

Housing Policy for Low-income Households (Ger Areas) in Mongolia: Based on Generic Characteristic of Developing Countries

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Abstract: As that experienced in other developing countries, Mongolia has already faced multilateral side issues for two decades due to economic growth that created Ger areas or internationally 'Slum', public housing and living conditions for low-income citizens, on the basis of rapid migration from rural areas to urban. Ger areas appear to be the main cause of environmental pollution problems and impending comfortable living conditions of the city's residents by covering more than half area of Ulaanbaatar city. Also, the spread of the Ger areas has many side issues such as prevention of urban development and unaesthetic. Most inhabitants of the areas are on low-incomes, and living in the detached houses or felt yurts (Ger) usually build within a low budget, by themselves or unprofessional people, and by using materials of poor quality. Therefore, Ger areas are an inevitable issue that requires effective, proper and immediate housing policy coordination under the government and even the housing market. Unfortunately housing policies, laws, and projects adopted by Mongolian government have shown inefficient results. The government housing policies, unlike other developing countries did not target low-income households' housing which is the priority issue for two decades. But only in 2014, the Long-term housing policy with the strategy for affordable housing initiated the housing policy for low-income households. This policy has five main broad directions such as redevelopment of Ger area, the land readjustment, public rental housing, new settlements and new city and reconstruction for old apartments, which are rather general and would require tremendous financial resources if each of the directions is implemented simultaneously without prioritization. Therefore this research aims to suggest the efficient and adequate housing policy direction for the low-income households in Ger area based on achievement of other developing countries' strategies, performances and generic characteristic with explanatory models. Also, this research adopts a literature analysis method that uses various research reports, related papers in domestic and international journals, and theses by experts, researchers, public institutions, and agencies.

Key words: housing policy, low-income households, ger areas, generic characteristics of developing countries

1. INTRODUCTION

Many developing countries have been despite undergoing a rapid urbanization (especially capital intensive) within a low economic level. The immigrants desire to find a job in the city and superimpose the desire to escape in rural areas. In this way, Mongolian capital city Ulaanbaatar (UB) has faced same. Recently, over 45 per cent of Mongolia's total populations are living in the capital city. Most of these newcomers settled in the Ger areas in Ulaanbaatar [2][6][10]. The majority of migrants who are the Ger area residents are poor, not able to afford higher prices elsewhere in the city and living in the detached houses or felt 'ger' yurts (traditional dwells for Mongolian nomads) these are usually built within a low budget, by themselves or unprofessional people, and with unknown materials with poor quality. Obviously, Ger areas can be called slum in UB. There are plenty of housing problems without referring environment pollution around the living area and urban planning. The Mongolian government has established several housing policies since 1999. But these housing policies, laws and projects are adopted that have shown inefficient results. It is revealed as residents of Ger areas are still not decreasing in number for the last one half decades, comparing to stabilized population, less intensive migration flow to the capital city, contrarily current term of Ger areas is worse in majority areas. Figure 1 represents housing types of all households in UB for last years.

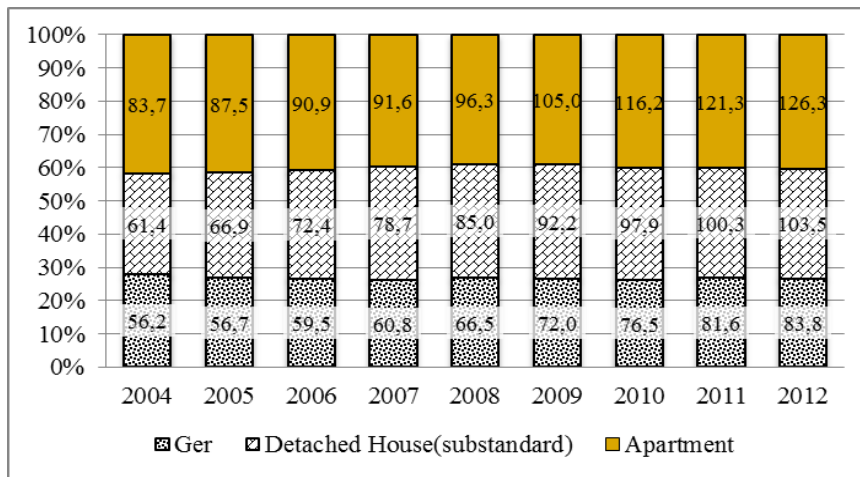


Fig 1. Housing types in Ulaanbaatar (mil.households)

Therefore, Ger areas are inevitable issues that require effective, proper and active participation and housing policy coordination under the government, even the housing market. Since the adoption of the first housing law in 1999 the purpose and content of the Mongolian government's housing policies unlike other developing countries does not target low income households' housing problems which the priority issues. But only in 2014 the long-term housing policy with strategy for affordable housing the country initiated its housing policy for low-income households. Therefore, it is too early to assess the results of this policy. This policy has five main broad directions such as redevelopment of Ger area, land readjustment, public rental housing, new settlements and new city and reconstruction for old apartments, which are rather general and would require tremendous financial resources if each of the directions are implemented simultaneously without prioritization. Therefore, Mongolia has just recently stepped on the democratic way of development, and lack experience on urbanization and housing development policies. This is demonstrated by the host of issues related to the Ger areas development including poor urban planning, shortage of housing, pollution issues, housing market that has stagnated, on all of which there has not been objective and decisive progress.

There are sufficient studies related to the environmental circumstances of the Ger areas, such as the pollution types and levels of its neighborhood area and its residents' level of satisfaction compared to their living circumstances that has investigated many by the results of the researches that have been already published by many local, non-local or foreign researchers and organizations through the past years. By contrast, there are still lack of research and studies in terms of government interventions, role, and implementation sectors. So, this research considers the sector and aims to identify whether this policy which as mentioned above and its five main broad directions are able to resolve the ever worsening G

er areas housing issues. The method of this research adopts a literature analysis method using various research reports and related papers in domestic and international journals and theses by experts, researchers, public institutions and agencies. In such an attempt, the research focuses on specific policy regulations, systems and strategies for residential housing for low income households in other developing countries, identifies their strengths and weaknesses, and tries to identify the ones suitable in the Mongolian context, as well as what should be eliminated/added in these policies and their implementations and come up with policy recommendations with alternatives which is the purpose of this research.

2. LITERATURE REVIEW

2.1. Characteristics of the Ger areas

Since ancient time Mongolians were nomadic nation has a particular nomadic culture and lifestyle to move from one place to another according to the season in the steppes of Central Asia. They lived in dwelling which is named “Ger”. It is inadequate and poor quality for long settlement urban area. Because of the original function of ger is a portable for moving easy and shape is round tent covered with skins or felt and the main frame structure is made with light woods [1-3][19]. Since the 1960s, the national industrialization policy and the changes in the agricultural sector have caused the people to concentrate rapidly on city, and the housing policy has been actively promoted in order to supply the housing which adequate to urban lifestyle such as apartments and built house that different from the people can live in earliest times. But Mongolia had no experience in the field of housing construction at the time, was forced to receive support from the former Soviet Union. In the 1990s, democratic movements, and social change occurred and Mongolia was transferring from state governed economic system into a market economy [1][3][6][12][16]. Then, many people moved to the city in order to improve the quality of life after finding a job. As a result, Ulaanbaatar was rapidly urbanized.

“According to Mongolian property law, the nationals are allowed to claim unused land and obtain ownership over land they live on. In that respect, the Ger areas are therefore different from illegal slum settlements in other countries of the world”[4]. The land size which is designated for the household ownership in Ulaanbaatar is up to 0.07 hectare for each persons. Consequently, along of land owning law Ger areas settled with low density. Also according to static data of the capital city, over 90 percent of total population in Ger areas, has been owned their land [1][3][4][14]. Some researches concluded that the Mongolian government did wrong decision with the law to own the land where they live on. It became one of the major reason the residents who are living in Ger areas and keep their expectation for the land prices rise in the future.

2.2. The Mongolian Government Involvement

Recently, the government has established a "housing program" with the aim of supporting loans to residents and providing conditions for buying housing in 2014. This program has the primary purpose of resettling the Ger areas’ land by a newly developed approach in order to improve the environment of the Ger areas and to ensure residents will be lived in a safe environment with better-living standard[13][16]. Moreover, the program includes some housing programs which the country has never before such as public rental housing, adjusting of new town city so.(Fig2)

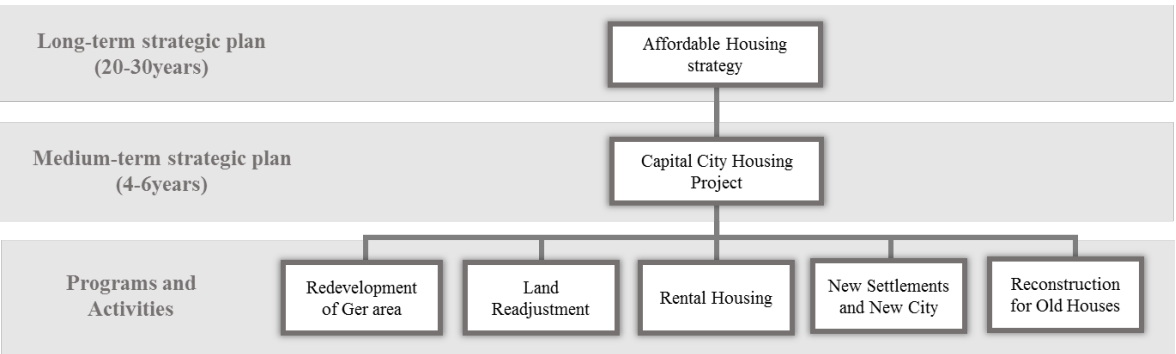


Fig 2. The Government strategy for the low-Incomes

Otherwise, this program could be one segment of the Ulaanbaatar master plan by 2030 to implement and achieve the goal of the housing policy. The master plan of Ulaanbaatar aims to increase population who lives in apartments by quantity expansion of housing supply with affordable houses. For instance, current 41.7 percent of populations are living in apartments it will be increased to 58.5 percent by 2020 after that to 70.1 percent in 2030[14]. Also, according to statistic data the public sources take up only a very small portion in the total housing provision. This fact is positive from the perspective of housing market competition. On the other hand, private sector according to the market rules focuses more on profit and this resulted in housing improvements for only a small segment of middle and upper income Ulaanbaatar residents that can afford the expensive housing causing in turn spike in housing prices. The government considered for affordable housing to make interest of housing loans lower. While the demand for housing in Ulaanbaatar including demand by ger district residents is estimated at 180,000 households. But 64% of this demand is for affordable housing by residents without significant enough savings to purchase them. However, it is clear that these people cannot participate in the current housing program, 8% mortgage and other programs because eligibility criteria established by commercial banks includes 30 percent of the total cost as upfront payment [14].

2.3. Generic Characteristic and Government Involvement of Developing Countries

Even though each developing countries differ from each other but there are many generic characteristics such as their politics, social system, and economy tend to be similar. One of the common feature is most of the developing countries nowadays declared their independence after the World War II, but before the war they were a colony of developed capitalist countries. The economy and politics of these countries still tend to be under the influence of the former dictating countries while some of them become colonized again without being able to form and create their own political and economic system [5]. According to these situations, accumulation support function of the developing countries focuses on their own market establishment and its growth. Unlike the developed countries, their government plays the main role to move the development process of the country by attracting foreign investments because they have not created their own resources[7][8][9].

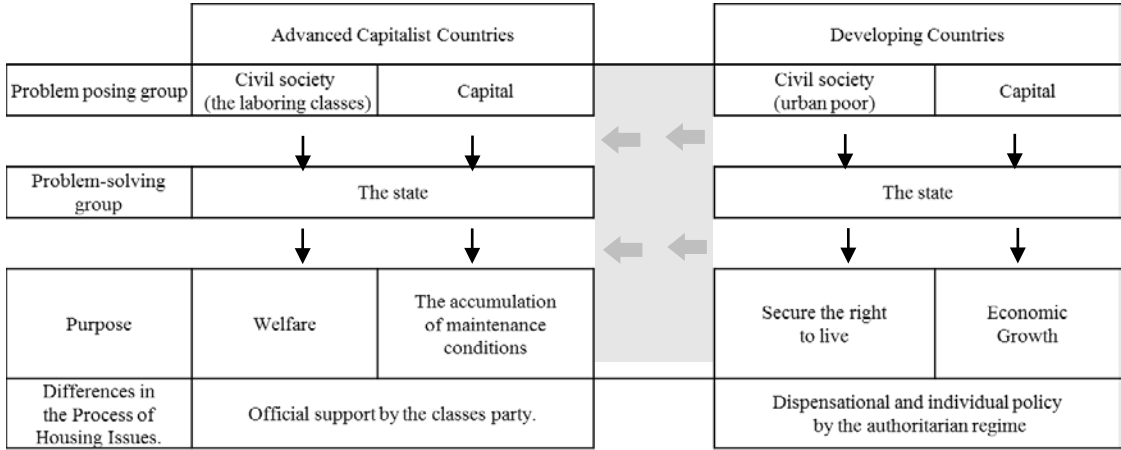


Fig.3. Housing policy comparison between developed countries and developing countries

Moreover, another common feature in developing countries is their poor economic development that leads to rural-urban migration due to market and living necessity especially to the capital city of the country. It is common for these countries that their government lacks support for these migrators due to the scarcity of reserve fund and poor economic development. Most of the citizens moving from the rural area to the city have lower income and their financial capability is insufficient for them to purchase apartments which leads to the increase of slum area in the city [17]. So, many developing countries face the same issues and trying to solve the problems, some of them have solved through efficient policies and programs implemented by their government. From the point of housing policy and objectives, developed capitalist countries pay more attention to the working class and create a legal framework of housing issues under the citizens' rights and social characteristics (fig3). On the contrary, developing countries focused on the poor citizens and solve housing problems of policies and set planning goals

[5][7][8].

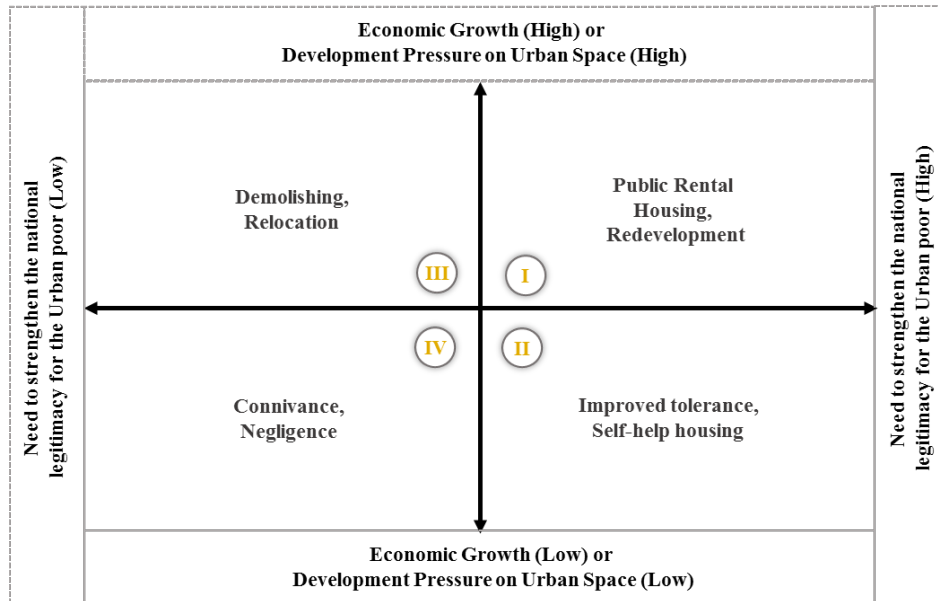


Fig.4. Explanatory model of policy for squatter area and slums in developing countries

As mentioned above, through the generic characteristics of developing countries dimension of the housing policy are restricted within their poor budget. Explanatory model from Kim, Soohyun in 1996 (fig4) solving process and housing policy directions for the housing issues in slum areas these are divided to four general phases with the socio-economic contexts of developing countries. Most of developing countries pass through every single phases from IV, III, II to I for solving the many issues of slum areas. But some of countries such as Singapore and Hong Kong have crossed from the phase IV to I directly [7][8]. In that case, from IV to I directly way have higher results but it takes long time and large amount of budget. Also III phase unacceptable to the Ger areas in Ulaanbaatar due to the Ger areas' residents have owned their lands.

3. ALTERNATIVE SUGGESTIONS FROM THE LITERATURE

3.1. Housing Policies for Low-incomes in Developing Countries

Economic growth is most influencing factor to solve those housing issues and to reach the goals of the housing policy. Housing policy directions and strategies are formulated and executed depending on the economic growth in the development context[9]. This research suggested the housing policy alternatives for the low-income households in Ger areas based on the major frame of developing countries' housing policy which represented in the table 1

Table.1 Key indicators of the housing policy of Developing Countries

Programs and Activities	Government intervention (Legitimacy)	State budgeted, expenditure	Private developers role	Economic context (Economic growth)	Housing market condition	Acceptable to the Ger areas
Self-help program Type I	○	small	○	low	stagnated	○
Self-help program Type II	○	small	○	high	stagnated, recession	●
Self-help program Type III	○	small	X	low	stagnated	○
Self-help program Type III	X	very small	○	lower	recession	●
Mutual Self-help housing	●	medium	○	high	normal	●
Public Rental Housing	●	large	●	higher	stagnated	○
Affordable Housing/ Social housing/ Small housing supply	●	medium	●	high	normal	○
Joint Redevelopment	○	small	●	higher	normal	●
Establish new settlement, new city	●	large	●	higher	normal	X

Legends: ●-strong ○-medium X-weak

There are many housing policies and programs in the world. But developing countries' government can not adopt every housing policy directions cause of their limited resources. Most of developing countries which can solved successfully their housing issues in slum areas they usually implemented the programs as shown in above table. Based on the economic development context they commonly executed self-help housing programs. For instances, 'small group migration program: self-help type1'; 'legalization and local improvement program: self-help type2 in South Korea, 'land sharing program: self-help type1' in Thailand, 'kampung housing improvement program: self-help type3' in Indonesia and 'Oranji pilot program:self-help type4' in Pakistan. Also, the key indicators of the housing policy can show adequated ways for the government[11][18].

3.2. Alternative Suggestions

Alt1: This alternative is refer to the stage when Mongolian economic growth increases dramatically. According to the other developing countries, they principally executed 'joint redevelopment', 'establishing new settlements or new cities', 'public rental housing', 'self-help programs (type-II)' and 'mutual self-help programs'. Among these, 'self-help programs (type-II)' and 'joint redevelopment' strategies are the most appropriate way in terms of Mongolian case. Because of the specific feature of the Ger areas, residents who have owned their land and there is no high density in the Ger areas. So the 'establishing new settlements or new cities' and 'public rental housing', these kind of housing strategies might be inefficient in Ulaanbaatar city.

Alt2: In this alternative, the economic growth will increase gradually. Mongolian government is capable of formulating the social housing programs such as affordable and small housing. But, in that case the other strategies that 'self-help programs (type-III and I)' might be better solution because of the Ger areas' characteristics. For instance, according to the results of previous researches and surveys about

preference and satisfaction of the Ger areas' residents, it shows the most of the residents are satisfied with their dwellings.

Alt3: If Mongolian economic growth does not increase, there will appear economic stagnation, in which the government does not have many choices to solve these housing issues. But the government can consider the 'self-help program (type-IV)'. Actually current Ulaanbaatar city situation is under the economic growth stagnation. However the government should consider to formulate the housing-minimum standard for Ger areas and enforce the standard.

4. DISCUSSIONS AND CONCLUSION

Based on previous research, it is concluded that according to common feature in developing countries is their poor economic development that leads to rural-urban migration due to market and living necessity especially to the capital city of the country. It is common for these countries that their government lacks support for these migrators due to the scarcity of reserve fund and poor economic development. Most of the citizens moving from the rural area to the city have lower income and their financial capability is insufficient for them to purchase apartments which leads to the increase of slum area in the city. Therefore, the government must consider the requiring expenditure for implementation of the housing policies' objectives within the small budget when establishing the strategies. In other words, according to generic characteristic of developing countries that most considerable action of the government is outlay of small or limited state budget effectively by efficient policies even housing field.

Mongolian government has to consider the general ideology to make housing policy for the low-income households in Ger area. The government shall not try to outlay small state budget for housing field and housing problem solving through broad and not focused ways and policies. Because of the current Mongolian housing policy for low-income households which established in 2014, the policy has really broad and unfocused purposes and measures at the same time. If the Mongolian government will execute the plans and the programs of the policy through those broad purpose, it will be required much budget but not enough efficient result then the housing problems got worse unless to narrow the purpose with sequenced strategy. Moreover, due to the analysis of generic characteristics of developing countries housing policy for low-income groups, the one of the main five guidelines of the current Mongolian housing policy for low-income households which that "New settlements and new city" project is not necessary in our country. This policy is distinctive for its use carried out during transfer or demolition of populous and slum districts that built on the site without permission factors to mention its impossibility: 1) although more than 40 per cent of the population settled in capital city Ulaanbaatar it does not count as teeming city for town development, 2) the Ger areas land acquired by its inhabitants of the area so under property law the government cannot resettle districts as they have no desire to move, 3) also Ger areas are under populated and in the previous survey inhabitants of the Ger areas satisfied to their current area, 4) since 2005 migration to the city was large, and had a very rapid growth of urban population but Ulaanbaatar's population growth now is stable, also in the future. For that reasons, "New settlements and new city" and "public rental housing" programs are not appropriate solution to the issues and the government should not execute those programs.

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