

# SYSTEMS OF HOUSING PROVISION FOR THE MARGINALIZED IN SRI LANKA



**MALKI RODRIGO**

MAY 2023

SYSTEMS REVIEW NO. 1

**CMRD RESOURCE GUIDES**

© Centre for Migration Research and Development (CMRD)  
27, Wickramaratne Avenue, Kohuwala, Sri Lanka

E-mail: [cmrd.lk@gmail.com](mailto:cmrd.lk@gmail.com)

URL: [www.cmrd.lk](http://www.cmrd.lk)

ISSN 2706-0268

Printed by: Centre for Migration Research and Development

First published: 2023

Inclusive Urban Infrastructure is a project funded by UK Research and Innovation through the Global Challenges Research Fund under the title 'Towards Trajectories of Inclusion: Making infrastructure work for the most marginalised' (grant reference number ES/T008067/1).

The CMRD Resource Guides provide information on a selected topic with links to resources. It includes a summary of previous reporting on a topic including surveys, articles, books, reports, policies and other sources relevant to a particular area of interest. The document is useful for researchers, academics, students and practitioners in their engagements in various sectors. Authorship is usually collective, but the principal writers are named.

Copyright of this publication belongs to the Centre for Migration Research and Development (CMRD). Any part of this book may be reproduced with due acknowledgement of the author and publisher. The interpretations and conclusions expressed in the study are those of the authors and do not necessarily reflect the views and policies of the CMRD or the donor.

Advisory Board:

- Dr. Rajith W. D. Lakshman, Research Fellow, Institute of Development Studies (IDS), University of Sussex, United Kingdom
- Senior Professor Kopalapillai Amirthalingam, Professor in Economics, Department of Economics, University of Colombo, Sri Lanka
- Professor Sunethra J. Perera, Professor in Demography, Department of Demography, University of Colombo, Sri Lanka

Editor-in-Chief:

Dr. Danesh Jayatilaka, Chairman, Centre for Migration Research and Development, Sri Lanka

Front cover photograph: *Housing in Lunupokuna* by Sakeena Alikhan (2022)

## **Systems of Housing Provision for the Marginalized in Sri Lanka**

Malki Rodrigo

Malki Rodrigo is a Town and Country Planning graduate from University of Moratuwa currently reading for her Masters in Environment Management at Brunel University, London. She specializes in spatial data analysis and visualization using Geographic Information Systems (GIS). She has worked as a Research Officer in SEVANATHA Urban Resource Centre, performing spatial data analysis and literature research for Greater Colombo water and sanitation improvement project and Inclusive urban infrastructure. Her research interests include spatial data science, sustainable cities and climate change.

### **Acknowledgments**

The author would like to thank the Centre for Migration Research and Development (CMRD) for assigning her the paper. She is also thankful to Professor Michael Collyer, Principal Investigator and Dr. Danesh Jayatilaka, Co-Investigator of the Inclusive Urban Infrastructure (IUI) research study conducted in partnership with the University of Sussex and the SEVANATHA Urban Resource Centre. Appreciations go to Mr. Udeni Chularathna, Executive Director, SEVANATHA, Dr. Rajith Lakshman, Research Fellow, Institute of Development Studies (IDS) and Abdhullah Azam, Project Manager, CMRD, for their advice and assistance.

The CMRD acknowledges the financial support provided by the Global Challenges Research Fund (GCRF) to conduct the IUI project.



# **Systems of Housing Provision for the Marginalized in Sri Lanka**

# **Sri Lanka's Housing Sector**

## **Introduction**

This document is an outcome of a desk research study carried out for understanding the current context of the housing sector in Sri Lanka. It is a compilation of significant information from published research articles, reports of recently-established housing development projects, and official statistics from the Department of Census and Statistics (DCS) and other sources to provide an overall insight into the housing sector. The topics discussed cover urban, rural, and estate housing issues identified by research on low-income populations in each area, as well as related housing policy.

## Table of Contents

Housing Sector Overview in Sri Lanka in 2012 .....	8
Status of Urban Housing .....	15
Characteristics of urban housing in Sri Lanka .....	15
Living spaces and floor area of urban housing .....	16
Urban low-income housing in Colombo .....	16
Tenure status of Colombo's low-income Housing .....	17
Issues related to Low-income Housing .....	17
Status of Rural Housing .....	19
Challenges in rural housing .....	19
Institutional Framework – Urban and Rural .....	20
Status of Estate Housing .....	22
Ownership of Estate Housing .....	23
Challenges in the Estate Sector .....	24
Institution Structure related to Estate Housing .....	25
Resettlement Housing .....	31
Institutions Involved in a Resettlement Project – Case of Lunawa .....	32
Resettlement Housing Project by UDA – Colombo Area .....	33
Resettlement Programmes with Public-Private Partnership .....	34
Middle Income Housing .....	36
Housing Policy .....	37
Urban Housing .....	37
Estate Housing .....	38
Rural Housing .....	38
Land Acquisition Act .....	40
Land Acquisition Procedure .....	40
National Involuntary Resettlement Policy (NIRP) .....	41
IMPLEMENTATION AGENCIES .....	43
Resettlement Policy Framework for Colombo Urban Regeneration Project .....	44
Regulatory role of the UDA .....	44
Eligibility Criteria, entitlements and Definitions .....	45
Planning Permission / Building Plan Approval .....	48
The development approval process in declared urban areas .....	48
Housing Finance .....	49
Housing Finance Providers .....	49
Income and Affordability .....	50
References .....	53

## Housing Sector Overview in Sri Lanka in 2012

Sri Lanka's population as per the 2012 Census was 20.3 million. The country has one of the lowest annual population growth rates (0.7%) in the Asian Region and an annual urban population growth of an average 0.3% over the period 2005-2012 according to official statistics of the Department of Census and Statistics (DCS). The majority of the population (28.7%) is concentrated in the Western Province, making its population density 1,621 persons per square kilometre as against the national average of 323 persons. The urban sector population is reported as 18.3%, while the rural population is 77.3%, and the estate population is 4.4%.

**Urban sector** All areas administered by Municipal and Urban Councils constitute the urban sector.

**Estate sector** The estate sector consists of all plantations which are 20 acres or more in extent, with ten or more resident labourers.

**Rural sector** All areas other than urban and estate comprise the rural sector.

The 2012 Census also recorded that Sri Lanka has 5,905,574 housing units of which 5,191,445 are occupied. This means that 714,129 (12%) housing units of the housing stock remain unoccupied, representing houses owned by overseas Sri Lankans (estimated at 3.8 million) and those held for speculation.

Another significant trend in household composition is the fact that the average household size has reduced to 3.8 nationally from about 5.2 in the seventies. This indicates the formation of single- and twin-member households, particularly among the younger generation, and the increase of elderly single families.

### Number of occupied housing units by sector – 2012

Table 1 Number of occupied building units by the sector of residence, 1981 and 2012

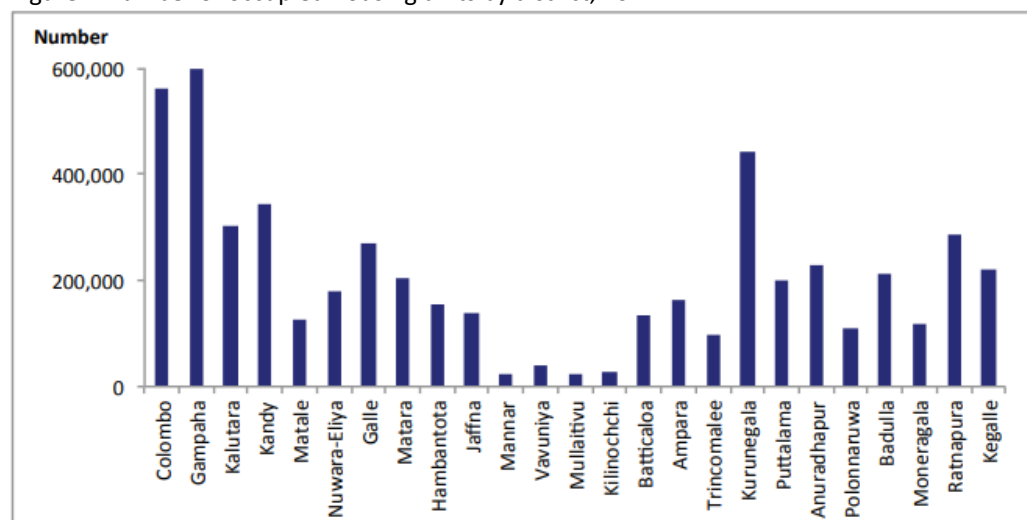
Section	1981		2012	
	No.	%	No.	%
<b>Sri Lanka</b>	<b>2,813,844</b>	<b>100.0</b>	<b>5,267,159</b>	<b>100.0</b>
Urban	511,810	18.2	908,078	17.2
Rural	2,084,841	74.1	4,133,982	78.5
Estate	217,193	7.7	225,099	4.3

Table 1 gives the number of building units occupied, reported in 1981 and in 2012, according to the sector of residence. Thus, although it is evident that all the sectors have increased their housing stocks during the inter-census period, it is noticeable that the increase in the estate sector does not correspond with the increase in the other two sectors.



## Number of occupied housing units by district – 2012

Figure 1 Number of occupied housing units by district, 2012



The highest number of occupied housing units was reported from the Gampaha district followed by the Colombo and Kurunegala districts.

Among the housing units in Nuwara Eliya, 31.2 % are reported as row houses/line rooms. The highest percentages of huts/shanties are reported from the Mullaitivu district (44.5%) followed by the Kilinochchi district (24.4%).

## Housing structure

Table 2 Type of Housing structures, 2012

Type of housing structure	Number	Percentage
Total occupied housing units	5,207,740	100
Single house - single storied	4,416,584	84.8
Single house - two storied	376,764	7.2
Single house - more than two storied	27,654	0.5
Attached house/Annex	51,424	1.0
Flat	32,127	0.6
Condominium/Luxury apartment	4,179	0.1
Twin house	36,512	0.7
Row house/Line room	185,131	3.6
Hut/Shanty	77,365	1.5

The majority (84.8%) of the housing units in the country are reported as single-storied housing units, followed by 7.2% two-storied single housing units and 1.5% huts/shanties. During the census enumeration, it was also revealed that 3.6% of the housing units are row houses/line rooms, mostly used as dwellings by estate residents. Other types of housing units, such as more than two-storied single houses, flats, condominiums and twin houses, have reported very low percentages.

## Households

The number of households reported stood at 5,264,282, which exceeded the number of occupied housing units by 56,542. This means that there could be one or more households in one housing unit. The majority (99%) of the housing units has only one household.

According to the Census, the average household size is 3.8 members per household and this average varies depending on the residential sector. In the urban sector, the average household size is 3.9 members while in the rural sector, the average is 3.7, and in the estate sector it is 4.0 members per household.

## Tenure

The Census 2012 collected information on the right of occupants to enjoy the dwelling they occupy and thus it is revealed that 82.9% of the dwellings have been owned by a member of the occupants while 6.3% of the houses are occupied on a rent basis.

In the Colombo district, those who occupy the house on rent is

15.8% while in Gampaha district, it is 13.2%. In addition, it is also revealed by the census that 1.3% of the occupants are occupying their dwellings unlawfully.

In order to study how ownership has changed over the years from 1981 to 2012, Table 12.2 gives the basis of occupation of the

dwellings in 1981 as well as 2012 by the sector of residence. Accordingly, all the sectors have recorded an improvement in the ownership of the dwellings they live in while the biggest improvement has been evident in the estate sector where the ownership has improved from 1.3% to 22.2%.

The majority of households are owned by a household member while 6.3% were rented and another 6.2 were living rent-free. The share of rental housing is relatively small in the country as a whole. However, the demand for rental housing in urban areas for single and twin occupancy is growing as indicated by the rising rental prices. It is also recorded that 1.3% or about 57,105 of the housing units have been built on land that the occupants do not own.

Table 3 Tenure types

Type of tenure	Number	Percentage
Total households	5,264,282	100
Owned by a household member	4,365,190	82.9
Rent/ Lease- government owned	116,871	2.2
Rent/ Lease- privately owned	330,410	6.3
Occupied free of rent	328,346	6.2
Encroached	68,650	1.3
Other	54,815	1.0

Table 4 Percentage of housing units owned by a member of the household and rented by the sector of residence, 1981 and 2012.

Sector	Owned by Residents		Resident on rent	
	1981	2012	1981	2012
Sri Lanka	69.5	82.9	10.2	6.3
Urban	58.0	75.0	29.1	14.8
Rural	79.5	88.0	6.5	4.5
Estate	1.3	22.2	1.3	5.3

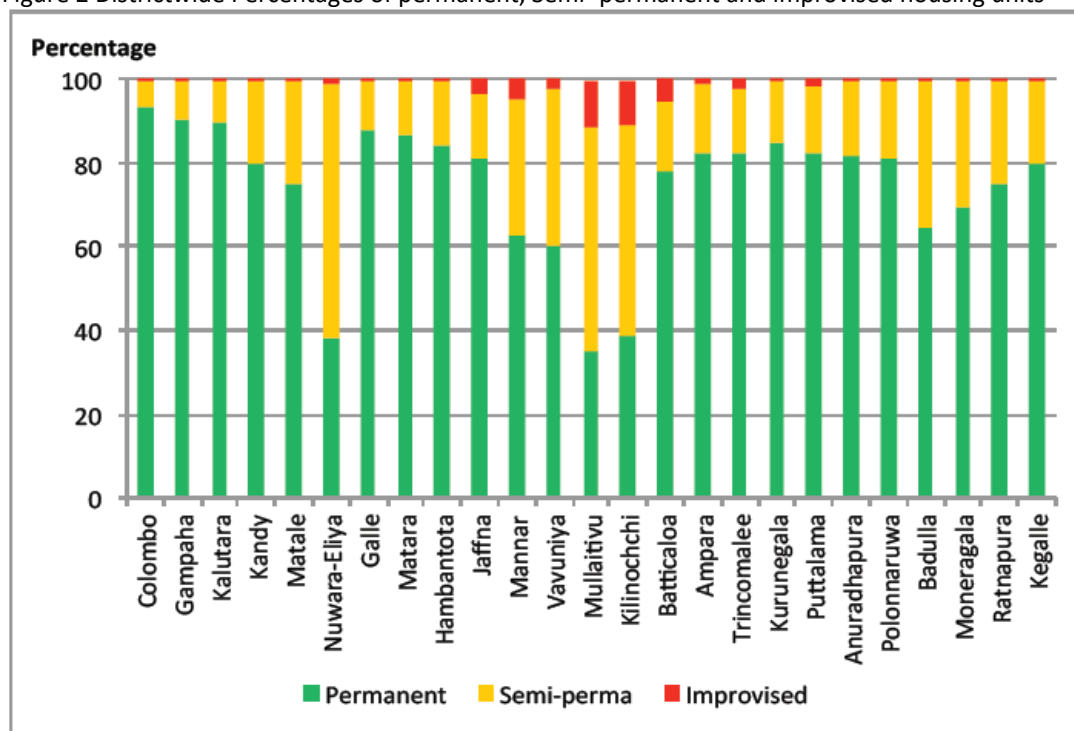
## Housing conditions

The 2012 Census data also has grouped the condition of housing into three categories: Permanent, Semi-permanent and improvised. Of the total occupied housing units (5,207,740), 81.9% are constructed using permanent materials, followed by 17.2% are constructed using semi-permanent materials and the balance 0.9% are constructed using improvised materials.

Table 5 Housing conditions in 3 different housing types

Type of Housing Unit	Principle materials of construction		
	Wall	Floor	Roof
Permanent	Brick	Cement	Tile
	Cement block/Stone	Terrazzo/Tile/Granite	Asbestos
	Cabook	Wood	Concrete
	Pressed soil bricks	Concrete	Zink Aluminum sheet
Semi-permanent	Mud	Any material	Any material
Improvised	Cadjan/Palmyrah	Mud	Metal sheet
	Plank/Metal sheet	Sand	Cadjan/Palmyrah/Straw
Not classified	Other	Other	Other

Figure 2 Districtwide Percentages of permanent, Semi-permanent and improvised housing units



Colombo (93.6%) and Mullativu (35.0%) districts reported the highest and the lowest percentage of housing units which used permanent material for construction. The districts that have over 35% housing in the semi-permanent category are Killinochchi (51.9%), Vauniya (38.0%), Mullaitivu (44.1%) Nuwara Eliya (59.2%) and Badulla (36.5%). Correspondingly, these five districts also have a higher percentage of improvised housing. The situation in the first three Districts can be expected to be the result of the conflict. The other two districts have a predominance of plantation areas where a large number of people still live in worker line rooms. This is a reasonably good indication of the geographic areas where State intervention is needed in housing. The improvised category consisted of 0.7%, all of which can be considered as needing new housing.

Table 6 Socio economic conditions by sectors

SOCIO-ECONOMIC CONDITIONS : Housing and Amenities by Sector 2012/13 and 2016								
Item	2012/13				2016			
	Urban	Rural	Estate	All Island	Urban	Rural	Estate	All Island
<b>Housing Conditions, % of Households</b>								
Wall Type <sup>(a)</sup>								
Permanent	96.0	92.8	95.0	93.5	97.3	95.1	96.2	95.5
Semi Permanent	4.0	7.2	5.0	6.5	2.7	4.9	3.8	4.5
Floor Type <sup>(b)</sup>								
Permanent	98.4	91.6	84.9	92.4	98.9	95.2	89.1	95.6
Semi Permanent	1.6	8.4	15.1	7.6	1.1	4.8	10.9	4.4
Roof Type <sup>(c)</sup>								
Permanent	95.5	91.5	32.3	89.6	96.1	94.2	33.0	91.9
Semi Permanent	4.5	8.5	67.7	10.4	3.9	5.8	67.0	8.1

### Ages of the occupied housing units

Table 7 Age of the occupied housing units

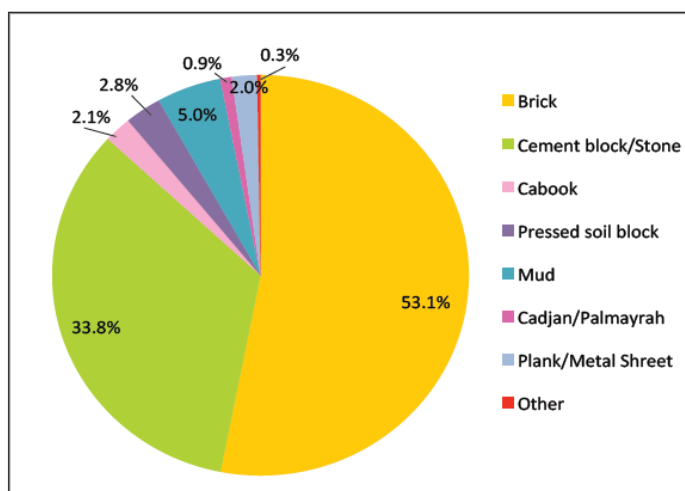
Year of construction	Number	Percentage
Total	5,207,740	100.0
2011	323,194	6.2
2010	236,190	4.5
2009	210,782	4.0
2008	205,037	3.9
2007	206,425	4.0
2006	210,202	4.0
2005	256,804	4.9
2004 – 2000	819,104	15.7
1999 – 1995	581,580	11.2
1994 – 1990	477,621	9.2
1989 – 1980	620,287	11.9
1979 or before	1,060,514	20.4

The year of construction is important to measure the age of a housing unit. Census results show that 2.5 million housing units or 47.2% of the present housing stock have been completed after the year 2000. In the year 2011 alone 323,194 housing units have been constructed.



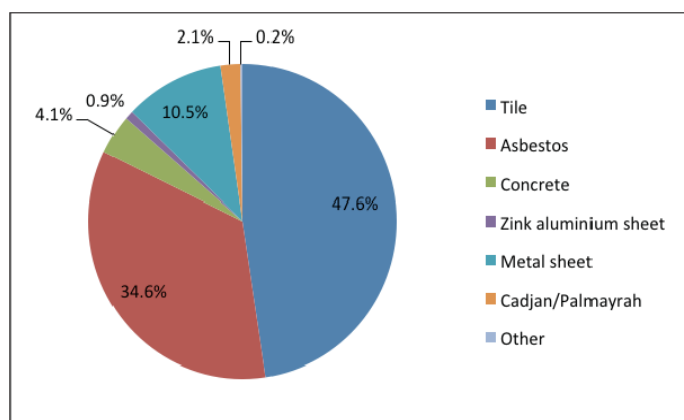
## Housing quality

Table 8 Percentage distribution of occupied housing units by principal material of walls, 2012



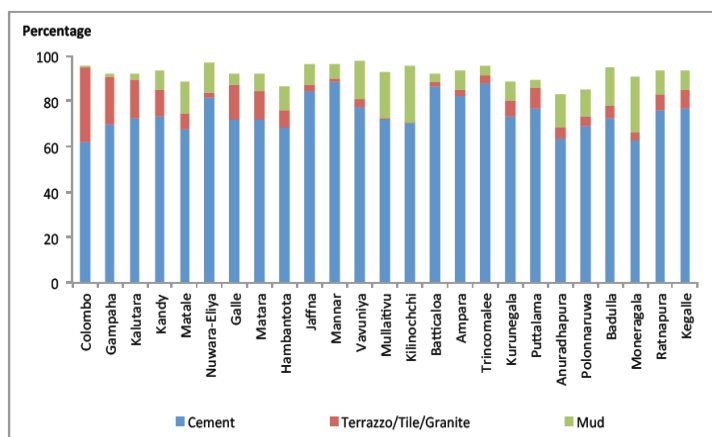
In the construction of walls, most of the housing units (53.1%) have used bricks as the raw material while cement blocks have been used in 33.8% of the housing units. Mud has been used for the same purpose in 5% of the housing units

Table 9 Occupied housing units by principal material of roof.



Roofing tile is the material used to cover the roofs in most of the housing units (47.6%) followed by asbestos (34.6%) and metal sheet (10.5%). Thus, roofing tile and asbestos are the popular materials for a majority of housing units for roof cover. The majority used tiles as they are more suitable for the warm climatic condition of the country.

Table 10 Percentages of occupied housing units by principal material of floor and district, 2012



In all districts, most housing units have used cement to pave the floor. However, a considerable percentage of housing units in Kilinochchi (24.8%), Moneragala (24.6%) and Badulla (17.1%) districts have used mud to pave the floor. On the other hand, in districts belonging to the Western Province, namely, Colombo (33.4%), Gampaha (20.7%) and Kalutara (16.8%) a considerable percentage of housing units have used terrazzo/tile/granite material, a comparatively expensive method of paving houses, suggesting a higher living standard against other districts.

The above information is compiled from the Census and Statistics Department, Household Survey Report in 2012. [Census of Population and Housing, 2012](#)

### Comparison of characteristics of urban, rural and estate housing

Table 11 Sector specific characteristics of urban, rural and estate housing

Criteria	Urban	Rural	Estate
Housing design	Heterogeneity	Some heterogeneity	Homogeneity
Land ownership	Vary from Informal to freehold	Freehold, state grants and state permits	Plantation agreements
Infrastructure	Quality infrastructure and high demand	Moderate quality infrastructure and low demand	Basic infrastructure with low quality. Low demand.
Utility services	High quality private services	Moderate quality private services	Mostly shared services (toilets, water connections, etc)
Housing finance	High access to finance due to asset ownership and values	Moderate access to finance due to low values of assets	Depend on government grants and donor funds
Social networks	Low networks within the community. But strong external networks	Moderate level of networks within the community	Strong networks within the community. But low external networks
Ethnic background	Heterogeneity	Homogeneity	Homogeneity

Source: (Hapuarachchi and Kariyawasam 2021)

Table 11 shows how the housing design, infrastructures, utility services, housing finance methods, social networks and the ethnic backgrounds vary between urban, rural and estate sectors as a general characteristic. Urban areas seem to have the highest level of infrastructure and heterogeneity socially and in terms of the physical structure of the housing. Estate sector seems to have shared utility services which is different from the urban and the rural housing.

Table 12 Housing conditions in Sri Lanka

Sector	Re-roofing	Toilet Exclusively for Household	Electricity	Safe water
<b>2006/07</b>				
Sri Lanka	82.9	89.1	80.9	84.8
Urban	89.1	86.5	94.9	97.7
Rural	85.7	90.9	78.5	85.0
Estate	22.7	67.7	62.3	46.2
<b>2009/10</b>				
Sri Lanka	86.0	89.5	85.3	87.7
Urban	91.1	86.4	95.6	97.4
Rural	88.9	90.9	84.1	87.6
Estate	23.0	74.0	76.9	60.3

Source: Economic and social statistic of Sri Lanka 2012, Table no 13.5(a), p.131.

It is clear that more than 80% of the houses in the urban and rural sectors have done the re-roofing and toilets are available for their own use. Moreover, more than 80% have electricity connections. However, the estate houses are privileged with less than half of the facilities used by the rural community in the country. It should be noted that there are several organizations including the trade unions and the political parties involved in distribution of roofing materials for the workers in the line rooms for the last several decades but it has reached only 22.2% of the estate workers during 2006/07

and declined to 23% during 2009/10. It should be noted that re-roofing was one of the major projects of renovation of the line rooms and a number of other organizations were also involved in re-roofing activities in the estates. The Medium-Term Investment Programme (MTIP), Social Welfare Programme I & II, (SWP I&II) and Plantation Development Programme (PDP) have also contributed to the re-roofing activities, but their intervention fell far short of actual demand (National Plan of Action, 2006-15:49).

## Status of Urban Housing

Currently, officially designated urban areas are the 23 Municipal Councils and 41 Urban Councils. However, there are 252 areas designated by the Urban Development Authority (UDA) as development areas. Therefore, the actual urban population could be higher than what is officially recognized.

According to the Census 2012, the average household size is 3.8 members per household and this average varies depending on the residential sector. In the urban sector the average household size is 3.9 members. In the rural sector the average is 3.7 and in the estate sector it is 4.0 members.

As per the deductions from the 2012 Census it can be estimated that there are 907,370 houses in the urban areas of which 167,000 are semi-permanent and another 66,500 are improvised, representing roughly the improvement and replacement needs.

## Characteristics of urban housing in Sri Lanka

Table 13 Characteristics of urban housing in Sri Lanka - 2016

<b>Floor area (Sq.m.)</b>	<b>%</b>
Less than 100	1.70
100–less than 250	6.41
250–less than 500	16.12
500–less than 750	20.53
750–less than 1000	22.69
1000–less than 1500	20.61
1500–less than 3000	9.97
3000 and more	1.96
<b>Type of wall</b>	<b>%</b>
Brick	49.82
Cement block	42.54
Cabook	4.20
Plank/Metal sheet	1.74
Pressed soil block	0.76
Mud	0.58
Other	0.20
Cadjan/Palmyrah	0.14
<b>Type of floor</b>	
Cement	66.07
Teraso/Tile	29.07
Concrete	3.72
Mud	0.53
Other	0.35
Wood	0.22
Sand	0.05
<b>Type of roof</b>	

Asbestos	52.83
Tile	29.88
Concrete	12.44
Galvanise (corrugated)	3.60
Metal sheet	0.95
Cadjan/Palmyrah/Straw	0.18
Other	0.13
<b>Ownership</b>	
Constructed/Purchased by an occupant	53.12
Inherited	23.76
Rent/Lease	11.27
Freely received/Received as gift	4.24
Rent free (Employee/Other)	2.15
Encroached	1.93
Relief payment (Employee/Other)	1.60
Other	1.23
Compensated	0.71
<b>Structure</b>	
Single house	88.33
Flat	3.25
Line room/Row house	3.21
Attached house/Annex	2.73
Other	2.48

Source: [\(Weeraratne 2019\)](#).

In terms of structural characteristics of urban households, as depicted in the Table above, a majority of households were single households, while other notable structures included flats, apartments, and line rooms. In terms of construction, most houses were made of asbestos roofs, brick walls, and cement floors. In terms of ownership, most of the urban households (53%) are either constructed or purchased by the current occupant, while nearly a fourth of households are inherited by the current occupant. Over 11% of houses are rented or leased by the current occupant.

#### Living spaces and floor area of urban housing

For the stock of 904,544 urban households identified in the DCS, the distribution of floor area ranged from less than 9 m<sup>2</sup> to over 280 m<sup>2</sup>, where large proportions of houses were in the intervals of 46-0 (21%), 70-93 (23%), and 93-140 (21%) m<sup>2</sup>.

In 2016, the average per capital bedrooms in urban households was 0.67, roughly indicating less than two persons share a bedroom. Nevertheless, the distribution indicates that there is much disparity. For instance, 10% of households had a per capita bedroom of less than 0.25, indicating four persons share a bedroom, while 50% of urban households had more than two persons sharing a bedroom. On the other extreme, 10% of households had more than one room per person. As expected, the distribution of comfort in housing indicated by per capita floor area and per capita bedroom mirrors the distribution of per capita income in urban households.

#### Urban low-income housing in Colombo

Nearly 45% of the population of Colombo live in what is called “Underserved” Settlements (USS) or better known as gardens. The total number of families living in the 1053 underserved



settlements is estimated to be 77,643 with a population of around 301,689. Of these, 944 settlements have been upgraded to some degree under previous programmes. One significant point to note here is 42.9% of the 1053 settlements have freehold title.

Nearly 54% of these settlements are considered very small with less than 20 households per settlement. Only 8% of the settlements consist of more than 100 households. Six settlements have been identified as extremely poor and 103 as very poorly serviced while the rest were considered upgraded and fully upgraded. Compilation of this data has been done by the Colombo Municipal Council jointly with the SEVANATHA in 2012 using a methodology of scoring with social, economic, and physical indicators and therefore can be assumed to portray an accurate profile of the settlements. It can be safely assumed that 60% of these settlements can be regularized with legal tenure facilitating access to private finance for improvements.

The section on the characteristics of urban housing in Sri Lanka in 2016 is prepared from the study done on Urban Housing in Sri Lanka, by Bilesha Weeraratne in 2016. ([Weeraratne 2019](#)).

#### Tenure status of Colombo's low-income housing

The City of Colombo being the hub of commercial activity, entertainment, and tourism, draws attention to the presence of its communities living in “underserved settlements”. Interventions to improve the conditions of these settlements commenced in 1978 by the Colombo Municipal Council, followed by the Underserved Settlement Improvement Project of the UDA and the Urban Housing Sub-programme of the Million Houses Programme in 1985.

According to the survey conducted by the CMC and SEVANATHA in 2012, there were 1735 underserved settlements in the city. Of these 682 settlements were considered fully upgraded with secure tenure, services, and reasonably good quality of housing. The balance 1053 requiring intervention is concentrated in Colombo Central and Colombo North and some scattered settlements in Colombo East and Colombo South. The 1053 settlements shelter 77,643 families with an estimated population of 301,689. Considering that Colombo's total population is 665,000, this 45% is a high proportion.

Of these families, around 78% hold some form of security of tenure; 43% freehold, 22% user permits, while 22.6% do not have any title. In terms of housing conditions, 777 of these settlements had over 80% permanent housing.

Over 80% of these families have legal access to water and electricity. Almost all the children attend popular schools in Colombo due to eligibility on the proximity criteria. The family incomes are reasonably high because of employment opportunities in the city, with only 7% of them receiving Samurdhi grants. The main issue that the people face is the stigmatization of their settlement as an “underserved settlement” precluding banks and the formal financial institutions in providing credit.

#### Issues related to Low-income Housing


##### Land tenure

- 63% of the urban poor families in the city do not have legally accepted and marketable land ownership to their land/house. Among them, 10% are squatters (unauthorized occupants). Therefore, provision of land tenure rights to a majority of the urban poor is a critical problem.

## Lack of basic amenities

- Adequate and reliable pipe-borne water is not available for about 56% of the urban poor families in the city.
- About 63% of the urban poor families use shared toilets (while 2% of families do not have any toilet at all).
- About 17% of the urban poor families do not have any form of municipal solid waste collection service, while 46% rely on communal collection points.
- 27% of the low-income settlements do not have proper inner access roads within their settlements while another 25% have paved roads but no side drains.
- There were no community savings and credit programmes in operation in about 80% of the urban poor settlements in Colombo. This means lack of access to credit facilities and livelihood improvement opportunities for a majority of urban poor in the city.
- Lack of legal identity and recognition of current locations of USSs; many communities face difficulties in enrolling their children to schools, obtaining individual service connections and several other social benefits offered by formal sector institutions. Example scenario of an underserved settlement in Colombo.

*Figure 3 Case study of an Underserved settlement in Colombo*

<p><b>Upgraded Settlement</b> <b>[Can do much better]</b></p> <p><b>No. 268 Watta [Settlement], Aluthmawatha, Modara, Colombo 15, CMC - D1</b></p> <p>This is an upgraded settlement consisting of 1700 houses and 3500 families. Total population is about 6000. The land of the settlement is owned by the National Housing Development Authority (NHDA) and user permit have been issued to the occupants by the NHDA.</p> <p>Above 90% of houses are built with permanent materials and some houses have been improved by adding two or three floors. Basic services have been provided to the settlement. More than 80% of houses have individual water meter connections, electricity supply and individual toilets. Some of the inner access roads are paved and well maintained.</p> <p>About 20% of houses still need to be improved, as those are of semi permanent nature. Some access roads are also need to be improved.</p>	
---	---

Source: SEVANATHA Urban Resource Centre, 2012

The section on the Tenure status of Colombo's low-income housing and its challenges are sourced from project reports of Sevanatha Urban Resource Centre in 2012. (Source: Sevanatha Urban Resource Centre, 2012)

## Status of Rural Housing

While it can be observed that housing in the rural areas has improved tremendously over the last three decades, pockets of poverty still exist. Wattle and daub walls with cadjan or reed roofing were the housing norm in the villages of the island in the past, but they are few today. As per the 2012 Census there are 4,133,982 housing units in the rural areas of which 706,300 are semi-permanent and 280,910 are improvised. These numbers include the previously conflict-affected areas of Jaffna, Mannar, Vavunia, Mullaitivu, and Killinochchi districts.

In the conflict-affected districts, resettlement housing programmes have been implemented over the last few years by the World Bank, UN-Habitat, IFRC, Habitat for Humanity, NHDA and other NGOs with assistance from the Government of India, the EU, AusAid and other donors, meeting the needs of 111,712 families. Therefore, the 2012 figure may not represent an accurate indication of the current status of housing in these areas.

Over the last 15 years people in the rural areas have invested their own saving for housing construction and improvements. This has been mostly due to the lack of access to formal credit and the absence of significant State assistance to rural housing. However, this has changed since 2015 with the NHDA being actively involved in the “Gam Udawa” Village Reawakening Programme and the provision of small loans and cement for housing improvements.

## Challenges in rural housing

Although, rural housing in the island has improved tremendously in both quantity and quality over the last thirty years, mainly through State support and financing, two key issues need to be resolved to stimulate investment. Firstly, land tenure: land alienated by the government to people under different schemes do not come with a freehold title. Although a few programmes like “Swarnabhoomi” were implemented by providing titles, they have been mostly piecemeal and not nationwide. By withholding the freehold title, the government’s intention was to safeguard the poor farmers’ land, but it has had a negative effect with the land not being eligible for mortgage. The government has proclaimed that all government landholders who have been in occupancy for more than 10 years will be provided with freehold title (Budget speech of 2016).

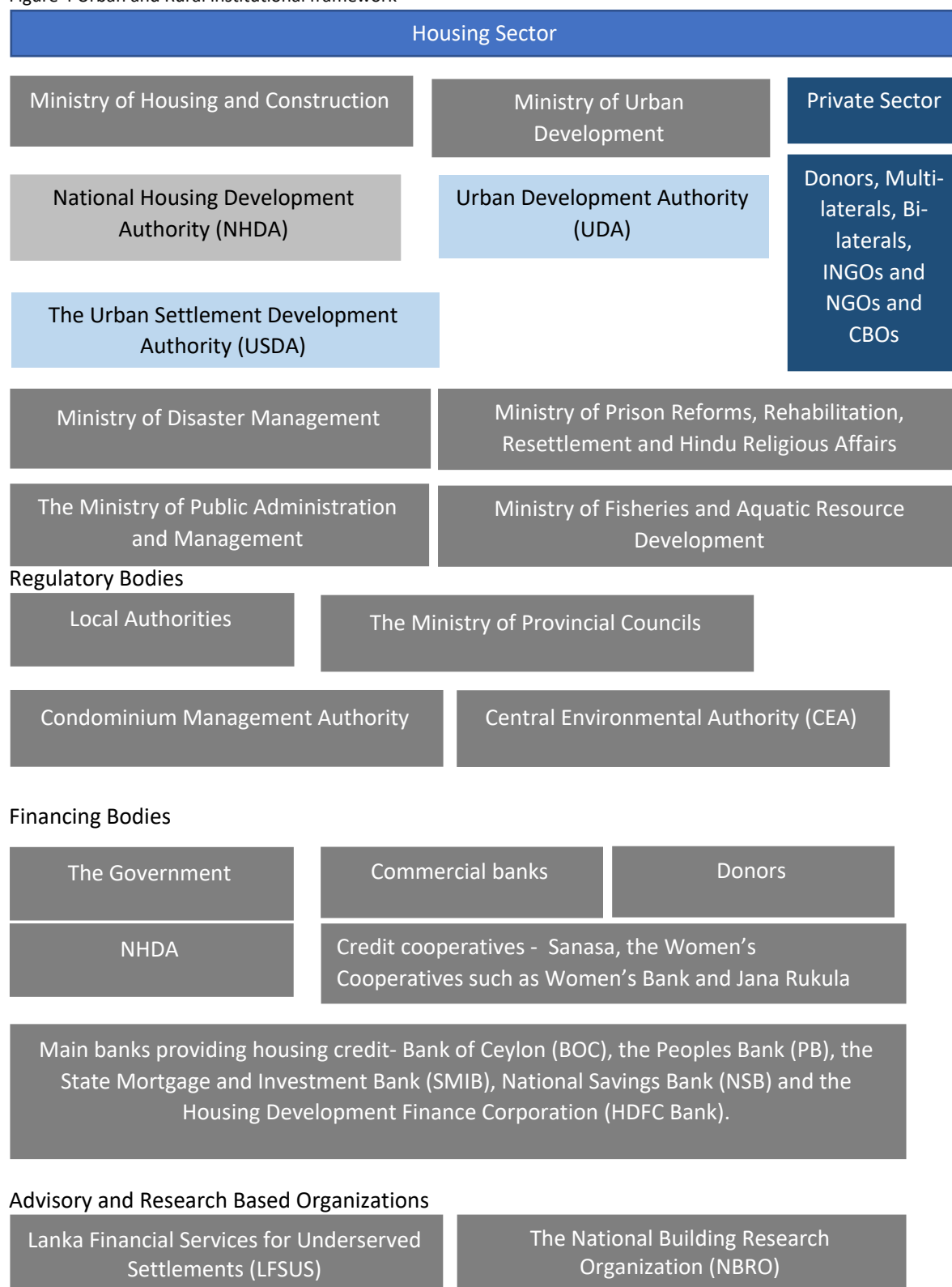
Under the traditional inheritance patterns, lands are not properly divided. The majority of the properties have multiple owners though only a few of them would be in occupation with a house on the property. Financial institutions do not lend for housing on such properties. Another tendency is that lands with multiple owners do not come into the market due to disputes. Large-scale real estate developments taking place on coconut and rubber estates are because of the clear titles they hold, whilst more suitable housing land in the same areas do not come into the market as they are encumbered. This tendency is also inadvertently raising the price of land for housing, generating high profits for the developers who block out and sell land.

In the Rural Housing Sector, the National Housing Development Authority (NHDA) has been the main agency since 1984 implementing nation-wide programmes. The NHDA currently provides small loans of Rs. 100,000 to Rs.300,000 at affordable interest rates from 3.73% to 6.0%.

The issues of housing of the fishing communities based on special livelihood and location needs have to be addressed through a targeted programme. They may not always be housing but may possibly be community development programmes based on need.

## Institutional Framework – Urban and Rural

Figure 4 Urban and Rural institutional framework



Presently the responsibility for the housing sector can be best described as fragmented with a range of ministries and agencies implementing scattered housing programmes and projects. While the Ministry of Housing and Construction is mandated with the responsibility of policy development and



enforcing regulations regarding housing, the Ministry of Prison Reform, Rehabilitation, Resettlement and Hindu Religious Affairs, the Ministry of Hill Country New Villages, Infrastructure and Community Development, the Ministry of Public Administration and Management, the Ministry of Finance, the Ministry of Fisheries and Aquatic Resource Development, the Ministry of Disaster Management, the Ministry of Provincial Councils, and the agencies under these Ministries are undertaking housing programmes and projects in different parts of the island. In addition, provincial governments, local governments and INGOs, NGOs, CBOs and the private sector carry out their own housing projects with their own methods and standards.

The National Housing Development Authority (NHDA) established in 1979 with wide-ranging powers including land acquisition, is legally mandated to implement housing programmes throughout the island. It has acquired considerable fixed and financial assets including land and properties which became vested under the Ceiling on housing Property Law (CHP). It has infrastructure with offices in all the districts of the country, a large portfolio of loans, and an experienced staff.

During the implementation of the Million Houses Programme (1984 - 89) the NHDA was the sole agency implementing housing programmes in every part of the country. Presently it is mostly engaged in the implementation of the Rural Housing Programme and projects for middle-income housing in association with the private sector.

The Urban Development Authority (UDA) established in 1978 is the agency responsible for planning and urban development with powers for land acquisition and sale for development. The UDA is presently implementing the Urban Regeneration Housing Programme under which low income families are being resettled from parcels of high value land to high rise apartments with the objective of releasing valuable land in the city of Colombo for development. The Urban Settlements Development Authority established by Act No. 36 of 2008 is mandated to formulate and implement plans, programmes and projects to uplift living standard of the urban poor, taking into consideration proposals submitted by the persons living in such urban settlements themselves.

The Sri Lankan Army is also implementing the housing schemes for war-affected and disabled soldiers. Larger local governments like the Colombo Municipality are planning to implement housing projects on land that they own. Private sector developers including international developers are actively involved in the provision of high-end apartments and individual housing. This segment of the market can be assumed to be catering to the top 5% income category.

The above information on the institutional framework for urban and rural housing has been compiled from the document of National Housing Policy of Sri Lanka in 2017. [National Housing Policy, 2017.](#)

## Status of Estate Housing

The Census of 2012 indicated that there are 225,099 households in the estate sector of which 160,000 are living in “line rooms” and temporary shelter with rudimentary services. Line rooms were built during the colonial era to accommodate the workers of the estates. Successive governments have been carrying out housing programmes to provide better housing and services and to date it can be estimated that 25,000 families have received liveable housing. This leaves another 135,000 families yet in need of decent housing. This backlog represents one of the most acute needs in adequate housing in Sri Lanka. Currently the government with the assistance international agencies is engaged in providing individual family housing. Furthermore, the two plantation districts of Nuwara Eliya and Badulla contain 103,900 and 75,356 semi-permanent housing units respectively which could largely be attributed to the line rooms in the estates.

Table 15 Information on Land in Estates

Number of Plantation Companies	32
Number of Estates	454
Total extent of land	241,968 (Hectares)
- Tea Hectares	75,242
- Rubber Hectares	37,095
- Coconut Hectares	8,620
- Palm Hectares	14,293
Uncultivated Land Extent (Hectares)	106,534

Table 14 Information on housing

No. of single houses	39,799 (as at 31.12.2020)
No. of twin cottages	29,567
No. of single barrack line houses	73,130
No. of double barrack line houses	68,628
No. of Upstair lines	1,637
No of Temporary sheds	15,480

(Source: Annual Health Return, PHDT, 2019)

Table 16 Information on Population

Estate Population	999,168
No. of Estate Families	258,695
No. of Estate Workers	
- Female	282,091
- Male	265,508

Figure 5 District representation of plantation population by percentage

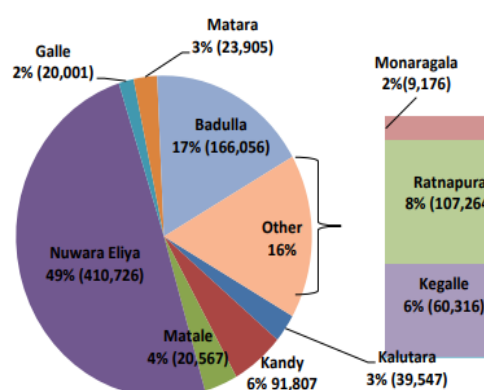


Table 17 Plantation population by ethnic group

Description	Kalutara	Kandy	Matale	Nuwara Eliya	Galle	Matara	Badulla	Monaragala	Ratnapura	Kegalle	Year	Source
Total plantation population Sinhala - 2019	7,909	12,227	1,788	22,879	9,237	8,020	12,986	964	15,381	9,688	2019	Estimated Data
Total plantation population Tamil -2019	31,506	78,605	18,463	385,417	10,721	15,738	150,890	8,125	90,648	50,334	2019	
Total plantation population Muslim -2019	106	830	274	2,063	12	142	1,894	67	1,021	220	2019	

The dwellings provided for the estate workers by the employers are usually known as “coolie lines” or “line rooms” and it is rent-free dwellings for them. The workers can use these rooms allocated by the employer as long as they stay in the estates. The efforts made by various statutory bodies significantly contributed for the housing conditions in the rural and urban sectors in the country to prosper but such endeavours have not had sufficient reach to improve the housing conditions of the plantation community.

- The estate housing sector is characterized by a particular set of problems when compared with rural housing. The first one of these is the estates’ inability to release land for housing.
- The second is difficulties in providing some form of tenure rights.
- The contention that the house has to be tied up with the employment status in the estate makes it a special problem for those who are retiring from work and the younger generation whose aspirations for employment lie outside the boundaries of the estate. The spirit of ownership and attachment to the house as longed for by most families is undermined by the fact that they cannot have long term tenure.

### Ownership of Estate Housing

None of the estate houses are owned by the estate workers. Indeed, the housing projects of the country received international recognition for which a “shelter day” was declared by the UN on the request made by the government of Sri Lanka. This is despite that fact that housing projects have not sufficiently reached the estate workers in the country. There was an attempt to distribute certificates of ownership to the estate workers during the election campaign in the proximity of Thalawakelle during 1994. These ownership certificates were distributed during the election meeting and it was withdrawn immediately after the election.

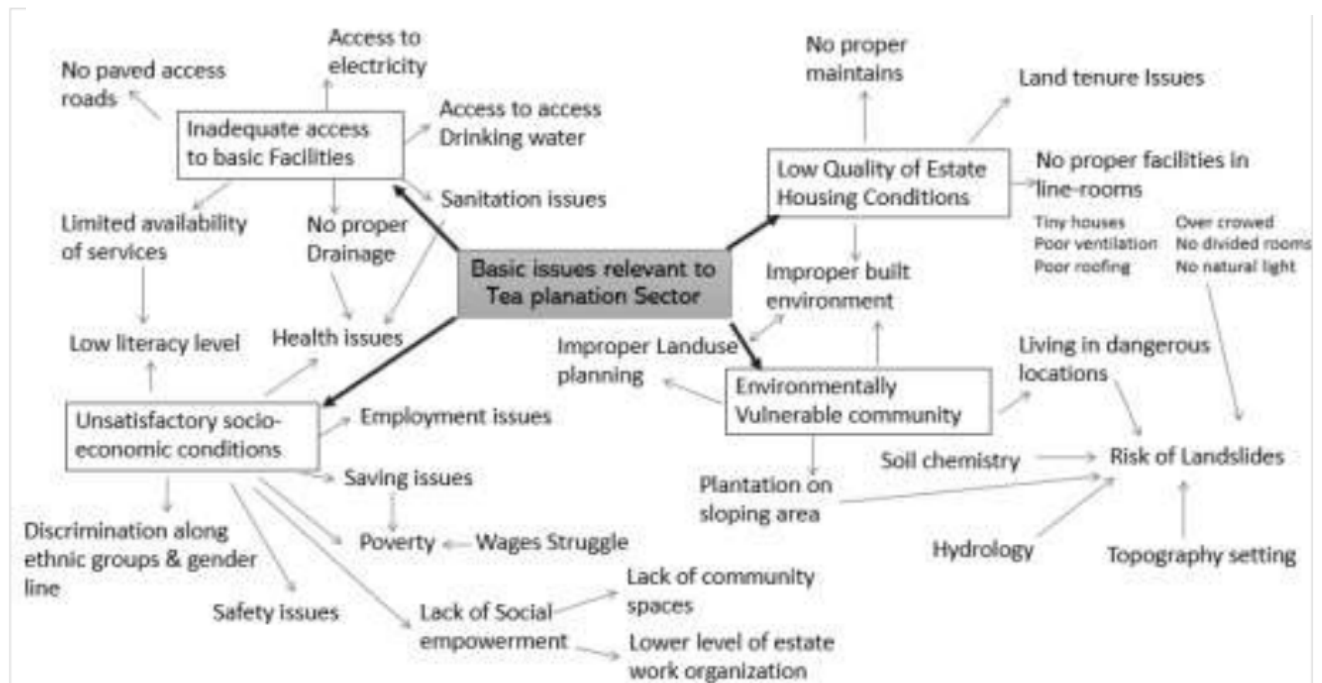
The efforts made to improve the conditions of estate housing from the day the country achieved independence to date has improved only 33% of houses in the estates.

Thus, the rest (around 56%) still live in the same line rooms in the estates. The survey on Household Income and Expenditure Survey (HIES) 2009/10 shows that around 8.8% of the estate workers are living in the attached houses and 1.3% of them are living in the shanties.

The estate housing and ownership of estate housing sections are sourced from, House Ownership for Plantation Workers, 2017(A.S. Chandrabose 2017).

## Challenges in the Estate Sector

Figure 6 Challenges in the estate sector



Source: (Hapuarachchi and Kariyawasam 2021)

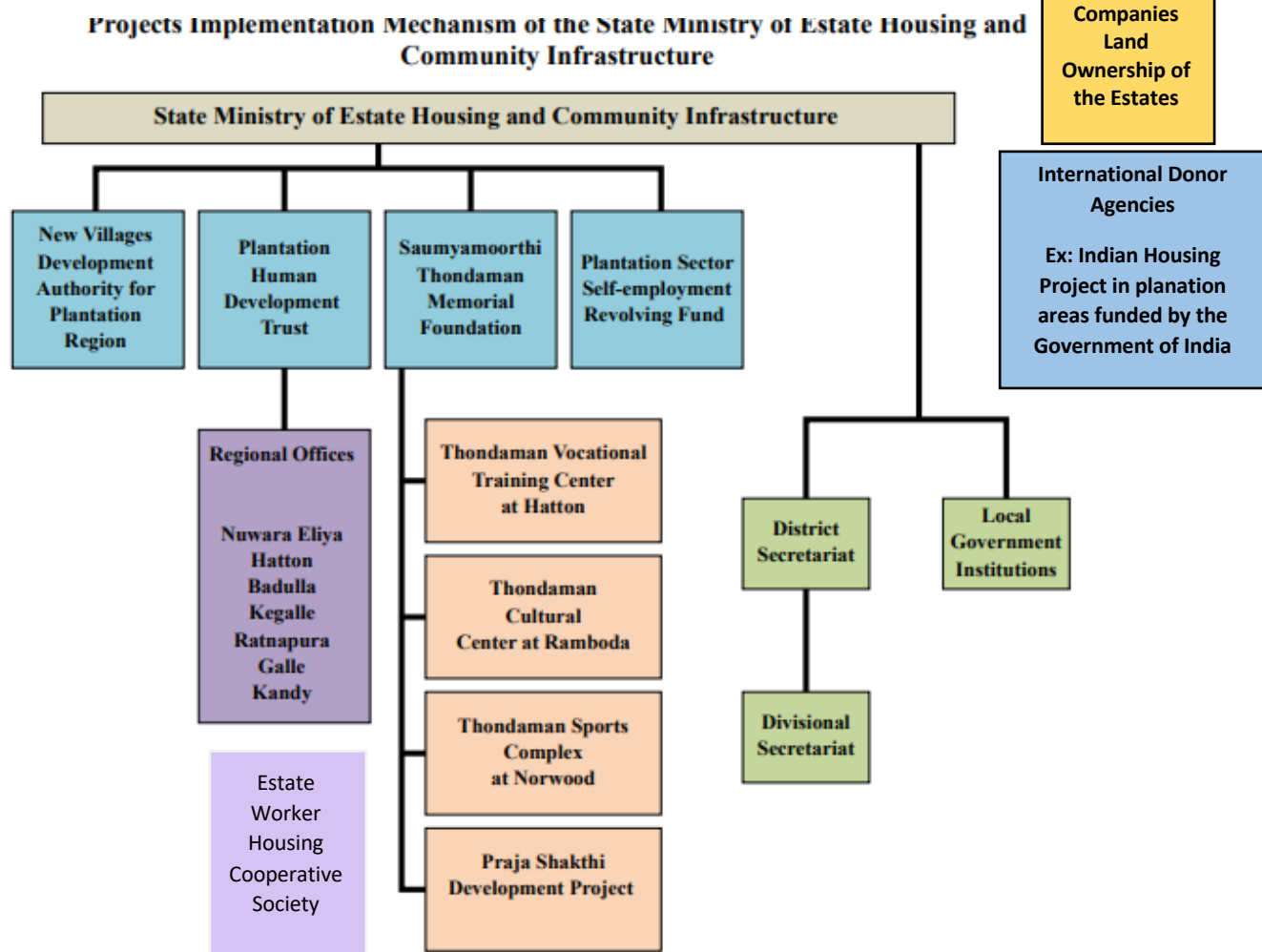
When considering the indexes of housing and shelters, the plantation community can be considered as the most lagging behind the community in the country.

- Housing with poor ventilation and sunlight
- Homes dilapidated due to old age
- Overcrowding
- Lack of privacy
- Several families living in the same house due to sub-families and being subjected to various abuses as a result.
- Insecurity
- Lack of social recognition
- Lack of a suitable environment for the health and education of children

This section is sourced from (Hapuarachchi and Kariyawasam 2021).

## Institution Structure related to Estate Housing

Figure 7 Estate institutional structure



### State Ministry of Estate Housing and Community Infrastructure

The State Ministry of Estate Housing and Community Infrastructure is under the Ministry of Urban Development and Housing. Previously it was known to be the Ministry of Community Empowerment and Estate Infrastructure Development which was established at the beginning of 2020 with the objective of eradicating the social inequalities faced by the plantation community and transforming them into a “prosperous plantation community” to realize the “Vistas of Prosperity and Splendour” of the government and the Sustainable Development Goals, is contributing to the upliftment of living standards and resolving the housing and land issues, lack of basic infrastructure issues, low income status issues, health and nutrition issues of the community of about 250,000 families (over one million population) living in low income conditions. Accordingly, its functions are as follows ([Ministry of Estate Housing and Community Infrastructure, 2020](#)).

- Formulation, implementation, follow up and evaluation of policies, programmes and projects related to the subject of estate housing and community infrastructure to create a prosperous plantation community with facilities.
- Establishing “People-Centric Boards and People-Centric Centres” giving pride of place to community leadership and community participation.

- Implementing projects for the development of the estate community related housing and basic infrastructure.
- Introducing low-rise housing schemes with the participation of estate owners and establishing fully-fledged healthcare centres, pre-schools and community centres in those housing schemes
- Implementing a special programme to ensure the availability of primary education and health facilities for children of the estate community.

The role of implementing development projects of the Ministry is carried out primarily by the following institutions under the purview of the Ministry.

- Plantation Human Development Trust
- Saumyamoorthi Thondaman Memorial Foundation
- New Villages Development Authority for the Plantation Region

and additionally, by District / Divisional Secretariats and Pradeshiya Sabhas

### **Saumyamoorthi Thondaman Memorial Foundation**

The Saumyamoorthi Thondaman Memorial Foundation was established in the year 2005 by the Parliament Act No. 19 of 2005. This Foundation is administered by a Board of Management comprising eight members and four institutions. As at 31.12.2020, the Ministry had expended Rs. 98.44 million for the operational activities of these four institutions.

#### **Completed Projects under the foundation**

- Thondaman Vocational Training Centre in Hatton
- Thondaman Cultural Centre in Ramboda
- Thondaman Sports Complex in Norwood
- Praja Shakthi Development Project (E- KIOSK Centres)

Praja Shakthi Development Project, which commenced in 2006 with the aim of providing information, communication and technology to the community is implemented through 44 Praja Shakthi (E- KIOSK) Centres covering plantation areas in Nuwara Eliya, Badulla, Kegalle, Kandy, Rathnapura, Matale, Kalutara, Galle, Matara and Monaragala districts.

### **Plantation Human Development Trust**

The Plantation Housing & Social Welfare Trust (PHSWT) was established as a registered company on 18th September 1992 under the Companies Act No. 17 of 1982 to improve the livelihoods of the plantation community. As per a policy taken by the government in 1992, the plantation companies under the Janatha Estates Development Board (JEDB), Elkaduwa and the Sri Lanka State Plantations Corporation (SLSPC) were privatized under 23 local plantation companies through the transfer of their management. Shortly after privatization, JEDB and SLSPC merged as PHSWT (Plantation Housing & Social Welfare Trust) to improve the health, social welfare, and livelihoods of the plantation community. The organization was renamed as Plantation Human Development Trust (PHDT) on October 25, 2002 and registered under the Companies Act No. 7 of 2007. Established for the benefit of the plantation community, this institution collaborates with the relevant government ministries, trade unions, local plantation companies, international non-governmental organizations and local non-governmental organizations and governmental and private organizations in conducting a number of infrastructure and social development programmes.

The Plantation Human Development Trust (PHDT) operates under the State Ministry of Estate Housing and Community Infrastructure. It is a tripartite organization consisting of the Government of Sri Lanka, Regional Plantation Companies, and Plantation Trade Unions and facilitates the implementation of social development programmes to uplift the living standards of the one million plantation communities in the plantation areas managed by the government and regional plantation companies.

The functions of PHDT are carried out through a Board of Directors consisting of a Chairman appointed by the Minister of Estate Housing and Community Infrastructure. In addition, representatives of the Government of Sri Lanka, regional plantation companies, and trade unions also contribute to its activities. The head office is strengthened by seven regional offices located in Galle, Rathnapura, Badulla, Kegalle, Kandy, Hatton and Nuwara Eliya and its work is carried out by a regional director and technical, health, financial and management staff.

The main functions of the PHDT are:

1. Implementing estate housing programmes.
2. Implementing the programme relevant to repairing and re-roofing line rooms.
3. Implementing activities related to improving water supply and sanitation facilities.
4. Establishing Child Development Centres and appointing qualified Child Development Officers (CDOs).
5. Implementing activities related to community development (roads, buildings and religious centres etc.).
6. Implementing activities related to social development and provision of health facilities.
7. Implementing marketing development strategies.
8. Implementing programmes related to livelihood development facilities.
9. Implementing infrastructure development projects for the estate community.
10. Coordinating activities to provide immediate relief to the plantation community in case of emergencies.

#### Estate Worker Housing Cooperative Societies

Estate Worker Housing Cooperative Societies (EWHCSs) were established in collaboration with the Department of Cooperative Development in 1993. Those societies were formed initially for the implementation of housing projects and currently operate in 435 estates under regional plantation companies (RPC) and government institutions.

Most of the EWHCSs have emerged as leading **community-based organizations** in the country and based on the criteria set by the Plantation Human Development Trust, which receives strong support from the RPCs, an improvement in the ratings of many units overseen by their regional offices can be seen. The EWHCS plays an important role in the **implementation of “Owner-driven” housing projects and “New life” housing projects**. Moreover, these societies generate their own funds through their **own banks, known as the “Vathusevaka Nivasa Samupakara Samithi Bank (Vanisa)”**. In addition to providing loans, these cooperative societies also help to create employment opportunities by facilitating the establishment of businesses such as grocery stores, welfare shops, communication centres and beauty salons in the plantation areas.

#### New Villages Development Authority for the Plantation Region

On the need to establish a state institution affiliated to the Ministry with the objective of **accelerating the ongoing development activities for the betterment of the plantation community**, Act No. 32 of 2018 related to the establishment of “New Villages Development Authority for the Plantation Region” was passed in the Parliament on 25.6.2018 and commenced its operations in February 7, 2019. The



Authority is governed by a Board of Management consisting of 13 members and the Chairman of the Authority is appointed by the President. The Director General is the Chief Executive Officer of the Authority. There are 28 cadre positions under 14 categories. As at 31st December 2020, the Ministry had expended an amount of Rs. 2 million for the operations of the Authority.

### **Self-Employment Revolving Fund for Estate Sector Youth**

The main objective of the Fund is to implement programmes for the **economic empowerment of the plantation community**, which shows the highest poverty rates in the country. The Ministry implements various projects, especially for the **social empowerment of the youth**. Accordingly, the Ministry is directly involving in guiding the youth in the plantation sector to self-employment programmes with a view of expanding their employment opportunities.

These projects are launched with the aim of transforming them into satisfied and productive youth for the society by generating employment opportunities by imparting the knowledge, technical know-how and training required for skills development and vocational training, provision of equipment and facilities, and provision of self-employment loans etc.

Since it is difficult for young people who receive vocational training through the Thondaman Vocational Training Centre in Hatton to start self-employment only after they receive practical training, loans are provided through the revolving fund as an approach. **This revolving fund is maintained by the Bank of Ceylon with the direct intervention of the Ministry.** It was implemented in two phases and under the second phase launched in 2018, loans have been provided to 35 youth in the plantation areas in the Nuwara Eliya and Kandy districts for self-employment.

### **Information on Foreign-Funded Projects**

#### **Indian grant housing project**

The Government of India had allocated funds to provide 14,000 housing units to the plantation community on a full grant basis.

This project was implemented under two stages and 4,000 housing units were constructed under Stage 1 and 10,000 housing units were to be constructed under Stage 2. The value of a house of this project has been estimated at one million rupees with Rs. 950,000/- contribution from the Government of India, Rs. 30,000/- contribution from the relevant plantation company and Rs. 20,000/- worth labour contribution from the beneficiary. In order to provide other infrastructure including drinking water facilities, electricity, and access roads, the Government of Sri Lanka provided Rs. 120,000/- per housing unit for the first phase and Rs. 150,000/- per housing unit for the second phase.

#### **Indian grant housing project**

##### **(a) Stage I – 4,000 houses**

According to the approval of the Cabinet dated 8.01.2016 and the Memorandum of Understanding (MoU) signed with the Indian High Commission in Sri Lanka on 1.4.2016, the first phase of the Indian Housing Programme was carried out through the Estate Worker Housing Co-operative Societies under the direct supervision of the High Commission of India by the following implementing agencies selected by the High Commission of India:

1. United Nations Human Settlements Programme (UN-Habitat)
2. International Federation of Red Cross (IFRC)
3. Habitat for Humanity

#### 4. National Housing Development Authority (NHDA)

Accordingly, the construction of 3576 houses was completed by 31.12.2020 and out of that, 699 houses were handed over to the beneficiaries. Out of these houses, 2877 are to be provided with electricity and water. Another 424 houses are in various stages of construction. The construction of those 424 houses is scheduled to be completed before the end of September 30, 2021. Since the General Treasury had not allocated funds for this project for the year 2020, it was not possible to provide infrastructure facilities for 2,877 completed houses. Therefore, approval has been received to extend the project period up to September 2021 and to allocate Rs. 522 million for the provision of infrastructure facilities.

##### (b) Stage II - 10,000 houses

Under Stage II, the Government of India agreed to provide 10,000 new houses to the plantation community. The relevant Cabinet decision has been received on 16.8.2018 and the relevant Memorandum of Understanding has been signed with the Indian High Commission in Sri Lanka on 12.8.2018. Accordingly, for the plantation community in the seven plantation regions of Badulla, Hatton, Nuwara Eliya, Kandy, Kegalle, Ratnapura and Galle, it is planned to construct 10,000 housing units in two phases through the Estate Worker Housing Co-operative Societies with the leadership of the estate beneficiaries.

Phase I - Locations have been identified to construct 5,000 housing units under this.

Phase II - Locations have to be identified to construct 5,000 housing units under this.

This section relation to estate housing is sourced from [Ministry of Estate Housing and Community Infrastructure, 2020](#).

#### **Example Case Study: Indian Grant Housing Project**

**Funded by:** Government of India

**Partners:** Ministry of Hill Country New Villages, Infrastructure and Community Development (Government of Sri Lanka), High Commission of India, UN-Habitat, Plantation Human Development Trust (PHDT), Regional Plantation Companies, Estate Worker Housing Cooperative Societies

**Budget:** \$12 million

**Locations:** Central and Uva Provinces of Sri Lanka

**Duration:** Two years

##### **The Project**

This Project, aimed at constructing 4,000 housing units in the Central and Uva Provinces of Sri Lanka, is part of the overall commitment of 50,000 houses for the plantation community by the Government of India (GoI). The Project was initiated to contribute to the sustainable resettlement of plantation worker families in newly created cluster villages or small townships. This Project was implemented under the parameters of the Memorandum of Understanding between the GoI and the GoSL.

To implement this Project, the Government of India appointed the same implementing agencies (IAs) that worked in the construction of 43,000 housing units in the Northern and Eastern Provinces: The International Federation of Red Cross and Red Crescent Societies (IFRC) in partnership with Sri Lanka

Red Cross Society (SLRCS), United Nations Human Settlements Programme (UN-Habitat), National Housing Development Authority (NHDA) and Habitat for Humanity Sri Lanka (HfHSL).

This Project envisaged at construction of new houses, with the involvement of owner-beneficiaries and Estate Workers' Housing Cooperative Societies (EWHCS). It was divided into three phases and its first stage that has been planned to implement is to conduct a pilot to test the implementation strategy constructing 1,134 housing units and the second and the third phases are to be implemented based on the success of the first phase.

### **Methodology**

The project was implemented through a collaboration between the Government of Sri Lanka, High Commission of India, Planation (1) Implementing Agencies, Plantation Human Development Trust (PHDT), respective Regional Plantation Companies (RPCs), and the Estate Worker Housing Cooperative Societies (EWHCS) of the selected estates.

The Ministry of Hill Country New Villages, Infrastructure and Community Development (The Ministry) represented the Government of Sri Lanka in this project. The Ministry served as the lead agency for the project and was responsible for the overall coordination, guidance and support for all partners. It also provided funds for infrastructure facilities such as water supply, electricity, soil conservation, and drainage and guided the PHDT in their implementation. The High Commission of India provided the funds for housing construction in instalments to EWHCs and also provide overall supervision of the project in collaboration with the Ministry.

The PHDT and RPCs assisted the Ministry in selecting suitable land for creating new plantation villages. The PHDT coordinated with RPCs and EWHCSs in the facilitation of individual beneficiary families. In addition, the PHDT was responsible for obtaining approvals from the relevant authorities such as local authorities, the Urban Development Authority and the National Building Research Organisation. The PHDT also coordinated the implementation of other infrastructure development activities with funding from the Ministry.

The RPCs provided approval to release the lands in their estates for housing construction. RPCs also attended to preliminary work, conducted surveys, prepared the land, and provided water and electricity during the construction period. The RPCs selected beneficiaries according to the selection criteria in consultation with the Implementing Agencies and assisted the EWHCS to implement the project. The EWHCS assisted the RPCs in selecting beneficiaries and organized construction work with the assistance of IAs.

Cash grants of LKR. 950,000 were channelled through the EWHCS to each beneficiary in four instalments. A house had a minimum of 550 square feet, consisting of two bedrooms, a living room, a kitchen and a toilet. The beneficiaries have the flexibility to expand the houses after the completion of the basic house constructed under the project. Beneficiaries could also provide in-kind contributions of labour and building materials towards the construction effort in order to save costs. To construct the housing units, the IA supervised, coordinated, monitored and supported each stage of construction with detailed technical specifications. The community and others involved in the project were guided on the basics of construction. Support by IAs included basic technical awareness in construction and skill training.

The information in the section of **Indian Grant Housing Project** is sourced from [UNHabitat, Indian Housing Project in Plantation Areas](#)

## Resettlement Housing

Types of resettlement housing based on the housing policy with some case examples.

1. Post-conflict resettlement and post-disaster housing
2. Housing for people living in disaster-prone and hazardous locations

Flooding has become a common disaster and their intensity has been observed to be increasing, affecting large numbers of families living on river banks and low-lying lands. The Ministry of Disaster Management undertook a study to determine the number of families in acute danger due to floods. Landslides are affecting settlements in the hill country which in the past were considered safe settlements. This is due to the unpredictable intensity of rain, largely attributed to climate change and inappropriate land use practices. The National Building Research Organization (NBRO) mapped out the hazardous areas and the number of families that have to be resettled from these areas is estimated at 5190. These settlements include both rural and estate sectors families. With regular occurrences of natural disasters and the inability to forecast and budget for such eventualities, the government has launched an insurance scheme for such housing. Owners would receive a maximum of a million rupees to rebuild the house considering the floor area, level of damage, and type of housing.

3. Development-induced resettlement

The government is commissioning large-scale infrastructure projects like highways, railways, dams, irrigation schemes, and power plants. The scale of resettlements resulting from development projects cannot be determined at present. In all such instances, the National Involuntary Resettlement Policy (NIRP) would apply for the determination of compensation and programmes for resettlement.

4. Housing in environmentally sensitive areas

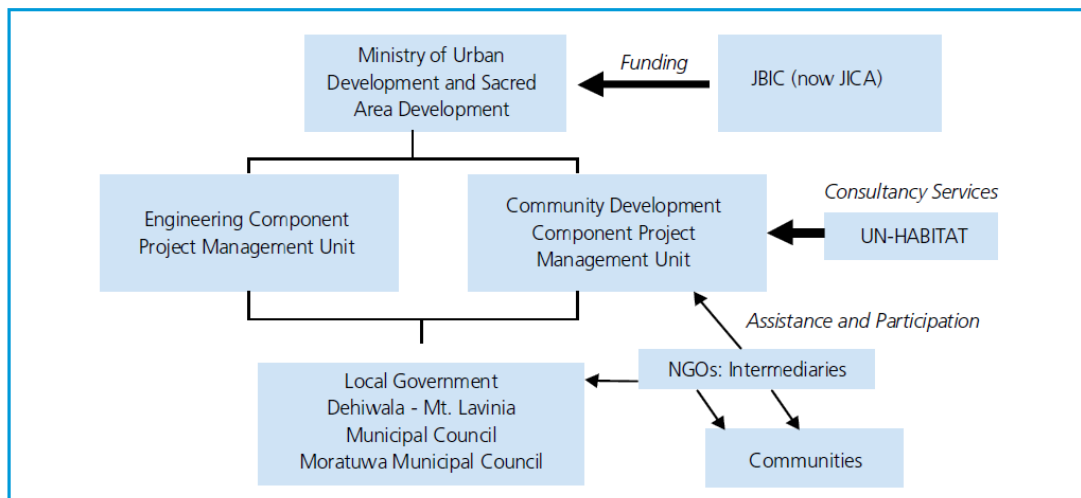
Environmentally sensitive areas are mangroves, water retention areas and forest reserves, and other hazardous locations.

“Housing rights have been generally protected in Sri Lanka and mass evictions have not taken place as in the case of some other developing countries, though isolated cases of land-grabbing have occurred. The National Involuntary Resettlement Policy (NIRP) had safeguarded the rights of people to fair compensation and alternative resettlement irrespective of the status of tenure.”

The section on resettlement housing is sourced from [National Housing Policy Sri Lanka, 2017](#)

## Institutions Involved in a Resettlement Project – Case of Lunawa

Figure 8 Lunawa project - institutional involvement



One of the salient features of the project is the strong partnership among different stakeholders. The Lunawa Environmental Improvement & Community Development Project was implemented by two Project Management Units in close association with the Ministry as well as two Municipal Councils and the donor (JBIC). In addition, two NGOs assisted the Project Management Unit (Community Development Component) and Municipal Councils through directly working with communities.

The UN-HABITAT took the responsibility of assisting the Project Management Unit (Community Development Component) in project implementation through the provision of consultancy and advisory services for community development, social safeguard management and sustainability. These consultancy services included assistance in the preparation of the resettlement policy framework, project-affected persons' entitlement packages, resettlement plans, implementation guidelines, and participatory monitoring and training manuals for stakeholders. UN-HABITAT brought its wide global and local experiences of the agency in adopting innovative participatory approaches in the human settlement development sector.

To incorporate the National Involuntary Resettlement Policy Principles in the implementation of the project, and the government offered to pitch in with an additional USD 6 million to adequately compensate those likely to be affected by the project. The most remarkable aspect of the compensation package was that it did not discriminate between those who had legal ownership of the land and house they were occupying and those who did not (squatters).

The above information is sourced from [Innovative Approaches for Involuntary Resettlement, 2010](#)

## Resettlement Housing Project by UDA – Colombo Area

An exemplary case study of a planned resettlement housing project by UDA in the Colombo area.

### Project Background

The government under its urban regeneration project had sought financial assistance from the Asian Infrastructure Investment Bank (AIIB) to resettle 5,500 families in high-rise buildings. The land vacated by the families after relocation will be used for infrastructure development and mixed development projects. The cost of the project is US\$ 280 million of which US\$ 200 million has been requested from AIIB. The land occupied by the 38 families that are living in Arunodhaya Mawatha at Obeysekarapura is needed for the construction of high-rise apartment complexes envisaged under Component 1 of the project.

### Methodology Adopted

#### Requirement for a RAP

According to the National Involuntary Resettlement Policy (NIRP), a Resettlement Action Plan (RAP) is required when relocation affects over 20 families, or if over 200 people are affected under AIIB safeguards. A RAP is the instrument to address the issues confronting the affected and displaced people to maintain or improve their quality of life following resettlement.

#### Steps Followed

An initial meeting was conducted for the affected people by the Resettlement Specialist and project staff to raise awareness and explain the rationale of the project. The advantages that would accrue to them were highlighted. Socio-economic and demographic data was collected through a questionnaire that was prepared by staff from the social unit of the PMU directed by the Resettlement Specialist.

#### Impacts of the Project

The number of houses to be removed is 38. The total floor area of affected houses is 8,862 sq.ft. Of the 38 dwellings, 31 are below 300 sq.ft. of floor area, the number of houses between 300- 500 sq.ft is 6 and one house is over 600 sq.ft. The average floor area of a house is 233 sq.ft.

#### Legal Framework and Policy

Land acquisition is governed by the Land Acquisition Act (LAA) of 1950. The possession of state property is under the provisions of the Recovery of Possession of State Property Act No. 7 of 1979.

#### National Involuntary Resettlement Policy

The National Involuntary Resettlement Policy (NIRP) was adopted in 2001 to pay compensation for people affected by development projects and was based on a policy decision taken by the Cabinet in 2001 for the benefit of the affected people.

#### Entitlements

Affected families are entitled to an apartment unit of 550 sq.ft. of floor area subject to payment of a monthly lease, contribution to the condominium management fund and monthly maintenance fees for utilities. They are also entitled to a transport allowance of Rs. 5,000, loss of income assistance of Rs. 18,000, rent allowance for those who request assistance to obtain temporary accommodation and the right to possess salvage material with the exception of asbestos roof sheeting.

### Relocation

The number of families to be relocated is 38, currently living on state lands. They will be relocated into apartment units of 550 sq.ft. built by the UDA subject to the following conditions: (i) payment of an upfront contribution to the condominium maintenance fund to be determined by the UDA (currently Rs. 50,000). The payment can be made in four instalments; (ii) payment of a monthly service charge for common services such as lift operation, lighting community areas and janitorial services, which will vary according to the prevailing cost of these services; and (iii) a lease payment of Rs. 3,000 per month paid over a period of 400 months. The affected people will be provided with pre- and post-resettlement assistance. The monthly payments for water, electricity and telephone bills will be the responsibility of the occupants.

The Project will take measures to integrate the newly located families with the host community to create a cohesive community. The affected people have the option to receive compensation and resort to self-resettlement if they do not wish to move to an apartment.

### Income Restoration Strategy

The number of businesses affected is two, run by people from their houses. They will be compensated with a cash allowance of Rs. 18,000 and given assistance under the income restoration programme. Vulnerable families will continue to receive welfare payments from government in addition to the assistance extended under IRP.

### Institutional Framework for Resettlement

The overall implementation responsibility rests with the Ministry of Megapolis and Western Development. The Additional Project Director (Planning) is responsible for implementing the RAP with the assistance of his support staff. The URP/UDA will undertake the post relocation assistance to improve the affected peoples' livelihoods.

### Resettlement Budget and Financing

During the preparation of the resettlement budget, the cost of apartments was not included as this is considered as an investment since the land released by the people vacating brings significant income to the URP/UDA. The total budget is Rs. 13,225,200 or US\$ 73,640 to implement the resettlement plan for the displaced people of Obeysekarapura (the cost of the apartment units not taken into consideration).

Sourced from [UDA Induced Resettlement in Obeysekarapura, Rajagiriya](#)

### Resettlement Programmes with Public Private Partnership

India's Tata Housing Development Company has become the latest international firm to be given generous tax concessions for a mixed development project it is building at Slave Island, Colombo 2. This includes a ten-year corporate income tax waiver on the profits of the project, other than from the sale of apartments. The tax exemption for income generated through the sale of apartments is six years. A second gazette in this regard was issued on November 3, following the granting of Cabinet approval for the concessions. It was signed by Investment Promotion Minister Lakshman Yapa Abeywardena. The first gazette was issued under the provisions of the Strategic Development Projects Act.

TATA has incorporated a local company in Sri Lanka named One-Colombo Project (Private) Limited. It will redevelop an eight-acre plot of land in Slave Island. It will build apartments for low-income families on part of the property.



The project, which is an initiative of the Urban Development Authority (UDA), will cost US\$ 429.5 million. The US\$ 130 million of this is direct foreign investment. In addition to the corporate income tax concession, dividends distributed to shareholders out of the profit will be exempted from income tax for ten or six years, as the case may be, and one year thereafter.

Waivers of withholding tax are also afforded in specified cases. The expatriate staff of the project company will be exempt from the pay-as-you-earn (PAYE) tax, subject to restrictions. Several other concessions have been offered, in keeping with the Act.

The Slave Island project was floated by the UDA, partly as a means of resettling thousands of low-income families who had been evicted from the area to free up prime property in Colombo. They have been promised better housing. The project will also include residential and commercial buildings, including luxury apartments.

The UDA stated that construction has started on 15,000 housing units for low-income families in different parts of Colombo. The block in Slave Island has been identified as a “priority project” requiring private sector investment, it said.

The gazette that was issued in July said the redevelopment of the said area “will bring significant change in the landscape of Colombo city through a higher standard of living associated with a better quality of life to the habitants”. It also said the establishment of the mixed development project will contribute to the economic development of the country.

This information is sourced from [\(the Sunday Times\)](#)

## Middle Income Housing

Figure 9 Middle income housing projects by the UDA

### COMMON AMENITIES

- Dedicated parking lot for apartment
- Gymnasium, mini supermarket, community hall
- Fire detection and fire fitting system complying with fire regulations
- Individual metres for water and electricity supply
- Uninterrupted water supply for all apartments and common amenities
- High speed elevator system
- Central gas system
- Public sewer line
- Sewer treatment plant
- Waste management facility with separate service lift
- Standby generators and Solar PV system for common area lighting
- Electric vehicle charging facilities
- 24-hour security system and CCTV coverage
- Proper rainwater harvesting system

### Finishes, Fittings and Textures

All apartments will be completed with the following high quality fittings and fixtures:

- Tiled flooring with modern designs and textures
- High quality standard bathrooms fittings
- Provision for hot water facilities for bathrooms
- Provision for A/C and similar facilities

### INTRODUCING YOUR FUTURE IN AFFORDABLE LUXURY

The long-held dream of owning your own home as a young adult can now be a reality.

Choose from a range of picturesque locations and a plethora of apartments, to call home. Affordably priced, with loans available at attractive interest rates through a choice of banks, with a repayment period of up to 25 years. You can start making beautiful memories right now.

Centrally located throughout the island, The Affordable Housing Project is certain to open up new vistas of opportunity for you.



### AFFORDABLE HOUSING PROJECT



### Urban Crescent Residences

Bloemendhal



MINISTRY OF URBAN DEVELOPMENT,  
COAST CONSERVATION, WASTE DISPOSAL  
AND COMMUNITY CLEANING

### TYPE A 2 BEDROOMS



- 700 sq.ft. (Condominium area)
- Living area with balcony
- Dining area
- Pantry with utility terrace
- Master bedroom
- Bedroom
- Common bathroom
- Servants' bathroom

### TYPE B 3 BEDROOMS



- 900 sq.ft. (Condominium area)
- Dining area
- Pantry with utility terrace
- Master bedroom with attached bathroom and balcony
- Two bedrooms
- Common bathroom
- Utility space
- Servants' bathroom



### BANKING PARTNERS



**25 year payment plan  
with 6.25%  
interest rate for the first time ever**

CONTACT US:  
Director (Housing)  
Urban Development Authority,  
6th Floor, Sethsiripaya,  
Battaramulla.

Inquiries: Office: +94 11 287 5907 | +94 11 779 4111  
Mobile: +94 71 533 5357 | +94 77 726 9740  
+947 1 933 5357 | +94 76 551 9740  
[www.uda.gov.lk](http://www.uda.gov.lk)

The above information is sourced from [State influenced middle-income housing by the UDA](#)

## Housing Policy

### The National Housing Policy – 2017

According to National Housing Policy, it states that the objective of the National Housing Policy presented here is fundamentally to chart the course towards achieving the goal of **“Shelter for All by the Year 2025”** through a nation-wide People’s Housing Movement with the active participation and action of all the stakeholders. Recognizing that adequate shelter is a fundamental right of its citizens the government’s aim through this Policy is to stimulate a nation-wide mobilization of those in need of housing and those who can support the process for the housing movement.

### Urban Housing

***Increase access to affordable housing options to all through the optimization of urban land use, integrated mixed development, and densification.***

*Specific objective is:* to qualitatively improve the lives of the people capitalizing the land assets they possess and expand the range of housing options available to all affordability groups. The key aspects of policy in this regard is that it will solely be market based, through the optimization of the use of valuable urban land through mixed development. The programme’s objective is also to realize the full potential of the dormant land assets that people are sitting on and improve their economic status and social mobility.

As described above urban settlements can be categorized into three components of development: **Redevelopment, Relocation and Consolidation**. In the case of Colombo, the approximate ratio of these categories would be 30%, 20%, and 50% respectively of the 1053 settlements.

The **Redevelopment** component would essentially convert potentially valuable land assets owned and occupied by the people and the state into better housing for those living on the land and other affordability groups as well as into commercial and office spaces. Planning and design, both physical and financial, have to be carried out sensitively involving the community to optimize the use of land to make it profitable to the families and the developer. In optimizing the use of the land, rental properties have to be included to enhance financial viability. Each family’s share of the investment would be the value of the parcel of land that they occupy plus the structure on it. The ownership of the development could be a venture owned by the community, or a venture jointly owned by the community and a developer and an intermediary body. The options depend on the strength of the community organization. The form of facilitation from the state organization is crucial in this process. In addition, it is essential for the mandated state organizations; UDA, NHDA and USDA to formulate the guidelines and regulatory framework with social safeguards and redress mechanisms. The successful implementation of the programme would lead to socially and commercially integrated urban development, enhancing cityscape, creating lively living environments and wealth for the people, the private sector and the State.

The **Relocation** component would apply to communities living on land subject to flooding and other hazards and those communities living on lands that are required for infrastructure development. In these instances, the NIRP has to be applied. The entitlements under the NIRP would be the share of the families in the new investment. A similar formula for the development as proposed under Redevelopment can be instituted for Relocation projects.

The **Consolidation** approach will apply to about 50% of the settlements in Colombo that have been upgraded with secure tenure and services and where people have built habitable housing. What they suffer from is the labelling as an “underserved” settlement. They have to be legally and socially recognized to be part of the city fabric. Once they are properly formalized they would have access to

credit for the improvement of their houses with additional space for renting. Shortcomings in these settlements are poor drainage, solid waste management and internal traffic movement. These shortcomings can be addressed by the Community Development Councils. Communities in this category could also opt for redevelopment if the potential exist, clearly considering all the trade-offs. A city-wide holistic planning effort will have to be undertaken so that all the families concerned will know exactly how their future is going to be shaped and realize the benefits of being part of the housing movement. The NHDA, USDA and UDA would be encouraged to commence city-wide planning and mobilization of communities as a matter of urgency to determine which settlements would fall into which category and initiate action of the communities to be in charge of their own development. In addition, a city-wide planning approach is essential to coordinate investment and programming of infrastructure development.

When transparent and accountable systems are established, investors would have the confidence to place money for good returns. The State's role in this formula is to remove legal barriers and create an enabling legal framework, facilitate social capital formation by recognizing and legitimizing people's organizations, pre-financing initial mobilization investments, and designing financial instruments to mobilize private capital. This is a clear departure from past housing interventions of the State of providing housing and credit; it's a shift from patronage to empowering people to be in charge of their own development. However, the role of the State is crucial for the success of the programme. It has to be proactive, dynamic, willing to learn and be flexible. It is major paradigm shift which has to be clearly understood and practiced by all concerned.

### Estate Housing

***Promote spatial integration and progressively improve housing and living conditions of about 165,000 plantation families presently living in line rooms.***

*Specific objective is:* to progressively improve housing and living conditions of about 135,000 estate families living in line rooms. A major policy change is necessary in this regard. This can be achieved by mainstreaming estate workers as part of the State's governance structure rather than being under the estate management as they are presently. The policy to be pursued in this regard is the creation of integrated villages within the estate. Though the estates will have to dedicate a certain amount of land for this purpose, it can be planned with minimum disruption to the estates. Integrating worker housing into existing villages in the periphery of the estates by providing land with secure tenure will be practised where applicable.

Once land tenure is granted, NHDA would be able to extend the small loans programme for the families to build their housing incrementally. By this action, the dependency of the workers for employment in the estate for a right to a house can be severed and the people will have the choice of opting for different vocations and locations. It will also open up estate job opportunities to people living the peripheral villages. The 2017 budget allocation of rupees one billion for estate housing will be sufficient to meet the needs of 1,250 families. However, greater attention into this sector by the State and the NGOs will be needed to address the increasing problem of estate housing.

### Rural Housing

***Support people to plan their own settlements and build their shelter, infrastructure and services, by strengthening the Peoples' Village Reawakening Movement.***

*Specific objective:* Supporting people in the rural areas to plan their settlements and build their own shelter, infrastructure, and services: Village Reawakening Movement

The NHDA will lead a programme with District and Divisional authorities to mobilize rural communities to plan and develop their own settlements. Existing Rural Development Societies and other village-level voluntary organizations will be reactivated to build social capital through collective action. A specific Community Action Planning module will be developed to identify the needs of the village and plan for action and identify the resources required to implement the plans. Through this planning process they could identify the most vulnerable families in the village, those ready to build new houses, and those needing housing improvements. Identification of these needs will be carried out using agreed criteria. Through this process, a more transparent targeting and prioritizing system for the allocation of limited resources can be arrived at. The NHDA will provide small loans together with technical assistance and guidance to build an adequate house or improve their house according to the needs of the family. Families will complement these inputs by mobilizing their own resources and social capital within the communities to complete a house of their choice.

The advantage of preparing a Village Development Plan is that the community could access resources of other line ministries and agencies, provincial government budgets, NGO sources and others to improve infrastructure and social facilities. In this manner the communities will be empowered to negotiate with funding sources to invest funds at their disposal for projects that are prioritized by the community. The next step in the process is to introduce Community Contracting to agencies carrying out rural infrastructure and social development facilities as practised in the Million Houses Programme. Infrastructure works like village roads, drainage, culverts, water supply, community centres, and pre-schools can be contracted out to rural societies. This process would lead to a holistic approach to rural development making it a more comprehensive Village Reawakening Movement.

Another objective of the rural housing programme is to activate local economic development by infusing cash to the village economy. Housing construction by the people along with skills development, building materials production and developing the village level supply chain is likely to be an effective means of alleviating poverty in the rural sector.

In order to achieve the objective of reaching housing for all, the government will need to facilitate the alienation of state land to those who do not own land. Progressively, the government will grant free hold title to alienated land and to those who have been in occupation for more than 10 years. These properties will then become bankable and the government will induce commercial banks to provide small loans for housing improvements. With the new impetus on saving for housing, thrift, and credit cooperatives will be encouraged to provide additional housing credit to their members for new housing and housing improvement. The NHDA's rural housing programme will be enhanced as described above to be a comprehensive nation-wide **People's Village Reawakening Movement**.

## Land Acquisition Act

The post-war era provided an opportunity to move forward with much-needed development projects. The government therefore began to acquire large areas of land in order to facilitate projects such as highways, industrial zones, and economic hubs. It is in this context that private lands are acquired. The Land Acquisition Act (LAA) permits the acquisition of private land in any area, if the land is required for a “public purpose”. The LAA does not provide a clear definition of “public purpose”. However, the case law defines public purpose as relating to “public utility and benefit of the community as a whole.” Large-scale development in Sri Lanka would fall within this definition.

## Land Acquisition Procedure

Land Acquisition was done under the Land Acquisition Act No. 9 of 1950.

The Statutory Valuation of the property (land and buildings) are to be decided by the Chief Valuer – Government Valuation Department and having done so they inform such valuations to the Affected Persons (APs) as per the Section 17 of the Land Acquisition Act.

All Affected Persons are summoned to the Land Acquisition and Resettlement Committee (LARC) Committees.

If the Affected Persons are not satisfied with the LARC decision, they can appeal to the Super LARC Committee.

If the Affected Persons are not satisfied with the LARC decision, They can again appeal to the Government Compensation Review Board.

If they are not satisfied with the decision of the Compensation Review Board, the APs have the right to go to the Court of Law and file a case under the Civil Law.

## Land Acquisition Procedure

Time Period – 72 Weeks

The above information on the housing policy and land acquisition act is sourced from the [National Housing Policy, 2017](#).

## Shortcomings of the LAA

1. Arbitrary nature of land acquisition - Usually, an acquisition under the LAA requires the display of notices to affected parties and the entertainment of their objections. However, the LAA also provides for acquisitions on an urgent basis, in which case the land can be acquired soon after a notice is placed on or near the land. This process can be arbitrary as the Minister does not need to justify the acquisition of a land on an urgent basis. Moreover, there are no reasonable timeframes for notices to be displayed or objections to be entertained.
2. Inadequate compensation – Compensation under the LAA is only available for those with written proof of their interest in the land. Furthermore, the compensation is limited to the depreciated value of the structure. The compensation calculated does not consider replacement costs, loss of income, or improvements made to the land. Additionally, there are no guarantees of receiving compensation before the acquisition, particularly in the case of urgent acquisitions.
3. Resettlement – The LAA does not impose an obligation on the state to address resettlement issues following the acquisition of land. It also does not impose any obligation on the state to consult and include affected persons in the resettlement process.

## National Involuntary Resettlement Policy (NIRP)

The LAA clearly does not ensure that affected persons are adequately protected. In 2001, the National Involuntary Resettlement Policy (NIRP) was approved by Cabinet to address the shortcomings of the LAA. The NIRP calls for amendments to be made to the LAA so as to create a protective framework for people who are displaced due to development projects. Through the NIRP, displaced persons are assured of a standard of living comparable to that at the time of displacement.

Some of the main principles of NIRP include:

- *Impact mitigation:* Steps should be taken to avoid or reduce involuntary resettlement by reviewing alternatives to the project, as well as alternatives within the project;
- *Full and Informed Consent:* A consultative, transparent and accountable involuntary resettlement process with a timeframe should be agreed to by the Project Executing Agency (PEA) and the affected people; and
- *Local participation:* Resettlement should be planned as a development activity for the affected persons and should be carried out with the full participation of the provincial and local authorities.



## Resettlement Action Plans

The NIRP states that a Resettlement Action Plan (RAP) should be formulated for situations where twenty or more families are affected, and if less than twenty are affected, a plan of lesser detail should still be prepared.

Figure 10 Key principles of the Sri Lanka national involuntary resettlement policy  
Source: Innovative Approaches for Involuntary Resettlement

According to the National Involuntary Resettlement Policy, people adversely affected by development projects should be (a) fully and promptly compensated, (b) successfully resettled, and, (c) provided assistance to:

- (i) re-establish their livelihoods,
- (ii) deal with the psychological, cultural, social and other stresses caused by compulsory land acquisition,
- (iii) make them aware of processes available for the redress of grievances that are easily accessible and immediately responsive, and,
- (iv) have in place a consultative, transparent and accountable involuntary resettlement process with a time frame agreed to by the project executing agency and the affected people.

The new policy is based on human and ethical considerations and requires the payment of resettlement value (replacement cost) for all the affected persons. Remarkably, even those without documented title to land should receive fair and just treatment.

(Source) Sri Lanka National Involuntary Resettlement Policy

The involuntary policy is mentioned to be taken into practice according to the below considerations,

- Involuntary resettlement should be avoided or reduced as much as possible by reviewing alternatives to the project as well as alternatives within the project.
- Where involuntary resettlement is unavoidable, affected people should be assisted to re-establish themselves and improve their quality of life.
- Gender equality and equity should be ensured and adhered to throughout the policy.
- Affected persons should be fully involved in the selection of relocation sites, livelihood compensation and development options at the earliest opportunity.
- Replacement land should be an option for compensation in the case of loss of land in the absence of replacement land cash compensation should be an option for all affected persons.
- Compensation for loss of land, structures, other assets and income should be based on full replacement cost and should be paid promptly. This should include transaction costs.
- Resettlement should be planned and implemented with full participation of the provincial and local authorities.
- To assist those affected to be economically and socially integrated into the host communities, participatory measures should be designed and implemented.
- Common property resources and community and public services should be provided to affected people.
- Resettlement should be planned as a development activity for the affected people.
- Affected persons who do not have documented title to land should receive fair and just treatment
- Vulnerable groups should be identified and given appropriate assistance to substantially improve their living standards.
- Project Executing Agencies should bear the full costs of compensation and resettlement.

The above is Sourced from Sri Lanka National Involuntary Resettlement Policy: Section 4. Policy Principles

## IMPLEMENTATION AGENCIES

<b>Ministry of Lands and Land Development (MLLD)</b>	<ul style="list-style-type: none"> <li>▪ Generally responsible for implementing NIRP.</li> <li>▪ Ensuring that the LAA is appropriately amended to fall in line with NIRP.</li> <li>▪ Issuing and enforcing necessary regulations and guidelines based on the amended LAA.</li> </ul> <p>E.g. Regulations and guidelines on involuntary resettlement planning, implementation and monitoring.</p>
<b>Project Executing Agencies (PEAs)</b>	<ul style="list-style-type: none"> <li>▪ Ensuring compliance with all requirements under NIRP in terms of planning and implementing resettlement solutions.</li> <li>▪ Establishing Resettlement Units with adequately trained staff, particularly where the project involves significant resettlement.</li> <li>▪ Bearing the full cost of compensation and resettlement.</li> <li>▪ Developing a well-resourced internal monitoring system to monitor the implementation of RAPs.</li> </ul>
<b>Central Environmental Authority (CEA)</b>	<ul style="list-style-type: none"> <li>▪ Reviewing impacts of projects involving involuntary resettlement, and assessing measures taken to mitigate impacts.</li> <li>▪ Providing the necessary guidance to public and private sector agencies undertaking projects that lead to involuntary resettlement.</li> <li>▪ Reviewing and approving RAPs prepared by PEAs and making them publicly available.</li> </ul>
<b>NIRP Steering Committee</b>	<ul style="list-style-type: none"> <li>▪ Evaluating and overseeing implementation of the policy.</li> </ul>
<p>*Comprises representatives from the MLLD, the PEAs and CEA</p>	

The section on NRIP is sourced from [The National Involuntary Resettlement Policy, 2014](#)

## Resettlement Policy Framework for Colombo Urban Regeneration Project

The procedure for eviction of a person in occupation of a grant for the holding of a state land is spelt out in Chapter IX of the **Land Development Ordinance (LDO)**. Section 168 of the LDO stipulates the **offences regarding occupation** of State land. It says that if any person without the permission of the Government Agent clears or breaks up for cultivation any State land or erects any building or structure on any State land, fells any trees standing on such land or otherwise encroaches on such land is guilty of an offence and subject to **fine and imprisonment**. Thus, the rights of an illegal possessor are not recognized for compensation for improvement under the laws of Sri Lanka.

The LDO also states that, notwithstanding the above provisions relating to the occupation of State lands and recovery of State lands, no person affected by the project shall be evicted from his/her residence or business irrespective of his/her ownership status without, **if eligible**, being provided with **appropriate compensation** and **resettlement and rehabilitation (R&R)** assistance as spelt out in the entitlement matrix provided in this framework.

Further, section 15 of the Prescription Ordinance enacts “nothing herein contained shall affect the rights of the crown (State).” Thus, prescription does not run against the State. Prescription Ordinance No. 22 of 1971 made express provision with respect to how a person may acquire the ownership of a block of land through the peaceable and uninterrupted possession of it for a period of ten years. Section 3 of the Ordinance provides as follows: “Proof of the undisturbed and uninterrupted possession by a defendant in any action, or by those under whom he claims, of lands or immoveable property, by a title adverse to or independent of that of the claimant or plaintiff for ten years previous to the bringing of such action, shall entitle the defendant to a decree in his favour with costs.”

A person who enjoys possession can be either bona fide or mala fide. A mala fide possessor is one who knows that the land is not his property and that his possession is unlawful. Most of the residents within the underserved settlements are accordingly mala fide possessors. The rights and remedies of a mala fide possessor in respect of improvements differ from that of a bona fide possessor. The general rule is that a mala fide possessor is not entitled to compensation for useful improvements. Thus, Sri Lankan laws such as the Land Development Ordinance do not recognize the right to compensation for improvements done by a mala fide possessor or occupier of a State land.

### Regulatory role of the UDA

The principal activity of the Urban Development Authority (UDA) is to promote and regulate integrated planning and physical development, having regard to the amenities and services provided to the community, and to prepare development plans for such development areas. Furthermore, it formulates and implements urban land use policies and development of environmental standards and implementation of such schemes. Part V of the Urban Development Authority Law No. 41 of 1978 lays down the provisions relating to acquisition of immoveable property.

Section 15 stipulates that where the Minister certifies that any land vested in a local authority is required by the UDA, the Minister may, by Order published in the Gazette, vest such land in the UDA. Where land is declared as a development area, that land is deemed to be required for a public purpose and may be acquired under the Land Acquisition Act by the government. Lands declared for a development area is paid the market value for the purpose of determining the amount of compensation.

The Urban Development Projects (Special Provisions) Act No. 2 of 1980 provides for the declaration of lands urgently required for carrying out urban development projects. The President may by Order published in the Gazette declare that an area of land is required for implementing an urgent urban development (section 2). Section 3 restricts the remedies available to an aggrieved party by such acquisition such as injunctions, enjoining order or a stay order to restrain the acquisition of such land. Under section 7 of the Act, the government can take possession of such land in respect of which an Order has been made under section 2 under the provisions of the State Lands (Recovery of Possession) Act No. 7 of 1979 without waiting for its acquisition under the Land Acquisition Act. This act enables the UDA to take speedy possession of privately-owned plots of land required for urban development projects and the affected persons are denied the legal rights in a court of law to restrain the acquisition procedure.

Notwithstanding the above powers of the UDA under the legal provisions cited above, no household or person affected by the project will be evicted or disturbed in any manner without receiving compensation and/or resettlement and rehabilitation (R&R) benefits as set out in the entitlement matrix provided in this framework.

### Eligibility criteria, entitlements and definitions

Current eligibility criteria under the Project

**Non-titled, squatter households occupying lands** that have to be released for future development under the Project and households living in UDA-sponsored transit camps or that are receiving a rent allowance because of earlier land acquisition will become **eligible for a new housing unit** under the Project, **subject to their willingness to bear the cost of management and maintenance costs.**

**Commercial non-titled squatters** on State land will **receive compensation for their affected structure/s** and the **opportunity to obtain an alternative shop available at the new housing complex** or any other shopping scheme on a long-term lease basis, subject to their willingness to **bear the cost of the lease premium and maintenance and management charges.** **Non-title holders shall not receive any compensation for the land that has been acquired.**

A house with a floor area of 550 sq.ft. costs approximately LKR 7 million (calculated by taking the total construction cost divided by the number of housing units) exclusive of the cost of the land and provision of the electricity, water supply, and sanitation facilities (RESETTLEMENT POLICY FRAMEWORK, 2018). The affected households will **be given legal ownership of the house but cannot sell the property for the first ten years.** To safeguard the rights of women, the house will be allotted **in the name of both the spouses** and in the name of the wife in the event of a death of the husband. The eligible households that received houses will have to contribute **to the Condominium Maintenance Fund** and **monthly management charges as decided by the Project.** The payment is made in favour of the UDA and will be kept in a separate joint account to be managed by the Condominium Management Committee for the respective buildings.

The new housing complexes will have basic facilities for the resettled households, including individual water supply, toilets and electricity, shopping and community facilities such as a community hall, an open space for children to play, day care centres and a common room for women, condominium office and primary schools. The facilities proposed are in line with the basic facilities required for healthy condominium living.

According to the UDA's Board of Management approved selection criteria for the UDA approved selection criteria), **only one housing unit (apartment) will be allocated for each affected household.** However, for larger households, a special committee consisting of the Project Director, Director Land

and Director Legal can determine the allocation of an additional housing unit taking into consideration the extent of the floor area, its structure (standard) and the extent of land occupied.

The following guidelines have been formulated to define an eligible household: (a) A housing unit should have a separate entry/exit door, kitchen, separate electricity meter and assessment number. Internal partitioning to separate an additional household will not be considered as a separate house; (b) If an additional family lives with the chief occupant, they will not be considered as a separate family and the said additional family will not be eligible for a new house under the Project, except in the case of larger households where a special committee will determine the allocation of an additional housing unit considering the extent of the floor area, its structure, and the extent of the land area occupied.

Additionally, if a person or family occupies a house on rent or lease, the occupant will not be eligible for a new house. If a person occupies a place that is being used only for commercial purposes, he/she could be considered for a new house upon their request as an alternative arrangement. In such an event, he/she will not be eligible for an alternative commercial unit afterwards.

In addition to the above conditions, the physical existence of the house and permanent occupation should be verified during the preliminary survey/census as well as during subsequent field inspections to prevent a new housing unit be allocated to people who can only demonstrate their ownership through documentation, without physical occupation. Moreover, persons who claim ownership of more than one house, even if they are located at two different settlements, will only be eligible for one housing unit under the Project.

The method of selection used for the allocation of floors and housing and/or commercial units.

1. A community that has lived as one distinct group, in one particular geographical location will be housed in one or adjoining floors depending on the number of families to be resettled. The selection of which floor to be housed in is decided through a raffle draw.
2. Housing allocation for the individual families will be carried out under a separate raffle draw within the group. Mutual transfer of housing units will be accommodated within justifiable reasoning.
3. Priority will be given to families that include people with disabilities when allocating housing units on the ground floor. The elderly and sick, however, will not be considered for ground floor units as elevators will be made available for ease of access to all floors.
4. The allocation of areas for commercial purposes will give priority to the establishment of cooperatives/groceries (for the sale of essential goods) and service providers (such as barbers, tailors and pharmacies).

The new housing units are to be given on the basis that a portion of the total capital cost of relocation (including the cost of construction) will be recovered from the recipients of the new apartments in the following manner:

- 550 sq.ft housing unit: Recover Rs. 1,200,000 over a period of 400 months @Rs. 3000/month
- For families who can prove their ownership to a property that they occupy (by means of a condominium title deed or private title deed in their name) – a housing unit is to be allotted free of charge as compensation for their freehold/condominium ownership for the house/land; However, (b) those families who become eligible for two houses for an existing single house, only one house will be allotted free of charge and the additional house would come under the existing payment scheme.

- In case it is necessary to accommodate other requirements of the Government/Ministry/UDA, the relevant government agency or the recipient should reimburse the cost of such relocation to the UDA at a rate decided by the UDA. The UDA will also allow affected families to value their affected structures and if its worth can be proven to exceed the cost of a housing unit offered, i.e., Rs. 7 million, the excess will be compensated at replacement cost.

#### Maintenance and management

The management of the housing schemes will be carried out by a Condominium Management Corporation (CMC) formed under the provisions of the relevant Act. An upfront, one-time payment decided by the UDA (currently Rs. 50,000) will have to be paid to the UDA by each recipient as a contribution to the sinking fund for maintenance of housing of the CMC to be established for the management of the relevant housing scheme. The amount collected in this manner will be transferred to the bank account of the relevant CMC once it is established. The UDA policy states that the amount payable can be made in four instalments. The CMC will recover a monthly service charge from each and every household for providing common services such as lift operation, common lighting, janitorial services, etc., which will vary with the prevailing cost of services.

A housing unit will be handed over to a recipient upon receiving the upfront payments and signing the Rent Purchase Agreement with the UDA, discussed below. The ownership of the housing unit will be transferred only after the total payment is made by the respective householders within the 33-year period. However, householders who settle the total payment before the specified timeframe will be entitled to receive a title deed to the housing unit within six months from the date of full payment but subject to the following condition: The ownership of the housing unit will not be transferable to a third party within a 10-year period from the date of receiving the transfer deed. This, the selection criteria notes, is in order to retain the householder in the same premises without moving to another shanty in the Colombo City.

The above information is sourced from [UDA, Resettlement Policy Framework](#).

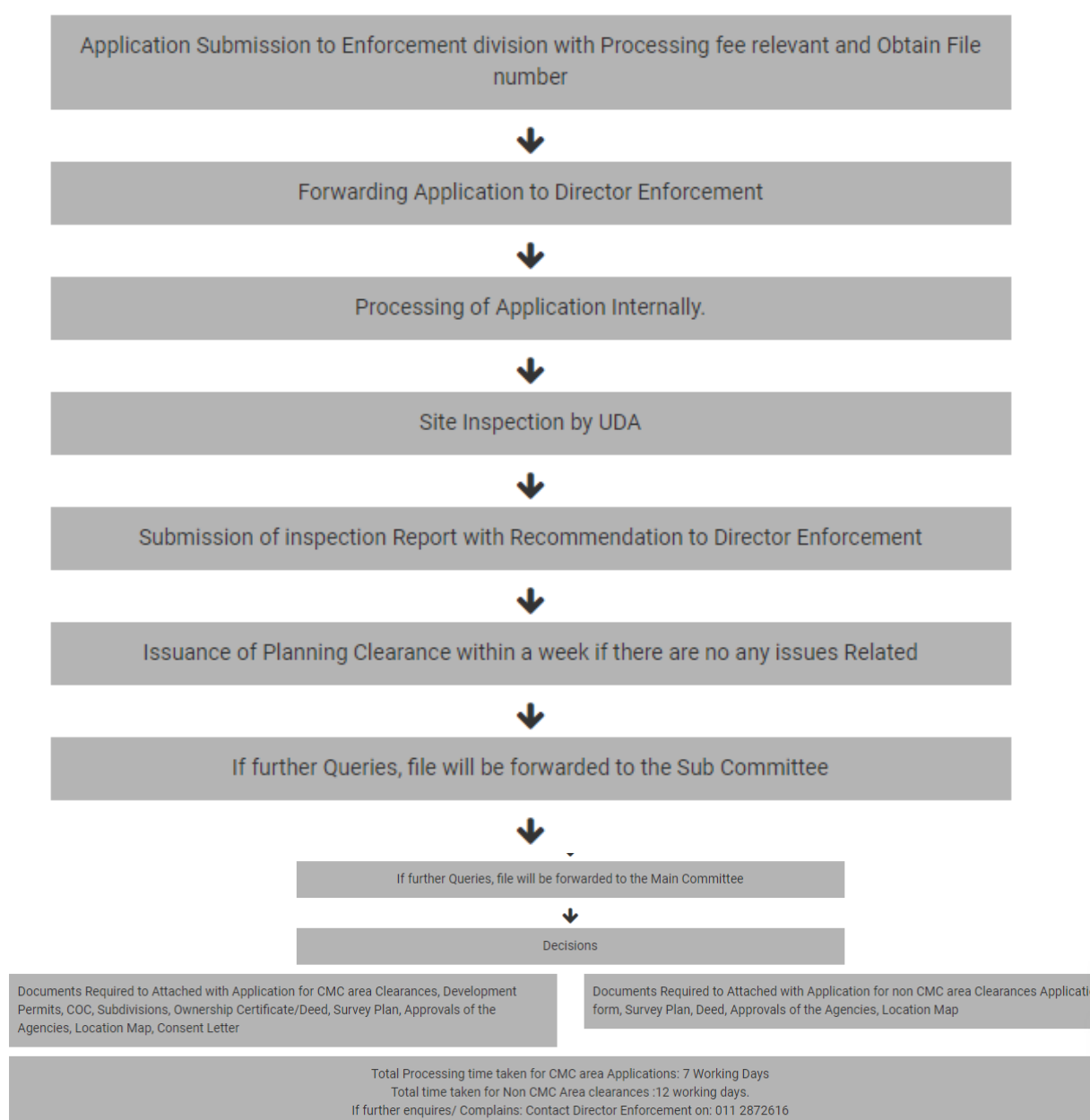
## Planning Permission / Building Plan Approval

The development approval process in declared urban areas As per the section 8(j) of Urban Development Authority Amendment Act No. 4 of 1982 any development activity within a declared urban development area, as per the provisions given under Development Authority Act No. 41 of 1978, is required to obtain approval from the Urban Development Authority (UDA).

Subsequently, UDA delegated the authority of giving approvals for development activities to the respective local authorities under the direction, supervision and control of the UDA. But as per a decision taken by the Board of Management of the UDA, some powers delegated to local authorities were taken back to the UDA with effect from the 1st of February 2017, to provide an efficient and transparent service to the developers and the general public.

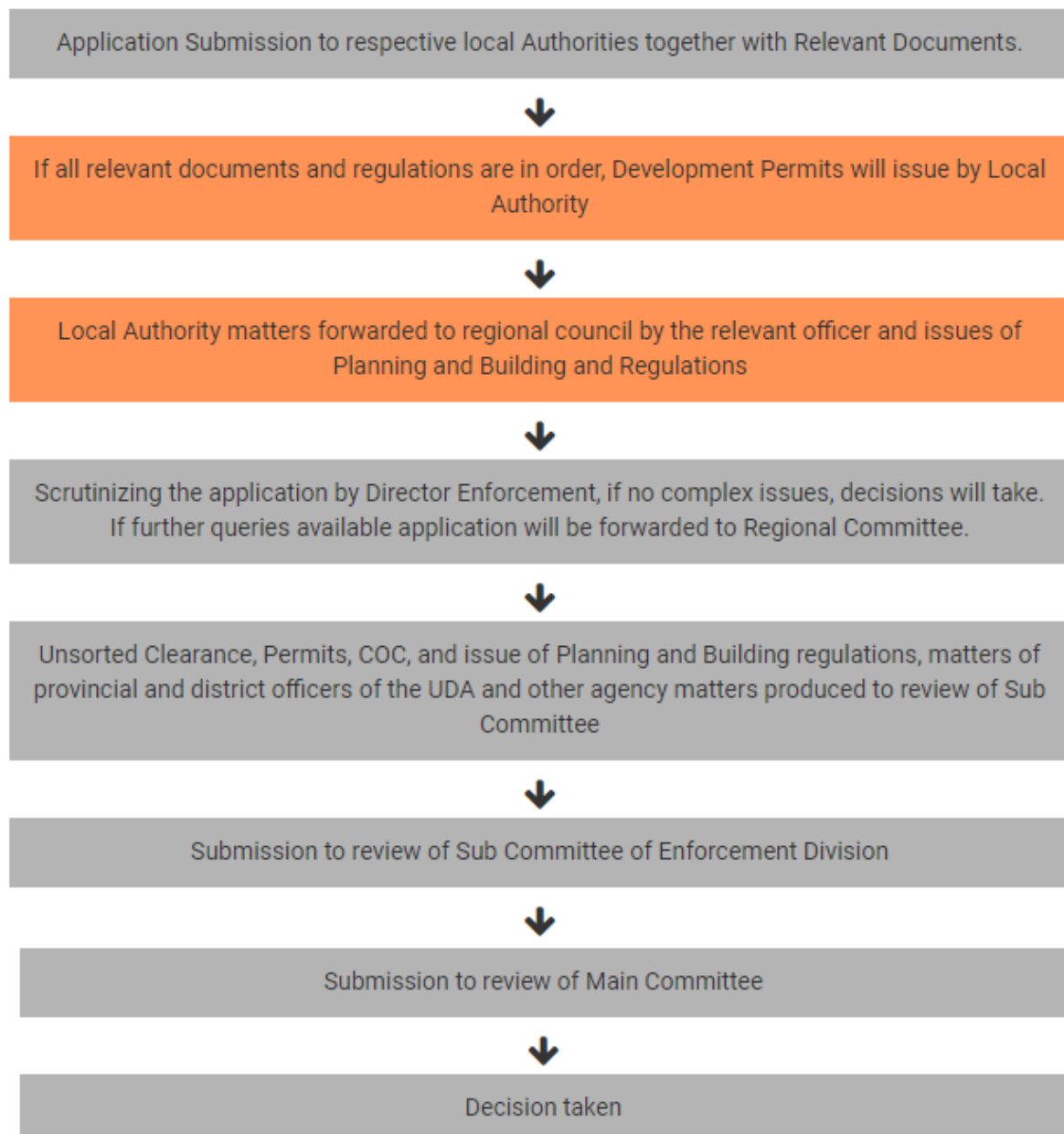
(Development Permits, COC, Subdivision Approvals)

*Figure 11 Common Process Adopted for Preliminary Planning Clearance*





2) Process of Building Planning Approvals and Land Subdivision Approvals handled by the local authority is as follows.



The above information is sourced from <https://www.uda.gov.lk/approval-process.html>

## Housing Finance

### Housing Finance Providers

The government has thus far been the main provider of housing finance. The NHDA has provided 1,530,558 loans over the period of 1984 to 2015 to the value of over Rs. 53 billion. It has also constructed housing estates and urban flats that have been sold to different affordability groups. Small housing loans provided by the NHDA are at concessionary interest rates and on personal guarantees. Private sector provides housing credit to the top 20% of the upper income group with fixed incomes and permanent employment. The main banks providing housing credit are the Bank of Ceylon (BOC),

the People's Bank (PB), the State Mortgage and Investment Bank (SMIB), the National Savings Bank (NSB) and the Housing Development Finance Corporation (HDFC Bank). Other commercial banks like Hatton National Bank (HNB), Commercial Bank, Sampath Bank etc. have recently started to expand their share in the housing finance sector. Housing credit from these banks is purely on strict mortgages-based criteria. The mortgage rate of Sri Lanka as a percentage of the GDP is considerably low at 6%, compared with other countries of similar economic level. Savings and Credit cooperatives like SANASA, the Women's Cooperatives such as Women's Bank and Jana Rukula have been quite active in the housing sector in the last two decades providing housing credit to the lower end of the market with mutual guarantees and less demanding conditions. The Women's Bank's small housing loans consist of about 30% of its loan portfolio provided on group guarantee and it claims a recovery rate of 100%.

Many Sri Lankans take up overseas employment sometimes with the sole aim of saving for the building of a house on their return. This group offers an opportunity for the banks to provide incentives to save for housing with attractive interest rates and concessionary loans. Non-convertible Non-Resident Foreign Currency (NRFC) accounts with higher interest would be an incentive to compensate for the exchange losses through monthly conversions.

Formal banking institutions leave out a large segment of society due to "lack of creditworthiness" and the cost of lending for small credit packages. Creditworthiness is considered by the formal lending institutions as borrowers who are fixed income earners who can show regular income with certified evidence and repayment capacity. Informal sector earners have great difficulty in satisfying these requirements despite the capacity to repay.

The Lanka Financial Services for Underserved Settlements (LFSUS) established with technical support and seed capital from the UN-Habitat addresses this issue by providing a guarantee mechanism for community organizations to borrow in bulk from formal banking institutions. There are established criteria and also technical assistance available to the community savings groups for this purpose. This mechanism allows for formal capital to reach a large segment of the population who would otherwise be left out. The LFSUS has so far assisted 23 community organization covering 1870 families.

The Bank's lending rate for housing is considerably high, ranging from 12% to 15%, which has a negative impact on investment on housing. The National Savings Bank, one of the leading housing credit providers, employs lending rates of 12% for 5 years, 13% for 10 years and 14% for 15 years. On this basis a housing loan of 1 million rupees to be paid back over 15 years would require a monthly repayment of Rs. 13,317 and a Rs. 5 million loan would require a monthly instalment of Rs. 66,5876.

### Income and Affordability

The current availability of formal housing credit to invest Rs. 1 million for a family's housing solution, would require a family income of over Rs. 50,000 per month on the basis of 25% family income to be devoted for housing. In the rural areas, a majority may not have this level of income, while a loan of Rs. 500,000 may be more affordable by many, and combined with the family's own efforts can yield an adequate house of 500 to 700 square feet. In the urban context, the majority of the people working in the informal sector living in "underserved" settlements can afford a loan of 1 to 2 million rupees at the current market rates of interest. However, the issue is collateral. The value of the small parcel of land (2 perches/50 sqm) which they are currently occupying in the city of Colombo, may even be worth Rs. 6 to 20 million depending on the location. This amount is more than the cost of a 500 square foot apartment (Rs. 3.5 million). Therefore, land pooling and redevelopment is potentially a financially feasible model where the families can be accommodated on site with their assets appreciating in

value. The most important aspect of implementing this model is the participation of the people living on the site in the process of development.

The current household expenditure on housing in urban areas is 17.5% of income and in rural areas it is 9.4%. It is the second biggest expenditure of household income after food (39%). Considering the high priority that families place on housing, the percentage of income spent on housing could be increased 20% to 25%. The 2017, housing policy has identified targeted groups that needs to get subsidies for housing development. The government, over the years, has taken a variety of approaches to increase the access to housing for the poor. But it has to be recognized that the nation cannot afford to allocate resources to provide subsidized housing for a few at expense of other priority social expenditures. Subsidies also distorts the market discouraging investors to engage in producing housing for low-income groups, basically leaving it to the government to deal with this segment. The Policy intends to move from this notion to a market-based approach to reach the goal of “Shelter for All”. However, it may still be necessary to identify and introduce targeted subsidies as part of a social safety net to protect vulnerable households. In these cases, subsidies that distort prices should be avoided, as should subsidies, which once given, are difficult to modify or discontinue. There are certain groups in the country that still require subsidies in some form to avail themselves of an adequate shelter.

Groups that require targeted housing subsidies can be identified as follows:

- a.) Conflict-affected families whose housing had been destroyed or damaged and returnees being resettled. To ensure equity with the families who have already been assisted the grant should be a maximum of Rs. 750,000 to rebuild a house.
- b.) Rural poor who are currently receiving Samurdhi grants. An objective assessment of their status will have to be carried out to establish their entitlement for a housing grant. (e.g., Sevena Sarana). Village communities should be involved in assisting people to build a house.
- c.) Estate workers. This category has the worst housing and services in the island and they cannot be brought into the housing market due to the absence of security of tenure. However, with a sensitively planned integration of these families into villages, a permanent solution could be found.
- d.) Elderly living alone. They can be assisted through a community supported programme and institutional housing programme on a rental subsidy.

Additionally, the national housing policy also has the following objectives:

- The NHDA to expand the provision of small loans to the families in need of housing and housing improvements across the country, especially to those who do not have formal income sources.
- To increase housing finance to cover a larger range of affordability groups. The policy will develop innovative financial instruments with easier accessibility.

Currently the formal banking sector caters only to the 20% of the upper end of the market. The strategy should be to reach at least 60% of the market. Commercial banks are conservative and risk averse. However, housing is a fixed capital asset, which in Sri Lanka appreciates in value. Repossession in the case of default is adequately covered by legislation and therefore lending to this sector is not necessarily a risky business. Obtaining a mortgage involves a whole series of documentation requiring professional expertise which discourages many in trying to obtain one. Income certificates, tax certificates, title clearance, valuation certificate, planning approval, and contract documents are some

of the documentation required to obtain a housing loan. In today's IT environment lending institutions should provide this service as a "one stop shop" to obtain a mortgage. To facilitate investment, the government should prioritize the complete digitization of the Land Registry, linking the Survey Department mapping and the records at the Assessor's Departments.

- To develop a culture of savings that could leverage housing credit at affordable terms. The policy is to link saving directly to housing credit

The specific objective is for NHDA to expand the provision of small loans to the families in need of housing and housing improvements across the country especially to those who do not have formal income sources.

To expand NHDA's coverage it needs to re-assess its loan portfolio and improve collection of repayments for on-lending in addition to the annual budgetary allocation. An audit of its assets and strategies to capitalize them needs to be carried out for NHDA to regain its position as the leading housing agency in the country. Action needs to be taken to improve the recovery rate from its current 50% to 60% so that additional funds are available for on-lending.

The above information is sourced from [National Housing Policy Sri Lanka, 2017](#)

## References

- Department of Census and Statistics. (2012). Census of Population and Housing. Provisional information based on 5% sample. [online] Available at: [http://www.statistics.gov.lk/pophousat/cph2011/pages/activities/reports/cph\\_2012\\_5per\\_rpt.pdf](http://www.statistics.gov.lk/pophousat/cph2011/pages/activities/reports/cph_2012_5per_rpt.pdf) [Accessed 1 May 2022].
- Hapuarachchi, S.P., & Kariyawasam, S.S. (2021). An Evaluation of National Housing Policy Related to Plantation Housing in Sri Lanka. *Cities People Places: An International Journal on Urban Environments*, 5(1), pp.94–105. DOI: <http://doi.org/10.4038/cpp.v5i1.55>
- Chandrabose, A. (2017). House Ownership for Plantation Workers in Sri Lanka. [online] <https://dbsjeyaraj.com/dbsj/archives/52998>. Available at: <https://dbsjeyaraj.com/dbsj/archives/52998> [Accessed 3 April 2022].
- Weeraratne, B. (2018). Urban Housing in Sri Lanka | Institute of Policy Studies Sri Lanka. [online] Institute of policy studies Sri Lanka | Institute of policy studies Sri Lanka. Available at: <https://www.ips.lk/urban-housing-sri-lanka-2/> [Accessed 22 June 2022].
- State Ministry of Estate Housing and Community Infrastructure. (2020). Annual Performance Report. [online] Available at: [http://www.smehci.gov.lk/web/wp-content/uploads/final\\_Book.pdf](http://www.smehci.gov.lk/web/wp-content/uploads/final_Book.pdf) [Accessed 9 March 2022].
- Unhabitat.lk. (2022). UN-Habitat Sri Lanka | Indian Housing Project in Plantation Areas. [online] Available at: <https://unhabitat.lk/projects/active-projects/indian-housing-project-in-central-and-uva-provinces-2/> [Accessed 8 April 2022].
- Unhabitat.org. (2010). Innovative Approaches for Involuntary Resettlement | UN-Habitat. [online] Available at: <https://unhabitat.org/innovative-approaches-for-involuntary-resettlement> [Accessed 12 February 2022].
- Urban Development Authority. (2018). To Relocate 38 Families from Arunodhaya Mawatha, Obeysekarapura, Rajagiriya to UDA Owned High Rise Buildings. [online] Available at: <https://www.uda.gov.lk/upload/attach/RAP%20Obeysekerapura-English.pdf> [Accessed 9 April 2022].
- Sundaytimes.lk. (2022). Tata company undertakes mixed development project in Colombo 2 | The Sunday Times Sri Lanka. [online] Available at: <https://www.sundaytimes.lk/141109/news/tata-company-undertakes-mixed-development-project-in-colombo-2-126726.html> [Accessed 5 May 2022].
- Uda.gov.lk. (2018). The Urban Development Authority. [online] Available at: [https://www.uda.gov.lk/housing-projects.html#main\\_contain](https://www.uda.gov.lk/housing-projects.html#main_contain) [Accessed 14 April 2022].
- <https://www.lawnet.gov.lk/land-acquisition/>. (1950). LAND ACQUISITION. [online] Available at: <https://www.lawnet.gov.lk/land-acquisition/> [Accessed 13 April 2022].
- Scdp.lk. n.d. SCDP | Procedure of Entitlements. [online] Available at: <https://www.scdp.lk/acquisition> [Accessed 22 June 2022].
- Gunatilleke, G., and Nathaniel, V. (2014). The National Involuntary Resettlement Policy: Dispelling Misconceptions and Assessing Compliance. [online] Verité Research. Available at: <https://www.veriteresearch.org/wp-content/uploads/2018/05/National-Involuntary-Resettlement-Policy-September-2014-Print-version.pdf> [Accessed 6 April 2022].
- Uda.gov.lk. (2018). COLOMBO URBAN REGENERATION PROJECT (DRAFT) RESETTLEMENT POLICY FRAMEWORK. [online] Available at: <https://www.uda.gov.lk/upload/attach/RPF/English.pdf> [Accessed 15 May 2022].