urgency of addressing these issues head on. In essence, they now need to put innovative strategies and policies in place to improve the functioning of their housing markets to serve the already staggering number of low-income urban households. Participants acknowledge that improving the delivery of good-quality affordable housing depends critically upon stable and effective housing finance systems built with the support of public-private partnerships. The challenge of structuring successful risk-sharing relationships among the government, private sector, and nonprofit organizations thus became a central focus of the discussions.

*In recent years, Mexico has made major efforts to develop a strong and comprehensive housing sector. Attending the Bellagio sessions reinforces our commitment to building innovative public-private sector partnerships that will take housing to an even higher level of development.*

**Hon. Alonso García Tames**  
SUBSECRETARIO, SECRETARIA  
DE HACIENDA Y CREDITO PUBLICO  
**Mexico**

## A FRUITFUL COLLABORATION, A REMARKABLE CONSENSUS

During the intensive four-day meeting, participants met in small, highly focused groups organized around two major themes—attracting private capital into low-income housing markets, and leveraging capital by creating effective secondary property markets. To frame the sessions, each country prepared a background paper on critical housing priorities and strategies to date, and presented a brief case study about a severe housing challenge it faced or an innovative affordable housing program it was now deploying or contemplating.

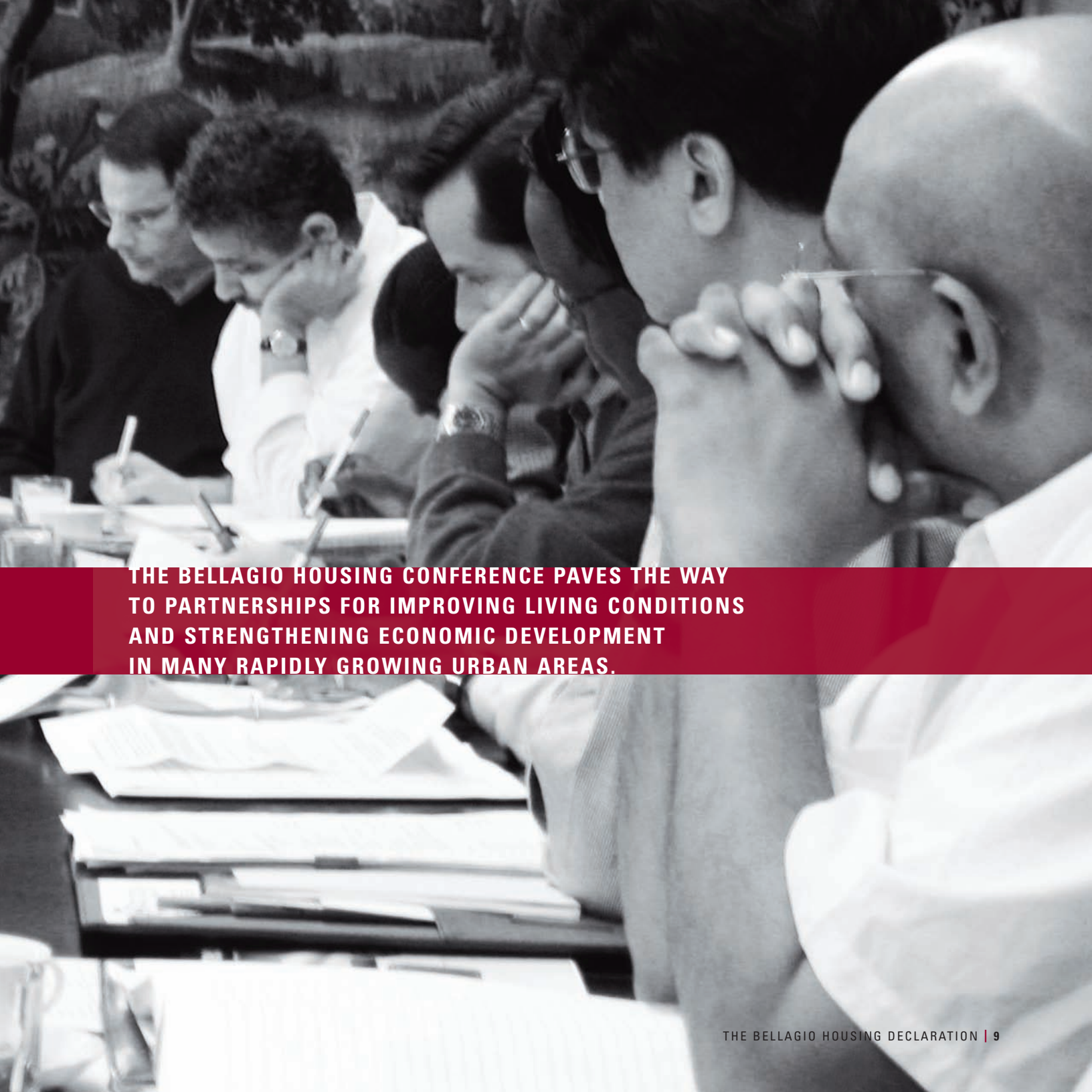
In this unique peer-to-peer forum, participants were able to have spontaneous as well as structured exchanges about their ideas for making housing finance more broadly available. Global housing finance leaders and housing experts joined in the round of discussions to provide context and perspective. To help the mutual learning proceed organically, conference planners continually reshaped the agenda to build upon each day's understanding and cooperation. Through this facilitation process, individual working groups outlined the role of government, innovations, and public/private partnerships in expanding access to affordable housing.

Coming together in plenary sessions, participants were then able to agree upon the unified policy statement that has come to be called the Bellagio Housing Declaration (see pages 10–11). Affirming the critical role of housing strategy in economic and social development, this document provides guidelines for implementing a set of housing policy principles and makes recommendations for next steps in broadening the knowledge exchange.

***One of primary benefits of the Bellagio Conference was in helping us better understand that all governments must elevate housing policies to national priorities.***

***Housing is a long-term process that requires a stable policy framework to survive government changes and keep attention focused on this critical need.***

**Dr Virachai Virameteekul**  
VICE MINISTER FOR FINANCE  
**Thailand**



**THE BELLAGIO HOUSING CONFERENCE PAVES THE WAY TO PARTNERSHIPS FOR IMPROVING LIVING CONDITIONS AND STRENGTHENING ECONOMIC DEVELOPMENT IN MANY RAPIDLY GROWING URBAN AREAS.**

# THE BELLAGIO HOUSING DECLARATION

**We, the participants in the Bellagio Housing Conference, having come from five countries—Kenya, Mexico, South Africa, Thailand and the USA—together affirm that sound, sanitary and affordable housing for all is central to the well-being of nations. Housing is indeed more than shelter: it is a powerful engine that creates opportunity and economic growth. We affirm the following principles:**

***Housing as a sustained national priority.*** Housing is a long-term process that requires a stable policy framework and demands national priority attention.

***Housing as an engine of social and economic development.*** Housing brings significant benefits in terms of employment creation, domestic capital mobilization and social well-being in the face of the major challenges posed by population growth and urbanization.

***Housing as an element of wealth.*** Equity in housing is a basic source of personal and family wealth and can reduce asset poverty. Owning a home is a powerful incentive to save, work harder and commit to strengthening the community.

***Housing as connected markets.*** Well-functioning primary and secondary housing markets should provide diverse housing opportunities and secure tenure forms for all. Reducing the gap between low-income affordability and the cost of housing requires access to financial instruments that make demand effective. It also requires efforts on the supply side to reduce the cost of land, basic infrastructure and housing construction.

***Housing and government.*** Government must play an active and appropriate role in enabling, regulating, facilitating and supporting healthy housing markets and housing finance systems. Enforceable property rights and the rule of law are prerequisites for well-functioning markets.

***Housing and partnerships.*** Strengthened and new partnerships between government, private sector and civil society are necessary to address housing challenges. Key ingredients of successful partnerships are role clarity, establishment of standards, sharing of risk and careful attention to appropriate governance.

## IMPLEMENTING THESE PRINCIPLES REQUIRES:

***Setting goals and measuring success.*** Goals provide focus for partnership efforts and allow the measurement of success. Other than the number of homes built or home loans made, success should also be measured in terms of increased private participation in financing housing and strengthened communities.

***Risk sharing to expand the frontiers of housing finance.*** Broadening finance to the low-income and informal markets requires that all parties involved—the borrower, originator, financier and, where necessary, government—bear appropriate risk.

***Appropriate funding and delivery systems and instruments.*** Broadening finance to these markets also requires appropriate delivery systems and approaches. Microfinance is one such approach; it can be an end in itself to help low-income people improve their housing situation, and it can also be a step towards accessing larger, longer-term credit at lower cost.

***Upgrading informal settlements and slums.*** The magnitude of slum formation in cities in the developing world warrants upgrading efforts through public-private partnership to foster security of tenure, affordable housing and basic services.

## FOLLOWING FROM AND AS A RESULT OF THE CONFERENCE, WE RECOMMEND:

### ***At the global level***

- a. establishing an ongoing forum for exchange of knowledge on access to housing and housing finance.
- b. forming a global enabling network to support pilot schemes, innovations, peer exchanges and standards in housing financial systems.
- c. involving foundations and other international investors in discussions on housing with multilateral institutions.

### ***At a country level***

- a. developing a common vision around housing and establishing forums of diverse public, private and civil society sector participants.
- b. creating local capacity for knowledge leadership and research.
- c. pursuing memorandums of understanding as appropriate.
- d. self-assessing progress by each country to organize housing efforts around the Bellagio Principles and implementing measures:
  - > deepening the application of the principles agreed upon here within our countries.
  - > broadening the process initiated here as a pilot of four countries to include additional countries that subscribe to these Bellagio Principles.
  - > dedicating further attention to and following up on the innovative products and risk-sharing innovations discussed at Bellagio.
  - > refining and further considering the partnership model and principles developed.
  - > assessing our progress in two years, and again sharing updates and case studies of innovation in each of our countries.

## MAINTAINING THE MOMENTUM— THE GLOBAL EXCHANGE NETWORK

The relationships forged at the Bellagio Housing Conference have laid the foundation for ongoing collaboration. Indeed, several participants immediately committed to providing technical assistance to their counterparts in other countries. In addition, the Rockefeller Foundation has agreed to support the Joint Center for Housing Studies in conducting two follow-on projects conceived during the discussions.

### **Business Plan for a Global Exchange Network**

One of the key recommendations of the Bellagio Housing Declaration is to create a global network to help mobilize domestic capital for housing through public-private partnerships. The Joint Center's charge is to develop a business plan for such an organization, articulating its governance structure, operations, implementation schedule, and capitalization and revenue model. As envisioned by the delegates, the network would support pilot schemes, innovations, peer exchanges, and standards in housing finance by linking countries that are developing such partnerships with a variety of resources—other nations that are working, or have successfully worked, on similar problems; experts who have experience with similar problems elsewhere; global capital sources interested in sharing risk in these partnerships; and foundations willing to offer technical assistance or share risk.





The network would create a base of transferable knowledge and contribute to the collective understanding of ways to attract capital to housing. The organization would also convene meetings around specific partnership efforts and problem-solving, as well as promote meaningful dialogue among key stakeholders. And finally, the global housing network would evaluate public-private partnerships to create a set of best practices.

### **Technical Assistance for Nairobi Slum Upgrading**

During the Bellagio sessions, the Kenyan delegation presented a case study on its massive slum-clearing effort in Kibera—Nairobi’s largest informal settlement and one of the most densely populated places in Sub-Saharan Africa. The enormity of the challenge spurred other conference participants to join in a spontaneous practicum on the project. During this dynamic session, the group was able to outline a plan that would leverage the savings of residents, private capital, and government resources to rebuild the Kibera settlement in stages.

To expand on this ad hoc discussion, the Affordable Housing Institute, in cooperation with the Joint Center for Housing Studies, facilitated a two-day technical workshop focused on the Kibera project. The event brought together representatives of the Government of Kenya, UN-HABITAT, the financial service sector, community organizations, the Nairobi City Council, and a variety of nongovernmental organizations, as well as international development and donor organizations. During the sessions, these public-private entities exchanged ideas about mobilizing private capital, community savings, and public investment to finance the costs of shelter, basic services and infrastructure.

***The Bellagio Housing Conference provided a useful space for wide-ranging discussions on the state of low-income housing finance globally and how each country might apply these financial innovations locally.***

**Hon. Ahmedi Vawda**  
DIRECTOR GENERAL  
***Department of Housing  
Republic of South Africa***

# THE BELLAGIO CONFERENCE PARTICIPANTS

**A mix of experienced and motivated decisionmakers from government agencies as well as private and nonprofit organizations served as delegates to the Bellagio Housing Conference.**

## KENYA

### **Hon. Amos Kimunya**

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## TO LEARN MORE ABOUT...

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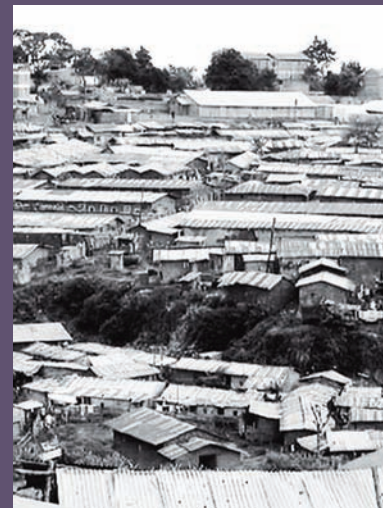
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**Front row:** Esther Koimett, *Kenya*; Virachai Virameteekul, *Thailand*; Saths Moodley, *South Africa*; Angelo Mozilo, *Countrywide*; Amos Kimunya, *Kenya*.

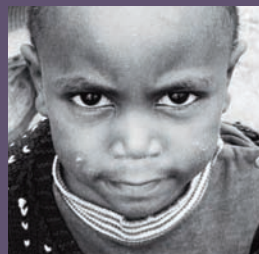
## BACKGROUND ON THE ISSUES

The following documents created for the Bellagio Housing Conference are available for download at [www.jchs.harvard.edu](http://www.jchs.harvard.edu).

- > ***The Bellagio Housing Declaration***
- > ***Framework for a Global Housing Network***
- > ***Summary of Products and Risk-Sharing Innovations***
- > ***The Bellagio Partnership Model for Housing***

Several background papers prepared for the conference are also available at the website.

- > ***Setting the Context*** Four briefs summarizing each participating country's critical housing priorities and strategies.
- > ***Framing the Issues: Housing Finance, Economic Development, and Policy Innovation*** Outlines the structure for conference discussions.
- > ***Emerging Markets in the Resale of Existing Homes*** Discusses ways to leverage housing capital by creating effective secondary property markets.
- > ***Attracting Private Capital into Low-Income Housing Markets*** Explains how the private, public and nonprofit sectors can support the finance of affordable housing.
- > ***Housing Finance International, Quarterly Journal of the International Union for Housing Finance, forthcoming Fall 2005*** Special issue focusing on the Bellagio Housing Conference.





**Joint Center for Housing Studies  
of Harvard University**

*[www.jchs.harvard.edu](http://www.jchs.harvard.edu)*



**The Rockefeller Foundation**

*[www.rockfound.org](http://www.rockfound.org)*