BACKGROUND PAPER

Urban Development and Housing Policies in Egypt:

Between the Right to Adequate Housing and Social Inequality

ALTERNATIVE POLICY SOLUTIONS

November 2020

BACKGROUND PAPER

Urban Development and Housing Policies in Egypt:
Between the Right to Adequate Housing and Social Inequality

Alternative Policy Solutions

113 Qasr al-Einy street

PO Box 12511

Cairo - Postal Code: 11511

Egypt

+02 2797 6970

http://aps.aucegypt.edu – solutions@aucegypt.edu

This background paper was prepared by Nadeem A. Gawad, Political Economist and Researcher, with the assistance of Leila Roberts, Researcher at Alternative Policy Solutions under the supervision of Soha Abdelaty, APS' Deputy Director and Dr. Samer Atallah, Head of the Research Unit.

Alternative Policy Solutions is a non-partisan, public policy research project at The American University in Cairo. Using rigorous, in-depth research and a participatory process of consultations with a diverse range of stakeholders, we propose evidence-based policy solutions to some of the most difficult challenges facing Egypt. Our solutions are innovative, forward-looking and designed to support decision makers' efforts to introduce inclusive public policies.

TABLE OF CONTENTS

1. Introduction

Egypt faces increasing housing prices that make adequate housing inaccessible to millions of households, reflecting a disconnect between supply and demand. While there is an overflow of supply to the middle- and upper-income brackets, lower-income housing supply suffers from a shortage of 2.5 million units (SDS Egypt 2030, 2016). Seven million[1] units suitable for housing in Egypt are closed (CAPMAS, 2018). Real-estate developers continue to build high-end housing projects in new desert cities that are used mostly as wealth storage, and drive house prices up, but the majority of working-class households cannot afford to live in them. These gated communities of half-empty buildings highlight growing inequality and social fragmentation.

This situation is further exacerbated by the misallocation of government funds whereby disproportionate chunks of the Built Environment (BE) budget are allocated to new real-estate projects at the cost of older fully inhabited neighborhoods, which the majority of urban poor do not live in (Tadamun, 2016).

The human right to adequate housing is recognized under International Human Rights Law as a component of the right to an adequate standard of living (OHCHR & UN Habitat, 2009). Egypt is a party to the International Covenant on Economic, Social and Cultural Rights which is overseen by the United Nations Committee on Economic, Social and Cultural Rights (CESCR).[2] According to the CESCR, access to adequate housing as a human right means the following:

- Security of tenure;
- Availability of services; materials, facilities and infrastructure;
- Affordability: the cost of housing must not threaten the occupant's access and enjoyment of other human rights such as access to education and food.
- Habitability: in order for housing to be adequate, it has to guarantee physical safety or provide adequate space, as well as protection against the cold, damp, heat, rain, wind, other threats to health and structural hazards.
- Accessibility: for housing to be adequate it has to take into consideration the needs of marginalized and disadvantaged groups.
- Location: for housing to be adequate it has to be close to employment opportunities, health-care services, schools, childcare centers and other social facilities, and it must not be located in polluted or dangerous areas.
- Cultural adequacy: housing is adequate when it respects and takes into consideration the expression of cultural identity.

Access to adequate housing has been a challenge in Egypt. 49% of all households cannot afford to buy a median-priced home of EGP 225,000, and 59% of households would have to pay more than 25% of their monthly income to rent the median house at EGP 800 per month[3] (10 Tooba, 2016). More than one third of Egyptian households lack access to adequate housing (10 Tooba, 2016). Government policies therefore have not ensured that all citizens have access to adequate housing.

1 According to CAPMAS (2018), the number of 'unoccupied empty' and 'unoccupied completed' housing units is 4,331,296 and 4,666,544 respectively, which sums up to 8,997,840 of which 7,272,009 are apartments.

2 In 1991, the CESCR published its comment no. 4 on the right to adequate housing. This comment coupled with the committee's comment no. 7 (1997) on forced evictions can serve as a comprehensive reference to the set of standards that should govern housing policy.

3 While defining housing affordability can be a difficult task, 10 Tooba, a group of built environment professionals, use a quantitative method to develop an affordability index by calculating the house price to income ratio (HPI) and renting price to income ratio (IP). It also uses a benchmark of 25%: which is the maximum of a household's income that could be spent on housing (so as to be able to afford other living necessities). For more information, see: http://10tooba.org/bedi/en/affordability/

This paper examines consecutive urban development and housing policies that have affected Egyptians' access to adequate housing. The following sections will review some of these milestone policies, including those outlined in the country's 2030 sustainable development strategy, and the October Paper. Following that, it will examine housing budgets and discuss the misallocation of investment in urban development, and the disparities in expenditure between the "old" largely inhabited cities and the "new urban" cities and compounds that are not affordable for the majority of Egyptians. This paper also sheds some light on social housing schemes, and concludes with identifying research gaps and questions that can contribute to a discussion about the adverse effects of the current housing policies on access to housing for lower income households.

2. Egypt’s 2030 Urban Development Vision

The Egyptian government’s sustainable development strategy, Egypt Vision 2030, lays out plans for development across the public sector and aims to solve the most pressing social and economic problems in Egypt by 2030. It specifically addresses slums and housing: one of the pillars of the strategy is urban development, with three main objectives listed. The first is to “increase inhabited areas in a way that is suitable for the accessibility of resources, size, and distribution of population” which will be achieved through the determination of “the scope of spatial development” that can accommodate the increasing population (Government of Egypt, 2016, p.258). The strategy also tries to address some of Egypt’s housing issues; for instance, it aims to attain a balance in the distribution of the population in existing and newly established inhabited areas (the new communities). Another component of the strategy is to ensure that new areas have the ability to absorb population growth through the maximization of “the impact of development” in these areas (Government of Egypt, 2016, p.258). Additionally, another objective of the urban development pillar is to improve “the quality of current and future inhabited areas, in addition to the treatment of aggravating and critical housing issues” (Government of Egypt, 2016, p.258).

Egypt’s sustainable development strategy acknowledges and sets out to address some of the most significant urban development and housing issues the country faces, outlining them as challenges that might obstruct the implementation of the aforementioned objectives. There are three sets of challenges specified in the strategy: the first set contains the challenges with the highest impact, and the ones that are the easiest to control. This includes challenges such as the lack of adequate economic policies to motivate people to move to the new communities, which results in lower occupation rates. Additionally, the housing units offered in the new cities and towns lack the variety needed to make them accessible to everyone across different social classes; for example, the limited number of subsidized units available for rental and the unavailability of options such as rent-to-buy (Government of Egypt, 2016).

The second set is of challenges which have a lower impact, and includes issues related to the lower income classes; the strategy notes that social housing units are being distributed “according to population distribution and not according to the actual gap in geographical demand, which results in inconsistency between implementation and real needs.” Another challenge in this section is the fact that new communities lack social, cultural and economic integration and services, which disincentivizes people and creates “vacant buildings” due to the absence of an integrated community. The second set of challenges also highlights the inadequacy of the existing transportation system and the “weak planning framework for managing transportation systems,” which makes it harder for people to settle in the new communities (Government of Egypt, 2016, p.265).

The third and final set of challenges includes issues related to adequate housing such as the absence of health and educational services in inhabited areas due to the limited amount of land available for such purposes. It also highlights the problematic issue of the high cost of living in new communities, which prevents those with lower incomes from moving to them.

Lastly, the strategy tackles urban development, outlining a number of programs that aim to facilitate urban development over the next 11 years. One such program will encourage the population to move to new cities, and is set to be implemented between 2020-2025. It will use several strategies to do so, such as the provision of government services and job opportunities in the new cities, and “setting [in place] policies for making overpopulated urban centers less attractive to population and investments.” Another program that is also set to take place from 2020-2025 aims to “achieve a balance between supply and demand in the housing sector” through narrowing the gap between the number of units allocated for the high and middle income classes and those for the lower income classes, noting that the number of units provided for the former group is significantly higher than those provided to the latter (Government of Egypt, 2016, p.269). Furthermore, a third program aims at controlling the phenomenon of insecure areas and informal settlements (or slums) through creating “an economically and socially integrated framework to develop informal settlements and provide job opportunities for their inhabitants, whether at their residential areas after being developed or [in] alternative areas” through the ISDF Slum Upgrade Plan (Government of Egypt, 2016, p.270; ISDF, n.d.).

3. New Urban Communities and Access to Adequate Housing

The development of new cities in the desert as part of the state's urban policies to accommodate Egypt's growing population can be traced back to President Anwar Sadat's October Paper, which laid out his vision for the development of Egypt (as cited by Sims, 2014, p.121). The paper highlighted the importance of urban planning as the "scientific method of directing and guiding the national economy," in addition to the significance of "higher planning authorities" (Sims, 2014).

Over a period of a few years, Sadat ordered the establishment of a number of new urban communities that would be far enough from major cities such that they are economically independent (Sims, 2014). This way, these communities would be sufficiently independent from the influence of the old cities that they can pull people away from the Nile Banks.

The result was the establishment of the Tenth of Ramadan City, Sadat City and the Sixth of October followed by the announcement of building other towns such as New Amiriya (60 kilometers north of Alexandria), New Damietta, al-Obour (30 kilometers north-east of Cairo), Badr (in north-east Cairo), and al-Salhiya (in Sharqiya).

Subsequently, the New Urban Communities Authority (NUCA) was established in 1979 (Law 59/1979) as an 'economic authority' under the Ministry of Reconstruction (later renamed the Ministry of Housing, Utilities and Urban Communities). The law allows for the allocation of government-owned land for the establishment of new cities/towns under presidential decrees. NUCA is legally allowed to trade in lands within these allocated zones and even retain the revenues for further development projects.

3.1 New Urban Communities Post-Sadat and the 1990s Shift

Up until the early 1990s, the main targets of the new urban communities were the working and professional classes, they were targeted by creating incentives such as the construction of state-subsidized building blocks as well as targeting citizen investors through the allocation of residential plots (Sims, 2014). However, in 1993 there was a shift in the state's land management policies. Large-scale real-estate developers started leading the implementation process of NUCA's construction plans. This came within Egypt's shift towards implementing the neoliberal economic policies under the Structural Adjustment and Stabilization Program.

It was during this period that Egypt saw the growth of residential compounds and gated communities. In 1995, the allocation of land to build two new towns was announced. These towns were Sheikh Zayed, on the western outskirts of Cairo, and Shorouk City, to the east of the capital. Unlike the new cities created under Sadat, the new settlements around Cairo were not necessarily independent economic areas that could attract millions of Egyptians from the Nile Delta by providing new opportunities; rather, they were locations exclusively for the new middle classes and the rich, whether as new homes, second homes, or, most importantly, purely for investment (Sims, 2014).

Table (1): Different Generations of New Communities

First Generation	1977 - 1982	10th of Ramadan - New Borg El Arab - 15th of May - New Damietta - 6th of October - al-Salhia - Sadat
Second Generation	1982 - 2000	New Cairo - Sheikh Zayed City - Badr - Obour - New Beni Suef - New Minya - New Nubariya - Shorouk
Third Generation	2000 - 2014	New Cairo - Sheikh Zayed City - Badr - Obour - New Beni Suef - New Minya - New Nubariya - Shorouk
Forth Generation	2014 - Present	New Administrative Capital - New Alamein - New Toshka - New Farafra - East Port Said

Source: Ministry of Finance (2016).

The population sizes for NUCA's new cities and towns have rarely reached their targets. For instance, Sadat City is one of the oldest cities established under the new urban communities' scheme. It was established in 1978 by presidential decree no. 123 of that year. The population target currently set for Sadat city is 1.5 million, but the latest published figures show just 350,000 residents (NUCA, 2019). This pattern is similar in most of the other new urban communities: Sheikh Zayed's inhabitants number 350,000 compared to the target of 675,000; Obour has 225,000 residents out of a target of 600,000; and New Beni Suef has 95,000 residents out of a targeted 558,000 (NUCA, 2019). The ratios between the actual and target population are similar in most of the new towns established since the formation of NUCA in 1979, through to the third generation of new communities (see Table 1) established by 2014; by 2018, on average only 30% of the targeted population lived in new cities (Egypt Social Progress Indicators, 2018).

Despite all the resources invested in these urban development projects, the government has failed to attract citizens to these new towns. One of the main reasons for this is the absence of adequate housing that fulfills criteria such as affordability, a location with access to employment, adequate transportation and other public services. A further impediment to attracting citizens is the prohibition on opening retail shops and services, resulting in the exclusion of "the vast micro and small informal business sector, which generates jobs for over 60% of urban Egypt" (Hegazy and Moustafa, 2013, p.7).

3.2 New Administrative Capital

In March 2015, the Egyptian government announced its plan to build a 'New Administrative Capital' (NAC) in an uninhibited desert land east of Cairo. The announcement was made at an economic investment conference in Sharm El-Sheikh. Officials stressed the investment opportunities available once Egypt starts building this modern mega city over a space of 170,000 feddans or 688 km² (Administrative Capital for Urban Development (ACUD), 2015). The project was said to have 21 residential districts with a 6.5 million person housing capacity, 1,250 mosques and churches, almost 2,000 schools and universities, over 600 medical facilities, 40,000 hotel rooms, an array of entertainment facilities, as well as a governmental neighborhood hosting 34 ministries, and new headquarters for the Parliament and a Presidential palace (ACUD, 2015). President Sisi more recently announced that the NAC would cost EGP 380 billion by the end of its seven year construction period (Egypt Independent, 2020a). Roughly 60,000 government employees will be relocated to the NAC, and all government buildings in Cairo will be vacated upon relocation to the new capital (Egypt Independent, 2020b). The NAC is part of the government's vision to reduce congestion in the old capital and induce economic growth (Sims, 2018).

The residential areas of phase one of the NAC are a mix of apartment buildings and villas, and should house 1.5 million of the total 6.5 million intended residents of the city. There have been no social housing units planned or built so far as part of phase one (ACUD, n.d.;2015; Sims, 2018).

General Ahmed Abidin, ACUD chairman, asserted that the NAC will feature housing units for "all social classes" and that only 35% of housing units will be luxurious compound units (ACUD, 2018, July 31). In the same interview, General Abidin suggested that a person with a monthly salary of EGP 8000 would be able to afford a modest residential unit in the new city (ACUD, 2018, July 31). However, according to the Central Agency for Public Mobilization and Statistics (CAPMAS), only 15.7% of Egyptian families spend more than EGP 4,200 per month in their total outgoings (CAPMAS, 2016). In other words, the majority of Egyptians will not afford to live in the new capital.

While Hassan Elmouelhi notes that "[t]he percentage of housing units offered by the NAC to lower income groups is not announced in any official press release or official webpage" (2019), the Ministry of Housing, Utilities and Urban Communities has announced the establishment of 'Capital Gardens', an extension of Badr City, 10 km from the NAC. Capital Gardens is intended to house low-income workers, including junior employees of the ministries relocating to the NAC. 30,000 housing units are expected to be built by the end of June 2021; the Prime Minister announced in 2020 that almost 50% of units have been completed. Some of these units will be allocated through the social housing scheme while others will be allocated through the ministries. The average value of these housing units is expected to be EGP 400,000. Of those allocated through the social housing scheme, applicants will have to pay 25% of the total unit value to reserve it, 5% of which upon allocation, 5% upon entering into a contract, and 15% upon receipt. The remainder of the unit is to be paid over 15 years in quarterly installments at a decreasing interest rate (Hassan, 2020).

Furthermore, according to Almal News, General Abidin stated that the NAC will not offer social housing units (Zaki, 2020).

The NAC is the latest in the series of desert mega projects that do not seem to guarantee access to affordable housing (Sadat, 1974; Sims, 2014).

3.3 The Indirect Cost of New Cities

The direct and indirect costs of the new urban communities in Egypt have been significant. The indirect costs have been high, especially that of the opportunity costs of allocating funds to real estate projects instead of more productive economic sectors (De Soto, 1997). The share of the mortgage financing sector in terms of total GDP was 10.5% for the fiscal year 2015-2016,[4] while the construction sector's share for the same year was 5.4%. The total share of the two sectors (15.9%) makes the real estate sector's share the second highest industry in terms of GDP, according to figures from the General Authority for Investment and Free Zones (GAFI) from 2017 (GAFI, 2017). These investments, which result in millions of uninhabited housing units, could instead go to more productive sectors of the economy.

The majority of all units in new cities are vacant, as previously stated. According to the CAPMAS 2006 census, vacant units in new cities accounted for an average of 58.6% of all residential units, reaching 75.3% and 70.3% in Sherouk and New Damietta respectively ("Statistics of Vacant units in Egypt", 2016). These uninhabited housing units can be explained by the pervasive phenomenon of speculative investment, in which the new middle classes and the rich purchase housing units with the anticipation of price appreciation. As speculative demand increases, so does the resale value of land and property, encouraging further speculative investment (Sims, 2012). This has led to the inflation of house prices, of which social housing units are not exempt, widening the gap between house prices and income. From 2007 to 2015, the price of the cheapest social housing units have been rising 14% per year, exceeding growth in income, which increased 1% per year between 2008/2009 and 2012/2013 (Shawkat, 2015).

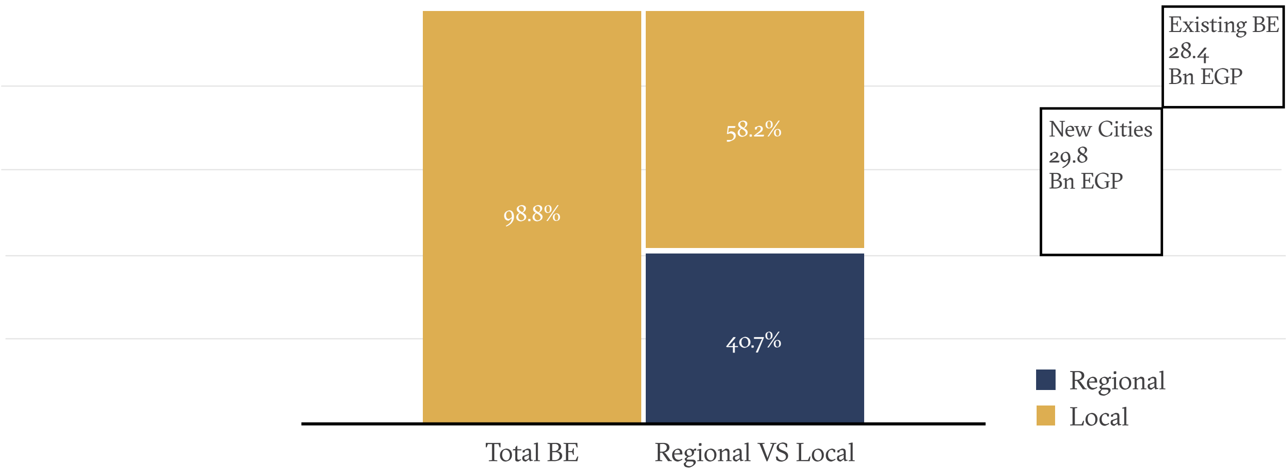
4 Egypt's fiscal year runs from 1 July to 30 June.

3.4 Distribution of Funds in Built Environment Budgets

In the fiscal year 2015-2016, the total built environment (BE) budget[5] was EGP 98.9 billion, EGP 40.7 billion of which were spent on projects with regional scope. These projects are railroads, power stations and regional highways. Of the remaining EGP 58.2 billion, the division between new cities and existing settlements is stark. While only 2% of the Egyptian population live in the 31 new cities, 52% of the EGP 58.2 billion went to these areas. The remainder of the country's settlements, where 98% of the population lives, received just 48% of this funding (see Figure 1).

Furthermore, 7% of the 2015-2016 built environment budget was directed to just two new cities: the NAC and New Alamein, with EGP 5 billion and EGP 2 billion respectively. As stated earlier, all available information on the new capital indicates that not even the cheapest housing options will be affordable for the majority of Egyptian households. New Alamein, a coastal city in Marsa Matrouh governorate, will feature touristic resorts, high-end skyscrapers and a presidential palace by the shore (NUCA, 2016, January 31; Shawkat & Khalil, 2016). The money spent on the NAC alone was only slightly less than the local investments in Cairo's built environment, (including water, transportation, sanitation and housing) which were EGP 5.8 billion, but also exceeded the EGP 4.8 billion total investments in wastewater infrastructure, as well as the EGP 2.7 billion total investments in drinking water plants across Egypt, both of which serve millions of households (Shawkat & Khalil, 2016).

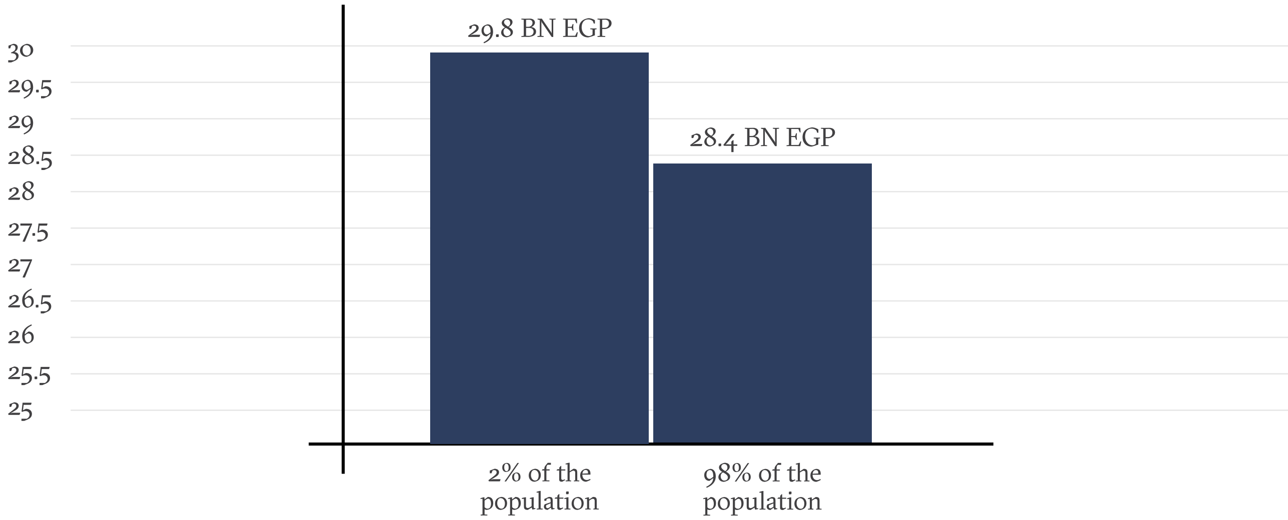
Figure (1): Total Government Spending on Built Environment in 2015-2016



Source: Adapted from Shawkat and Khalil (2016).

5 Due to availability of public data, the Built Environment Observatory initiative has chosen to use the six sectors of housing, urban development, drinking water, sanitation, electricity, and transportation, to make up the elements of the built environment. "Therefore, data compiled is consolidated to reflect information through six main sectors. Furthermore, the BE Budget categorizes public built environment spending according to both local spending on the sub-national governorate level to analyze spatial equality of public spending, as well as national spending for projects that cross sub-national borders such as national highways, rail-roads and electricity generation and networks. Another administrative distinction is made at the sub-national level particular to Egypt, which has dual local administrative structures. The first is the Existing Built Environment, composed of the mainstream municipalities that manage over 200 cities and 4,000 villages and where over 98 percent of Egyptians live. The second are the so-called new cities, composed of around 31 new urban settlements built in desert locations over the last four decades where 20 [are] active, one is a mega tourist resort, and nine are under construction" (Shawkat & Khalil, 2016). For more on methodology see the methodology section in the same source. See Shawkat and Khalil (2016) and Shawkat and Hendawy (2017) for the 2015-2016 and 2016-2017 built environment budgets analyses respectively.

Figure (2): Investments in Local Built Environment: New Cities Versus Existing Settlements

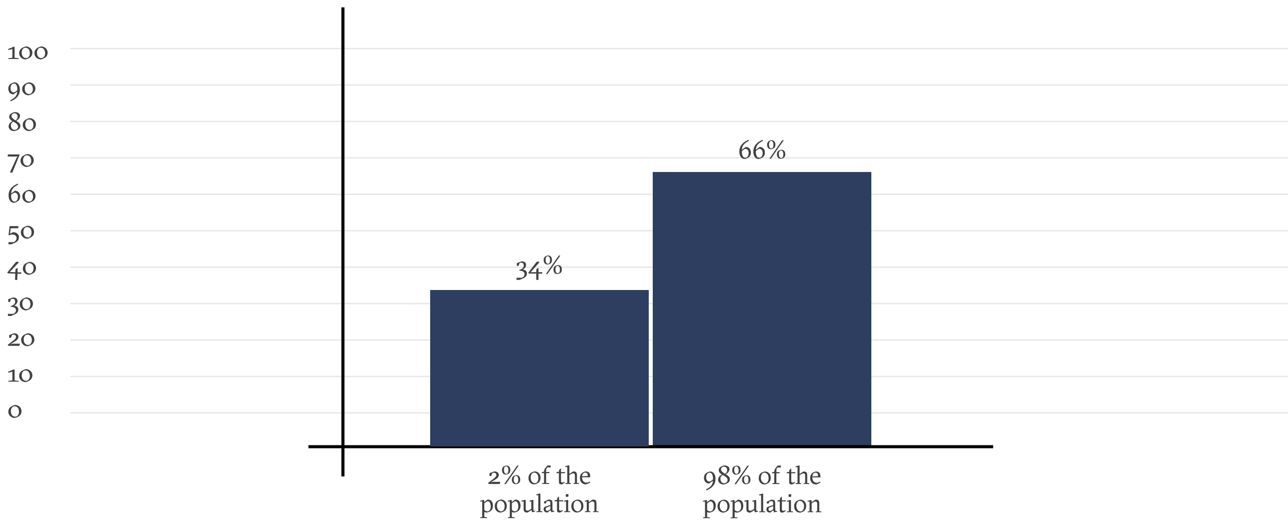


Source: Adapted from Shawkat and Khalil (2016).

In the fiscal year 2016-2017, the gap between new cities and existing settlements decreased slightly in comparison to the previous year, yet injustice has persisted. The total budget spent on projects at the local level in existing settlements and new cities was EGP 113.2 billion. EGP 74.3 billion was spent on existing built environments, while new cities received EGP 38.9 billion of the local built environment expenditure. While this marks a slight improvement in the proportionate distribution of expenditure between existing settlements and new cities, there is still a significant difference, as shown in Figure (3): 2% of the population receives 34% of the local built environment budget while 98% of the population receives 66%.

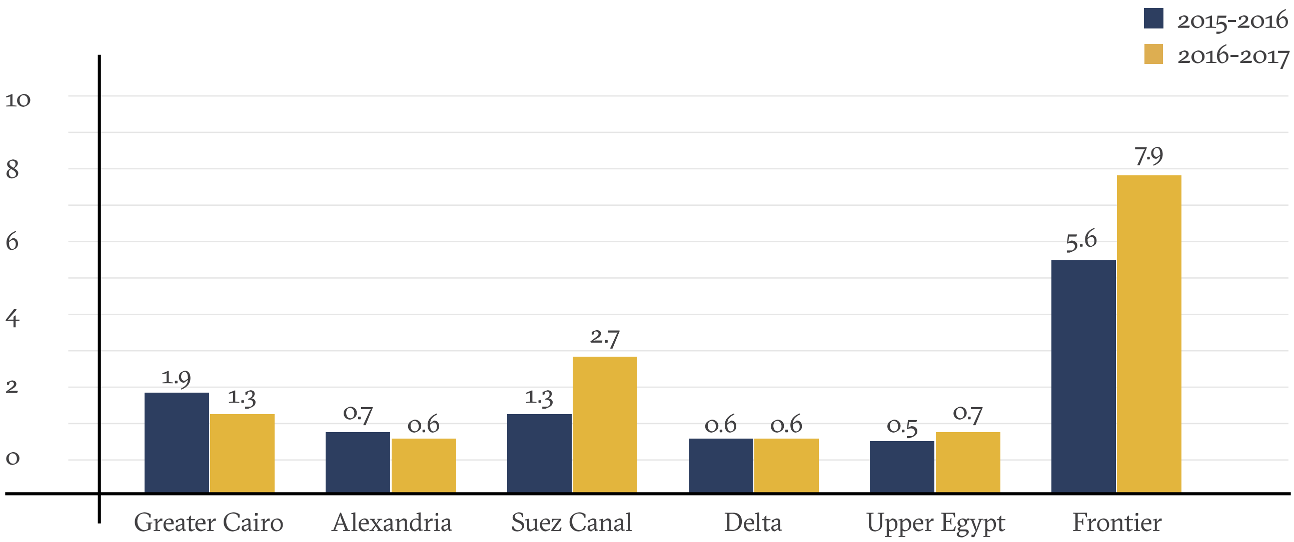
When it comes to the total BE expenditure per capita, in the fiscal year 2016-2017 it rose to EGP 2,036 in nominal terms and EGP 1,735 in real prices. New cities continued to have the biggest share of per capita expenditure in the 2016-2017 fiscal year figures, at EGP 16,916 in real prices, or about tenfold the national average. This marked a 9% increase over the previous year. On the other hand, expenditure per capita in existing towns and villages amounted to EGP 702. This marked an increase of 118% in comparison to the previous year.

Figure (3): Local Spending Ratio: New Cities versus the Existing Built Environment



Source: Adapted from Shawkat and Hendawy (2017).

Figure (4): Change in Spending to Population Ratio on Local Projects by Region



Source: Adapted from Shawkat and Hendawy (2017).

The distribution of funds from the built environment budget reveals stark disparities between different regions of Egypt. Despite the increase in spending, certain regions are favored over others, as shown in Figure (4). The spending-to-population ratio (SPR) is a ratio between the percentage of the built environment budget and the percentage of the population in a given region, where "equity/parity is 1.0, over-spending is more than 1.1 and deprivation is less than 0.9" (Shawkat and Hendawy, 2017). While Shawkat and Hendawy note that a SPR above 1.0 may be explained by exceptional circumstances such as disaster relief or a targeted attempt to improve conditions, the SPR "should not generally exceed a ratio of 2.0 to ensure equitable development." In the fiscal year 2016-2017, the SPR was eight times the population percentage in the Frontier region (Matruh, Wadi al-Gadid, Red Sea, North Sinai and South Sinai), while in the regions of the Delta, Upper Egypt and Alexandria, the SPR "remain less than the level of parity by about half" (Shawkat and Hendawy, 2017).

Furthermore, spending does not appear to be needs-based. Here, needs are defined according to 10 Tooba's Built Environment Deprivation Index (BEDI), which is designed to quantify deprivation in the built environment. The BEDI score is an average of six equally-weighted indicators: affordability, tenure security, durability, crowding, safe water and improved sanitation. These indicators measure the percentage of deprived households in each governorate according to the indicator's respective criteria. A high BEDI score reflects a high percentage of deprived households. When comparing the share of each region to their share of the total deprived population (spending-to-deprived-population ratio, or SPDR), the Frontier region reached 15.9 times parity, compared to just 0.6 in the regions of the Delta and Upper Egypt (Shawkat and Hendawy, 2017). The most deprived governorates are Gharbia, Daqahlia and Beheira in the Delta, and Fayoum, Assuit, Sohag, Qena and Minya in Upper Egypt, where the SPDR is 0.5 or less, whereas the highest SPDRs were all in the Frontier region, "ranging from 9.9 in North Sinai, to an extreme high of 52.5 in South Sinai" (Shawkat and Hendawy, 2017).

4. Public and Social Housing Schemes

Since the 1950s, several social housing projects have been implemented with the aim of providing working-class families access to housing. In 2014, the government resumed its plans to build one million social housing units under the Social Housing Project (SHP). The latest rounds of calls for applications for social housing have shown there are five main schemes: three for home ownership and two for rental.

1. Rental social housing project (two-bedroom apartments, 75 m²)

This NUCA scheme is for applicants in the EGP 1,000-1,450 income bracket, with no applications accepted from those with a monthly income above or below that range. The monthly rent for a two-bedroom apartment is EGP 300, with a 7% increase annually. A deposit of three months rent, plus EGP 3000 for utilities and maintenance, is required to occupy the apartment (ElNabaa, 2020).

2. Rental social housing project (three-bedroom apartment, 90 m²)

This is similar to the scheme above, but the monthly rent is EGP 400. In 2016, the government has delivered a total of 5,706 units in 11 governorates for both rental schemes.

3. Subsidized buying scheme (75-90 m²)

The scheme targets people in the EGP 1,500-4,500 income bracket for unmarried individuals and families with a maximum net income of EGP 6000 per month, with no applications accepted from citizens with a monthly income outside that range. The total cost of the units range from EGP 244,000 for the 75 m² apartment, and EGP 310,000 for the 90 m² unit in the regions of New October, May 15th, 10th of Ramadan, New Obour, Sadat, New Minya, New Mallawi, New Aswan, New Qena and New Sohag (Abdel Nasser, 2020).

When applying, a deposit of EGP 12,500 (75 m²) or 15,500 (90 m²) is required for proof of seriousness, in addition to a EGP 350 fee for administrative expenses. The down payment can be paid over the three-year waiting period to receive the unit, in quarterly fees of EGP 2100 for the smaller unit, or EGP 2400 for the larger unit, relieving the financial burden.

A subsidized mortgage, extending to up to 20 years, is paid in quarterly installments, at a depreciating interest rate of 7% (Hassan, 2020b). The subsidy offered ranges from EGP 5,000 to 60,000 and decreases with increasing income (Shawkat, 2020). The conditions for the remainder of the down payment differ depending on whether the applicant is employed or self-employed. This category constitutes most of the units offered under the Social Housing Project; in fiscal year 2016-2017 they represented 68% of the total units offered.

4. Unsubsidized buy scheme (75-95 square meters) (NUCA, 2018)

This scheme is open to all income brackets. The total cost of the apartment is EGP 165,000-250,000, depending on the unit's size. It can be paid for in cash outright, or with a 25% down payment with yearly instalments over three years.

5. Sakan Misr (Premium) (115 square meters) (NUCA, 2018)

This scheme is open to all income brackets. The total cost of the apartment is EGP 425,000-575,000, depending on size. It can be paid for in cash outright, or with a 20% down payment with quarterly instalments over five years, or with a subsidized 20-year mortgage at an 8-10.5% interest rate.

As Shawkat (2018) highlights, the subsidized Social Housing Project scheme is supposed to help poor and insecure households, but the reality is somewhat different. Applicants who are self-employed or pensioners have to pay more than twice the down payment in schemes which offer mortgages, in comparison to government employees and workers with formal contracts. The total upfront costs can be up to three times the annual income of the poorest self-employed and pensioner applicants, compared to 1.4 times that of the formally employed. While self-employed and semi-formally employed people constitute almost half if not more of the workforce, their share of the SHP units was a mere 19% in fiscal year 2017-2018 (CAPMAS, 2016;

Shawkat, 2018). Schemes which offer mortgages don't favor poor and insecure households: about 25% of applicants were refused mortgages from the banks because of other debts, due to a condition which stipulates that the total monthly installments should not exceed 40% of the applicant's monthly income (Al-Shami, 2017).

Additionally, most of these social housing units have not been delivered to applicants. Shawkat (2018) reports an average delivered-to-built ratio of 29% over the period of 2012-2018, with only 7 out of 27 governorates having a delivered-to-built ratio of over 80%. This is in part explained by the failure of the units to fulfill the needs of most households. Shawkat (2018) reports that, "in the end, the winning design produced just one design option for the entire nation; a series of housing blocks of two and three-bedroom units, ignoring local preferences of extended-family dwellings, or small serviced plots for self-build." Furthermore, there continues to be a shortage of 2.5 million units in housing for lower-income households (Government of Egypt, 2016), and demand is increasing due to both population growth and macroeconomic challenges. Despite increasing demand, there appears to be consistent underspending of the social housing budget, "[o]nly between 20% and 52% of its planned budget over three consecutiv financial years was spent" (Shawkat and Khalil, 2016). In the fiscal year 2016 to 2017, while EGP 65.1 billion of the built environment budget went to the Social Housing Project, the "Ministry of Finance has projected that only one third of the massive budget will be spent, meaning that the actual increase in spending will only be 18%, a far cry from the planned spending" (Shawkat, 2017).

The 90 m² units of the latest iteration of the subsidized buy scheme, as announced in October 2020, are more expensive than their counterparts released in 2018; Shawkat (2020) notes that the prices of these units rose by 35%, furthermore, the price of units may still increase by up to 10% during the three years before contracting. While the maximum subsidy offered has also increased from EGP 40,000 to EGP 60,000, the increase in price has not been matched by an increase in income. For those in the lowest income decile, the unit-price-to-income ratio has increased from 3.8 to 5.4 from FY 2018/2019 to FY 2019/2020 (Shawkat, 2020).

As part of its 2030 development agenda, the state has been building social housing units. Nonetheless, social housing programs have failed to satisfy this demand so far. Policy interventions are needed to guarantee that Egyptians who work in the informal economy are included in future social housing plans.

4.1 Upgrading 'Slums'

In 2016, the Egyptian government published its Slum Upgrade Plan, which originally aimed at abolishing all "unsafe slum areas" in the country by 2018 (Informal Settlements Development Fund [ISDF], n.d.).[6] One of the biggest projects under the Upgrade Plan is to relocate the inhabitants of the Maspero Triangle district in central Cairo to the new Asmarat housing project in Mokattam, on the outskirts of the city. The inhabitants of the Maspero Triangle were given several options, including buying new housing units in Asmarat, taking financial compensation and making their own housing decisions, and buying new houses in the Maspero Triangle after redevelopment (Mohie, 2018b). In an interview with Mada Masr, Khaled Siddiq, the executive director of the ISDF, said that the Maspero Triangle is currently owned by investors who have agreed to give the government "40% of their share in the land [in order] to widen the streets and to build new housing units for families who will return to the triangle after its development" (Mohie, 2018b). Siddiq argued that slum areas that have been judged to be unsafe, presumably including the Maspero Triangle, are the priority of the Slum Upgrade Plan. However, he emphasized that, after upgrading those areas, the ISDF is likely to start focusing on unplanned areas, and that the fund had already begun upgrading 12 unplanned areas.

There have been several human rights concerns raised about the government's approach to slum redevelopment (Amnesty, 2011). For instance, issues around forced evictions in the Maspero Triangle were brought up by housing activists (Khalil, 2018). UN Special Rapporteur Leilani Farha raised concern over the lack of consultation with residents in in-

6 The ISDF is under the supervision of the prime minister; its chief aim is to achieve social justice and protect citizens' rights to acquire safe housing, in addition to improving economic and living conditions.

formal areas, as well as the forced resettlement of residents of informal areas, as they were relocated far away from their workplaces and original residences (Mohie, 2018b).

Asmarat for example, is not only far away from some of its new residents' workplaces, but it also lacks amenities. Its few shops, outlets run by the Armed Forces and Ministry of Interior, are far from most of the residential blocks, and reportedly close early, leading some to commute to the markets in Mokattam. There's no hospital in the city, only a clinic "that is not equipped to provide urgent healthcare in case of emergencies" (Wahba, 2020).

Residents who once earned a living in the informal economy faced difficulties in the highly formalized and securitized Asmarat. There are no workshops, and the mechanism of public auction by which shops within Asmarat would be sold would not favor local residents. Engaging in informal economic practices is strictly prohibited. Transportation is exclusively offered by governorate buses, affecting those who once worked in the informal transport economy, and those selling goods from their home face eviction threats and raids by municipal employees. Those who attempted to organise food carts or vendors to sell commodities from nearby markets inside the city were also punished. The prohibition of food carts also removed the support system for those of limited mobility such as the elderly and disabled. The securitization has led some residents to describe Asmart as an "open-air prison", with restrictions including the prohibition of any social gatherings on the streets such as weddings, funerals, and Iftar in Ramadan (Wahba, 2020).

Apartments are also designed for families of two parents and two children, which doesn't reflect most families that relocated to Asmarat. Those who once lived in homes they built to accommodate their needs—and their extended families—now live in readily and identically furnished apartments, as nuclear families in separate units (Mohie, 2018a).

Aside from the implications on sources of income, relocation projects can also be more costly for those whose lives the projects aim to improve; one resident noted that life became more expensive upon relocating to Asmarat, citing utilities and transportation costs (Farouk, 2020), another cited the inadequate compensation for the demolition of his home (Mohie, 2018a). The monthly rent of Asmarat units is EGP 300. This relatively high rent has resulted in backlash from some members of Parliament, who have tried to demand that rents be lowered, as well as residents, some of whom organized protests and withheld their rent payments in 2018, while others incurred debt burdens. Living in Asmarat has its own precarity, as usufruct contracts for Asmarat units expire after the death of the head of the household, and many families have not received copies of their contracts (Mohie, 2018a).

The third phase of the Asmarat project was inaugurated in the summer of 2020; this phase includes 7,440 housing units (ElKhalfawy, 2020). The Governor of Aswan has also confirmed plans to model the Asmarat project to relocate those living in Aswan's informal areas, intending to house 15,000 people in the project's first phase (Abdel Fattah, 2020).

5. Conclusion

Egypt is a party to the International Covenant on Economic, Social and Cultural Rights, and is therefore obliged to guarantee the human right to adequate housing. However, investment in housing as a means to generate and store wealth is increasingly prioritized over the social use of housing units as homes, and concurrent government policies have exacerbated this problem. In order to provide more Egyptian households with access to affordable housing, the government needs to revisit and amend disparities in the distribution of its funds between existing and new communities and cities, investing more money into affordable housing such as social housing. Additionally, the government should attempt to address the challenges outlined in its 2030 vision by looking into ways to ensure that these new communities have the necessary infrastructure, support and affordable housing to attract different segments of society.

The government should also look into ways to address the increasing market prices that make housing prices unaffordable. One way to do this is to revisit its real estate taxes, for example, by improving the scope and application of the real estate capital gains tax. The real-estate capital gains tax needs to signal that quick capital gains will be taxed at a higher rate. The tax would therefore stabilize the rate at which the prices of real-estate increases. This should lead to more affordable housing for middle income households, especially if the taxes raised are earmarked and reinvested in affordable housing. The second potential outcome of this policy is an increase in the cost of speculative investment in real estate, making investment in other productive economic activities more attractive. The government could also introduce a rental tax penalty for closed non-primary homes that are not rented out. Through this policy, the owners of non-rented housing units would need to pay a portion of the rental value in the form of a tax. This policy would offer an economic incentive for owners of closed houses to put them in the rental market instead of keeping them closed, thereby driving prices down, or at the very least decreasing the exponential price increase which currently exists.

Furthermore, introducing good cause eviction can deter buyers who will push out tenants to flip properties (Barton, 2017). Rent stabilization laws can also be a good deterrent as "[w]hen rents are controlled, speculative profits tend to be reduced" (Bryant Jr. and McGee Jr., 1983).

In order to achieve spatial justice, the government should also involve the public in the decision-making process through the mechanism of participatory budgeting. Participatory budgeting was first implemented in Porto Alegre, Brazil, and is the process by which citizens engage in the preparation and evaluation of public budgets (World Bank, 2008). In the case of Porto Alegre, this took the form of citizens reviewing the investment plans of the previous year, discussing their demands for the coming year, and electing residents to represent each neighbourhood for subsequent deliberations. Among the successes of participatory budgeting in Porto Alegre are increases in tax revenue, children enrolled in public school, and percentage of households with access to water services and sewage systems (World Bank, 2003).

More research should be dedicated towards fine-tuning these options to ensure their applicability in the Egyptian context. It is time to focus on utilizing the state's scarce resources to develop the infrastructure and housing needs of the existing settlements in Egypt, where the vast majority of the population lives. Furthermore, urban development policies should be set within a policy framework that ensures greater participation by different sectors of the society and stakeholders, including citizens, state institutions, and investors, among others. If the government aims to achieve its 2030 sustainable development plan, embarking on a new policy course that seeks to address adequate housing needs is essential.

6. References

- 10 Tooba. (2016, September). BEDI Affordability Index. Retrieved from http://10tooba.org/bedi/en/affordability/

- Abdel Fattah, S. (2020). Like Asmarat..Utilizing the prime sites in investment projects in Aswan. ['ala ghirar al-asmarati.. istighlal al-mawaqe' al-mumayazat fa mashru'at istithmariat bi-aswan]. ElBalad. [In Arabic].

- Abdel Nasser, M. (2020). Reservation after 10 days .. Conditions and documents required to obtain social housing apartments. [al-hagz ba'd 10 'ayama.. al-shurut w-al-awraq al-matlubat l-il-husul 'ala shaqq al-iskan al-igtima'i]. Masrawy. [In Arabic].

- ACUD. (2015). Administrative Capital for Urban Development. Retrieved from http://www.acud.eg/

- AlMasryAlYoum. (2010, September 23). Government Reaches A Final Solution: Reclaim "Madinaty"'s' Land then Return it to Talaat Mustafa. AlMasryAlYoum. Retrieved from https://today.almasryalyoum.com/article2.aspx?ArticleID=270704&IssueID=1902

- Al Shami, I. (2017). Mai Abdel-Hamid to Al-Ahram Gate: Mortgage Finance Fund offers 10 billion as part of second tranche ... and inquiry of the ninth announcement begins on the first of January. [may 'abd al-hamid l-bawwabat al-ahram : 10 milyarat sharihat thanyt l-mubadarat al-markazi .. wa-ista'lam al-i'lan al-tasi 'awal yanayur]. Al-Ahram. [In Arabic].

- Barton, S. (2017). Benefits of Rent Stabilization: A Brief Overview. Oregon State Legislature. Retrieved from https://olis.leg.state.or.us/liz/2017R1/Downloads/CommitteeMeetingDocument/101065

- Bryant Jr., D., & McGee Jr., H. (1983). Gentrification and the Law: Combatting Urban Displacement. Urban Law Journal; Journal Of Urban And Contemporary Law, 25(1), 43-144. Retrieved from https://openscholarship.wustl.edu/cgi/viewcontent.cgi?article=1439&context=law_urbanlaw

- CAPMAS. (2016). Egypt 2015 Egypt - Household Income, Expenditure and Consumption Survey. Retrieved from http://geoportal.capmas.gov.eg/egygeoinfo/dashboard.html

- CAPMAS. (2018, September). Bulletin of Housing in Egypt 2016/2017. Retrieved from https://censusinfo.capmas.gov.eg/Metadata-ar-v4.2/index.php/catalog/1397/related_materials

- De Soto, H. (1997). DEAD CAPITAL AND THE POOR IN EGYPT. Retrieved from The Egyptian Center for Economic Studies website: http://www.eces.org.eg/MediaFiles/Uploaded_Files/%7B50FC1ABC-F724-4530-9AC4-D58B777DFDA6%7D_ECESDLS11e%20Appendices.pdf

- Egypt General Budget 2015-2016. (2015, June 30). Retrieved from http://www.mof.gov.eg/Arabic/%D8%B9%D9%86%D8%A7%D9%88%D9%8A%D9%86%20%D8%B1%D8%A6%D9%8A%D8%B3%D9%8A%D9%87/PE/Pages/budget15-16.aspx

- Egypt General Budget 2016-2017. (2016, June 30). Retrieved from http://www.mof.gov.eg/Arabic/%D8%B9%D9%86%D8%A7%D9%88%D9%8A%D9%86%20%D8%B1%D8%A6%D9%8A%D8%B3%D9%8A%D9%87/PE/Pages/budget16-17.aspx

- Egypt General Budget 2017-2018. (2017, June 30). Retrieved from http://www.mof.gov.eg/Arabic/%D8%B9%D9%86%D8%A7%D9%88%D9%8A%D9%86%20%D8%B1%D8%A6%D9%8A%D8%B3%D9%8A%D9%87/PE/Pages/budget17-18.aspx

- Egypt Independent. (2020a). New Administrative Capital costs LE380 billion over 7 years, says Sisi - Egypt Independent. Retrieved 14 November 2020, from https://egyptindependent.com/new-administrative-capital-costs-le380-billion-over-7-years-says-sisi/

- Egypt Independent. (2020b). All Cairo govt offices to be vacated upon relocation to New Capital, says PM - Egypt Independent. Retrieved 14 November 2020, from https://egyptindependent.com/all-cairo-govt-offices-to-be-vacated-upon-relocation-to-new-capital-says-pm/
- Egypt Social Progress Indicators. (2018, October). Urbanization. Retrieved from https://www.progressegypt.org/en/indicator.html#new-city-housing
- Elmouelhi, H. (2019). New Administrative Capital in Cairo: Power, Urban Development and Social Injustice -the Official Egyptian Model of Neoliberalism. In Neoliberal Urbanism. n. Pag. Retrieved from: https://www.academia.edu/39148426/New_administrative_Capital_Cairo_Power_Urban_Development_and_Social_Injustice_the_Official_Egyptian_Model_of_Neoliberalism
- ElKhalfawy, S. (2020). Video.. A tour of Asmarat city after President Sisi's inauguration of the third phase. [gawlat bi-madinat al-asmarat baed aiftitah al-rayiys al-Sisi l-il-nuskhat al-thalitha]. Youm7. [In Arabic].
- Elnabaa. (2020). Without a down payment .. Ministry of Housing offering apartments at 400 pounds per month. [bidun muqdimin.. tarh shaqq min wizarat al-iiskan ba-400 gunayh shuh-ryan]. [In Arabic].
- Farouk, M. (2020). Cautious hopes for slum dwellers relocated in Egypt housing project. Retrieved 9 November 2020, from https://www.reuters.com/article/us-egypt-cities-housing-feature-trfn-idUSKCN25A0DP
- Government of Egypt. (2016). Sustainable Development Strategy: Egypt's Vision 2030. Retrieved from http://planipolis.iiep.unesco.org/sites/planipolis/files/ressources/egypt_vision_2030.pdf
- GSF/SHF. (2017). Q1 Report on the Activities of the GSF and the SHF Until 30/6/2017 (No. Q1). Retrieved from GSF website: https://mff.gov.eg/wps/portal/!ut/p/z1/04_iUlDg4tKPAFJABjKBwtGPykssyoxPLMnMzovMoY_Qj4wyizdztDDzsDAx9PH3DTY1cDToDw42MnE3MHAzoQ_Hp8Dd2Vg_ihj9BjiAowEh_V6oCizCDCwMHEONgwzDPH2MDdzN9IMTi4CWRKEqMzAA6nYMDQposjAPMTDwNoNXgMUfYAV4HFqQGxpR6ZrpCQBZkXD6/dz/d5/L2dBISEvZ0FBIS9nQSEh/
- Hassan, A. (2020a). 10 Thousand social housing units in the administrative capital.. the implementation of another phase of the Egyptian housing project in Badr City for the ministry employees.. The average value of the unit is 400 thousand pounds.. and the installment period reaches 20 years. [10 alaf shaqat 'iskan igtama'a li-saghar al-muwazafin fe al-'asima al-idaria.. tanfidh marhalat 'ukhra min mashru' sakan misr bi-madinat badr li-mawzafa al-wazarat.. mutawasit qimat al-wahdat 400 'alf gunyh.. wa-fatrat al-taqsit tasil 'ila nahw 20 'aam]. Youm7. [In Arabic].
- Hassan, A. (2020b). Details of offering 125 thousand fully-furnished housing unites for low- and middle-income groups in 14 new cities. [tafasil tarh 125 alf wahdat sakaniat kamilat al-tashtib li-mahdudy wa-mutawasity al-dakhl b 14 madina gadida]. Youm7. [In Arabic].
- Hegazy, I., & Moustafa, W. (2013). Toward revitalization of new towns in Egypt case study: Sixth of October. International Journal Of Sustainable Built Environment, 2(1), 10-18. doi: 10.1016/j.ijsbe.2013.07.002
- Huna al-asmia talk show. (2017, October 15). Retrieved from https://www.youtube.com/watch?v=eLdADN7OvVA
- International Covenant on Economic, Social and Cultural Rights. (1966, December 16). Retrieved from https://www.ohchr.org/en/professionalinterest/pages/cescr.aspx Law 50 of 1979 on the Establishment of New Urban Communities. (1079, November 29). Retrieved from http://www.newcities.gov.eg/about/Laws/default.aspx
- Lefebre, H. (1968). The Right to the City. Paris: Anthropos.
- IMF. (1968). "Taxation of Capital Gains in Developing Countries". In IMF Staff papers : Volume 15 No. 2. USA: INTERNATIONAL MONETARY FUND. doi: https://doi org/10.5089/9781451947267.024
- Madden, D. J., & Marcuse, P. (2016). In Defense of Housing: The Politics of Crisis Retrieved from https://books.google.com.eg/books?id=F9bdsgEACAAJ

- Mohie, M. (2018a). Asmarat: The state's model housing for former 'slum' residents. Retrieved 15 November 2020, from https://madamasr.com/en/2018/06/18/feature/politics/asmarat-the-states-model-housing-for-former-slum-residents/
- Mohie, M. (2018b). Interview: On developing the Maspero Triangle and the future of the Asmarat housing project. Retrieved 10 November 2020, from https://mada26.appspot.com/madamasr.com/en/2018/08/04/feature/politics/interview-on-justice-in-the-development-of-the-maspero-triangle-and-the-future-of-the-asmarat-housing-project/
- NUCA. (2016). Promotional video of New Alamein City. Retrieved from https://www.youtube.com/watch?v=qTt4BIVUATs
- NUCA. (2019a, May). New Cities. Retrieved from http://www.newcities.gov.eg/know_cities/default.aspx
- NUCA. (2019b, May). NUCA's Achievements. Retrieved from http://www.newcities.gov.eg/about/engazat/default.aspx
- OHCHR, & UN Habitat. (2009). The Right to Adequate Housing (No. Fact Sheet No. 21 (Rev.1)). Retrieved from United Nations website: https://www.ohchr.org/Documents/Publications/FS21_rev_1_Housing_en.pdf
- Sadat, M. A. (1974, October). October Paper. Retrieved from https://search.mandumah.com/Record/391960
- Sayed, M. (2018, February 14). Head of MFF Speaks to AlBawabaNews. albawabhnews Retrieved from https://www.albawabhnews.com/2945660
- Shawkat, Y. (2015). Egypt's Deregulated Property Market: A Crisis of Affordability. Retrieved 6 November 2020, from https://www.mei.edu/publications/egypts-deregulated-property-market-crisis-affordability
- Shawkat, Y. (2017). The Built Environment Budget 2016/2017 | Part II: Spatial Justice by Sector. Retrieved from The Built Environment Observatory website: The Built Environment Budget 2016/2017 | Part II: Spatial Justice by Sector | Built Environment Observatory
- Shawkat, Y. (2018, May 28). A million units for whom? Six facts about the Social Housing Project. Retrieved from The Built Environment Observatory website: http://marsadomran.info/en/facts_budgets/2018/05/1543/
- Shawkat, Y. (2020). Social housing project - the fourteenth announcement: advantages and disadvantages. [al'i'elan al-rrabie eshr: mazayaan wa-'euyub]. [In Arabic]. Retrieved from The Built Environment Observatory website: http://marsadomran.info/facts_budgets/2020/11/2063/
- Shawkat, Y., & Hendawy, M. (2017). The Built Environment Budget 16/17 | Part I: An Overview of Spatial Justice (No. 1). Retrieved from The Built Environment Observatory website: http://marsadomran.info/en/policy_analysis/2017/05/800/#6_methodology
- Shawkat, Y., & Khalil, A. (2016). The Built Environment Budget 15/16 | An Analysis of Spatial Justice in Egypt. Retrieved from The Built Environment Observatory website: http://marsadomran.info/en/policy_analysis/2016/11/589/
- Sims, D. (2012). Understanding Cairo. Cairo: The American University in Cairo Press.
- Sims, D. (2014). Egypt's Desert Dreams: Development or Disaster? Cairo: AUC Press.
- Sims, D. (2017). The New Administrative Capital. In Egypt's Desert Dreams: Development or Disaster. AUC Press.
- Statistics of Vacant units in Egypt. (2016). Retrieved 5 November 2020, from http://marsadomran.info/en/facts_budgets/2016/11/507/#_ednref2
- Wahba, D. (2020). Urban Rights and Local Politics in Egypt: The Case of the Maspero Triangle. Retrieved 14 November 2020, from https://www.arab-reform.net/publication/urban-rights-and-local-politics-in-egypt-the-case-of-the-maspero-triangle/

- World Bank. (2003). Case Study 2 - Porto Alegre, Brazil : Participatory Approaches in Budgeting and Public Expenditure Management. Social Development Notes; No. 71. Washington, DC. © World Bank. https://openknowledge.worldbank.org/handle/10986/11309 License: CC BY 3.0 IGO

- World Bank. (2006). Egypt Public Land Management Strategy : Volume 1. Policy Note (No. Volume 1). Cairo: World Bank.

- World Bank. (2008). Brazil: Toward a More Inclusive and Effective Participatory Budget in Porto Alegre, Volume 1. Main Report. Washington, DC. © World Bank. https://openknowledge.worldbank.org/handle/10986/8042 License: CC BY 3.0 IGO

- Zaki, M. (2020). Companies of the new capital prepare to raise unit prices. [sharikat al-asimat al-gadidat tata'ahab lirafa'a sear alwahadati]. AlMal News. [In Arabic].