

THAILAND

NATIONAL REPORT

FOR

HABITAT II

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INTRODUCTION TO THAILAND

1. Population and Demographic Characteristic

Thailand is located in the heart of mainland Southeast Asia with land area of 518,000 square kilometres. In 1990 which is the latest census total population in Thailand is approximately 54,532,000 of which 27,031,000 are males and 27,501,000 are females. The annual growth rate of population between the 1980 and the 1990 Population and Housing Census is 1.98 percent. The comparisons of the population among regions shows that there are 14 provinces having population of more than 1 million of which 8 provinces were in the Northeast, which is the largest region in term of population. Approximately 34.9 percent of total population or about 19.0 million people resided in the Northeast, 22.1 percent or 12.1 million in the Central Plains (excluding the Bangkok Metropolis), and 10.6 million or 19.4 percent and 7.0 million or 12.8 percent resided in the North and in the South respectively. According to Civil Registration Office population in 1995 is 59,095,419 million, and growth rate in Bangkok is declining while the regional cities are growing.

In comparisons of the population among 73 provinces, shows that Bangkok Metropolis had the highest number of population of about 5.9 million. Another 13 provinces having population more than 1 million could be ranked as follows: Nakhon Ratchasima 2.4 million, Ubon Ratchathani 1.9 million, Udon Thani 1.8 million, Khon Kaen 1.6 million, followed by Chiang Mai, Buri Rum, Nakhon Si Thammarat, Si Sa Ket, Surin, Chiang Rai, Roi Et, Songkla, and Nakhon Sawan. It is noted that there is much difference in total population between the two largest provinces.

The distribution of population was much different among each province. The Bangkok Metropolis had the highest number of population of about 5.9 million while Ranong had

the lowest population of about 116,000 persons. There were 5 provinces having population less than 200,000 persons which could be ranked in ascending order as follows; Ranong, Mae Hong Son, Trat, Phuket and Samut Songkhram respectively.

Those residing in non-municipal areas were found much more numerous than in municipal areas. About 81.3 percent of the total population or 44.3 million resided in non-municipal areas while approximately 10.2 million or 18.7 percent resided in municipal areas. Among the population that resided in municipal areas, 5.9 million were in the Bangkok Metropolis. Another 4 provinces which had more population in municipal areas than the rest were Nakhon Ratchasima (about 278,000 persons), Songkla (about 243,000 persons), Nonthaburi (233,000) and Khon Kaen (206,000). The percentage of the population residing in the municipal areas between the 1980 and 1990 censuses as compare to the non-municipal areas, shows the increasing from 17.0 to 18.7 percent for the former, and the decreasing from 83.0 to 81.3 percent for the latter.

In considering the density by province, we found that the most densely populated province was the Bangkok Metropolis with 3,754.2 persons per square kilometer, followed by Nonthaburi, Samut Prakan and Samut Songkhram with a density of 924.0, 760.9 and 460.8 persons per square kilometer respectively. Mae Hong Son was the last densely populated province with a density of 12.5 persons per square kilometer.

Bangkok Metropolis covers an area of 1,565 square kilometers, and its five regional cities Nonthaburi, Pathum Thani, Samut Prakan, Samut Sakhon, and Nakhon Pathom cover total area of 6,192 square kilometers among which 1,157 square kilometers are urban areas and 5,035 square metres are rural areas. In 1990, total population is 5,876,000 persons in Bangkok Metropolis, 575,000 persons in Nonthaburi, 411,000 persons in Pathum Thani, 770,000 persons in Samut Prakan, 321,000 persons in Samut Sakhon, and 629,000 persons in Nakhon Pathom. Among 24 districts in Bangkok Metropolis, the most populated districts are Phra Khanong, Phaya Thai and Dusit respectively. Comparing with other

provinces, Bangkok Metropolis has highest population density about 3,754 persons per 1 square kilometer. The district with highest density are Pom Prap Sattru Phai. The highest proportion of population of Bangkok Metropolis is in the age group of 20-24 years. The population increase in Bangkok Metropolis resulted from the natural increase and partly from the in-migration. According to 1990 census, approximately 69.07% of population were born in Bangkok Metropolis, 28.15% were born in other provinces, and the rest were born in foreign countries. The 1975-1980 immigration data reveal that about 9.42% of population migrated from other provinces, the majority of which were from Central and Northeast of Thailand.

The literacy rate of Bangkok population was 92.67%. The percentage of persons who attained higher education than the elementary level was 39.41%. With regard to economic activity, 56.34% of population in labor force were considered economically active, and the occupational group of craftsmen, production workers and laborers were accounted for the highest percentage approximately 29.3%.

Thai government has several attempts to contain Bangkok population under 6 million by promoting urban growth outside Bangkok Metropolis in regional and secondary cities and eastern seaboard provinces.

2. Household and Average Size of Household

The number of households in 1994 is 13,997,449 with the average size of 4.2 persons. It will be seen that there had been an increase in the total number of households from 8,460,000 in 1980 to 13,997,449 in 1994 or by 65.4 percent, but a decreasing in the average size of households from 5.2 in 1980 to 4.4 in 1990 and 4.2 in 1994. These changes occurred in every region of Thailand. It is also evident that the average size of household was highest in the Northeast, about 5. In other regions; the North, the Central Plains (excluding the Bangkok Metropolis) and the South, the average size of households

ranged between 3.7 and 4.5 persons. The Bangkok Metropolis, as compared to other provinces, was not only the largest province in term of population but also in term of the number of households, of 1,562,110. The average size of household for the Bangkok Metropolis was about 3.6 persons. It is found that Ranong has the lowest number in both population and households.

3. Housing Demands in the BMR

The Sixth National Plan (1987-92), which was prepared by the National Economic and Social Development Board (NESDB) and included housing policy, predicted that the housing demand in the BMR would be approximately 250,000 units or on average 50,000 unit/year.

For the Seventh National Plan (1992-96), the working team for housing demand of the Housing Policy Sub-Committee expected that the number of households will increase by 369,321 and the housing needs will be 376,520 units in the BMR. 301,304 units or approximately 82% out of the increased households will require new houses, while the remaining 75,216 units will be constructed to replace houses which were damaged by fire or demolished due to the government's development projects. They also estimated that the housing needs in regional cities will be 750,000 units and the needs of the Eastern Seaboard area will be 43,766 in the same period. However, real housing demand depends not only on population growth but other various factors, such as a household's income and savings, conditions of housing loans, the trends in housing supply and so forth. The real number of housing units registered in 1992 is 1,009,156 units, in 1993 is 607,062 units and 1994 is 661,282 units. The increasing housing supply is 100% more than forecasted housing demand due to the economic growth in 1992 at its peak of 13% and now declining to normal growth rate of 8%. The housing demand for the Eight National Plan (1997-2001) as calculated from new households, housing withdrawals, and temporary shelters, are approximately 1,500,000 units, among which 527,295 units will be in BMR.

4. Urbanization and Urban Problem

From the latest census in 1990, urbanization level in Thailand is only 18.7% which has been slightly increased from 17% in 1980 census. Urbanization in Thailand is very low comparing to the urbanization levels of many Asian countries, at comparable levels of economic development, such as Malaysia, Indonesia and the Philippines where urbanization levels are 29%, 20% and 36% respectively. During ten years from 1970 to 1980, the level of urbanization has increased only 4%. This phenomena is partially caused by a consistent effort of Thai government to develop rural areas and to promote agricultural sector as well as industrial development. During the 1970s the agricultural sector expanded production by bringing more land into cultivation and absorbing labor that would otherwise have migrated to find urban jobs. By the beginning of the 1980s one half of the total area of Thailand was under cultivation. In the future, however, agricultural growth is expected through the use of modern technology, and surplus labor will be expected to migrate to urban areas. Therefore, the government is promoting agro-industries in regional cities to slow down rural-urban migration to Bangkok Metropolis.

Thailand has many intermediate cities, but the size gap between the largest and second largest cities is enormous. Bangkok is 35 times larger than Chiangmai the second largest city. The dominant size of Bangkok will continue in the future. Since 1947 when urban population was 9.9 percent of the total population and 45 percent of urban population lived in Bangkok, Bangkok's share has increased to 65 percent in 1980 and decreased to 57.5 percent in 1990. Bangkok's population growth has been very high to 5.3 percent in 1975 and declined to 3 percent during 1975-1980 due to decreasing population growth trend of the country to 2.3 percent for the period between 1975-1980 and to 1.98 percent for the period between 1981-1990. However, Bangkok Metropolis and all major cities in Thailand are still growing and are more or less faced with 3 problem areas.

First, the difficulties and cost of providing adequate infrastructure and other public services, especially in areas of rapid urban growth.

Second, the lack of effective land management leading to residential expansion outstripping and impeding the provision of public infrastructure, neighbourhood amenities, and open spaces.

Third, the insufficient supply of adequate low-cost dwelling units and the paucity of neighbourhood services. The quantity of housing in relation to the anticipated growth of the urban population, as well as the quality of the housing, have become important issues.

Thailand, like all countries with continuing urban growth, has tried to limit the growth of metropolitan areas by promoting growth of secondary cities and by developing a "corridor" of urban growth and economic base along the eastern seaboard provinces which is fairly close to the metropolis in order to take advantage of its market and to contain Bangkok population under 6 million since the Sixth Plan.

SHELTER SECTOR PERFORMANCE INDICATORS

1. Price Indicators

Thailand, especially the GBMA, has witnessed a formalization in its housing sector, the transition from informal to formal housing dominance over the past decade. Before that, there were two types of housing, either basic slum accommodation in the majority or a few expensive and exclusive accommodation for high income people, like other developing countries. Until the mid-1980's, much of the residential land development of Bangkok was low-density, with shop-houses and house buildings rarely exceeding five stories in height.

A study entitled "The Land and Housing Market of Bangkok" (PADCO/NHA), 1987) revealed that private developers had begun to supply medium-cost housing from around 1986. These houses were 1 or 2 story row-houses and major unit prices ranged from 150,000 to 250,000 Baht and were affordable for people whose incomes were over the 55th percentile. This study asserted that Bangkok private developers had actively entered the "down market". The study also showed that there were not only slums and public housing but a lot of housing alternative for low-income and/or middle-income households in Bangkok. These were illegal but quite cheap land sub-division projects, low cost rental apartments that were run by the private sector and low cost condominiums. Remarkable Thai economic growth in the past several years greatly contributed to the housing formalization in general. However, the variety of low cost housing in Bangkok has suppressed the growth of informal settlements, namely slum housing, that might have resulted from a continuous influx from the countryside, if these alternatives had not been available since the 1980's.

Another study, "Bangkok Land and Housing Market Assessment" (PADCO/LIF, 1990), estimated the number of housing stock in the GBMA by types. The figures of 1974 and 1984 came from the National Housing Authority (NHA) Aerial Photographic Surveys, and as for the numbers of 1988, the study team revised those of the NHA Aerial Photographic Survey of 1990 using building permit information. The share of slum housing in the housing stock has decreased from 23.8% in 1974 to 13.0% in 1988, while Large-scale Developer-built stock has significantly increased from 3.5% to 20.6%. Indeed, private housing developers have played a great role in housing formalization in the GBMA.

In spite of the housing formalization, the absolute number of households living in slum communities has continued to increase gradually. A survey of slums conducted by the Bangkok Metropolitan Administration (BMA) in 1990 found 981 slums communities, accounting for 212,753 households. Once combined with 410 slums containing 51,171 households in the three neighboring provinces, that are surveyed by the BMA, in the

GBMA, there were in total 1,391 slum communities numbering 263,924 households-that implies a population of approximately 1.25 million in 1990. It is reported that newly emerged slums tend to be small scale (in terms of the number of households) and located under bridges. Hence, this informal settlement is still one of the significant issues on housing and human settlements in the metropolitan area.

One of the latest topics in the Thai housing market is the fact that houses for low income people are still in short supply although low cost housing has been over-supplied. Private developers have put numerous houses on the market in recent years, many of which are inexpensive. The price of this low cost housing was approximately 200,000 Baht in the mid-1980's and less than 400,000 Baht in the early 1990's. Types of these low cost housing have changed from row-houses to condominiums owing to the land price increase at the end of the 1980's. In theory, middle income people (whose household income decile is the fourth to seventh), in some cases even low-income groups within the third decile group, can afford to buy these low cost housing units partly thanks to household income increases. However, having stronger purchasing power than others, of course, high and upper-middle income groups can easily buy these inexpensive houses. Needless to say, all private developers welcome wealthy people who wish to buy their houses, hoping to sell several housing units to one customer. As a result, some low income people are crowded out from the affordable housing in accordance with market principle. Some houses that were bought by high or upper-middle groups now are offered in the rental housing market with moderate rents. Some of those houses will reach the second-hand housing market for re-sale.

In 1991, the housing market was in a doldrums, making the housing price remain steady. The housing advertisements in newspapers indicated that low-price condominiums with 25 to 30 m² at the outskirts of the city were priced between 250,000-350,000 Baht/unit, townhouse with 16-20 square wah of land cost about 750,000-900,000 Baht and those with

20 square wah were over 1 million Baht, while most single houses were priced 1.5 million Baht and up.

Based on the GHB's study of various classes of low cost housing, it indicated that the price of housing projects launched in early 1991 and 1992 especially townhouses and single houses located at the outskirts in the GBMA, increased about 8-9%, whereas low-price condominiums increased higher than other housing. The condominium with 25 to 35 m² had an average cost of 302,000 Baht in 1991, while in 1992, it cost about 355,000, which represents 17.55% up. There happened a harsh competition among developers in form of various advertisements and sale promotions.

2. Quantity Indicators

Trends in general housing development may be judged from the floor areas authorized for the construction of houses in the municipalities nationwide. The area, in total, has been increasing from 1987 until 1990, when it reached a peak of 20.34 million m², with an average increase of 39% per year. In 1991 the trend apparently slowed down, as can be seen, only 19.88 million m² were approved for housing construction representing a decrease of 2.4%. The area further decreased to 18.8 million m² in 1992. These decrease can be attributed to a result of political unrest in 1991 and 1992. In 1993, recovering political and social stability, the figure hit a new record with 21.55 million m².

Another group of statistics indicates the trends in general housing development. In 1991, there were 142,358 sub-divided land plots nationwide permitted for land sub-division projects by the Department of Land. This represented an 11.3% decrease from 1990, the first ever decrease from a continual high growth rate over the past 4-5 years. The number of sub-divided land plots was 101,222 in 1989, 160,519 in 1990, almost half of these were in Bangkok. The land sub-division projects became inactive, especially in Bangkok.

showing 137,381 plots in 1992 and an expected 125,361 in 1993 nationwide. This decline is due to the fact that the housing market was in the doldrums and the developers preferred condominium projects that do not require such development standards.

According to a report of the Government Housing Bank (GHB), which is based on the number of newly registered houses at the Department of Local Administration (DoLA), it is said that 432,858 housing units or 86,572 units/year in the GBMA have been constructed during the Sixth National Plan. The number is higher than housing needs by 73.0% as the growth rate of housing at that time was very high, which by annual compound growth rate was 24.9%. This successful achievement can be attributed to various supporting factors, such as the continuous economic expansion that enables people to gain more income and buying power, liquidity of the monetary system, low interest on loans and the private sector's participation in constructing inexpensive housing.

In 1991, the last year of the Sixth National Plan, the housing units dramatically increased, amounting to 129,688 units or a 26.7% increase compared to the year before. In 1992, 108,001 units were registered, which seems to be a slow-down for the first time, however the following year it increased to 119,611 units.

Among the registered housing units at the DoLA, the category of flat/condominium has rapidly increased its share from only 3% in 1987 to 34.9% in 1993. Contrarily, the share of detached houses has gradually decreased from 65% to 32% over the same period. In the past two years, flat/condominium, detached house and town-house/tow-house more-or-less equally divided the GBMA housing market. Trends of registered housing units by housing category imply that flat/condominiums will become the major housing type in this area in the near future.

Another statistic assures that this trend of increasing condominiums can be witnessed across the country. With the mushrooming of condominium construction since 1987,

numerous projects have been completed and registered at the Department of Land. According to the department, in 1992, there were 369 condominium projects accounting for 71,293 units, a 40% increase, among which 33,316 units or 42% were condominiums registered in Bangkok. In 1993, the number of registered condominiums declined, in particular outside of Bangkok with a 32% decrease. In spite of the decrease in 1993, the average condominium expansion rate has been 205% per year for the past 7 years since 1988 as a result of continuous construction.

3. Quality Indicators

1) Floor Area Per Person

The minimum floor area in urban housing in Thailand according to NHA standard is 32 sq.metres per unit, with a range from 8 to 16 sq.metres per person. Floor area per person in high income housing may vary from 16 to 50 sq.metres. Notwithstanding these patterns, floor area is effected by land prices and construction costs. Condominium projects in prime area may have less floor area per person than housing projects for the same income level.

2) Permanent Structures

The latest reported proportion of dwellings in structures built of permanent building materials in the Housing Census 1990 is 90 percent, presumably that local materials and reused materials are unpermanent. Regional variation reflects income differences, such as Northern Region use more of local materials and reused material than other regions.

3) Authorized Housing

In Thailand, it is hard to identify authorized housing in the same standard of other countries because squatter houses are also registered by local authorities. However, if housing is slums and squatters are considered to be unauthorized, there are nearly 20 percent by such unauthorized housing in BMR.

4. The Housing Credit Portfolio

As of June 30, 1993, personal housing loan outstanding in the financial institutions reached 280,227 million Baht with 628,645 loans. The commercial bank sector maintained the largest market share of 68.1%. Meanwhile the GHB, compared to any single institution, constituted the greatest share with outstanding housing loans of 57,247 million Baht or 20.4% of the total, numbering 157,809 loans. Finance corporations have 7.5% share and the NHA has 2.3% of the total. The outstanding at year end increased from 149,012 million Baht in 1987 to 242,768 million Baht in 1992, this means that personal housing loans increased 27.8% annually.

In 1991, the falling and tightening liquidity of commercial banks brought about heavy fund mobilization, resulting in high interest rates on deposits since the beginning of the year. The high demand for credit has many times driven the loan higher and under fluctuation throughout year of 1991 with Minimum Lending Rate or MLR at 16.25-16.50% per year by the beginning of 1991. Later, the interest rate was eased in line with financial liquidity backed by recovering political and economic stability.

The interest rate of housing loan amounting to less than 750,000 Baht will be charged at the same rate as that of MLR. The interest rate of housing loans of more than 750,000 Baht will be charged at the general lending rate which is higher than the MLR by about 1-2%. The interest rate of the GHB's loan for housing worth over 150,000 Baht increased to 15.5% in 1991 and the rate decreased to 13.75% in 1992 and 11.5% in 1993.

From June 1, 1992 onwards, the Bank of Thailand has abrogated the ceiling of loan interest rate earlier set at 19.0%, thus liberalizing the commercial banks to fix their interest rate both of deposit and loan in line with their financial status. In addition, it has also abrogated the interest rate of housing loan for low-income earners (amounting below 750,000 Baht) which provides loans below the MLR rate, resulting in the raise of housing

loan interest rates about 1.0-3.0% which the low-income earners have to shoulder. The Bank of Thailand also has adopted "Bank of International Settlement (BIS)" rules, under which housing loans outstanding are to be regarded as 50% risk-assets as of January 1993. This further enhances the attractiveness of housing loan lending for commercial banks.

5. The Land Development Multiplier

During the construction boom at the end of the 1980's, the land price dramatically increased and became a major factor that affects housing construction. The land price increase is not limited only to the GBMA but also in new industrialized zones and regional cities nationwide. In some areas, the land price has sharply increased to two to threefold in just one year due to high demand for use and land-purchase for speculation. The increase in land price makes housing construction costs high as well as affecting the development of housing i.e. single and semi-detached houses which need larger plots of land have declined while townhouses and condominiums have increased.

In 1991, land purchase eased off tremendously with its price being steady and declined in many areas due to economic and investment slowdown. The Bank of Thailand instructed the commercial banks to toughen their measures for extending loan for land purchase. Also, the high interest rates resulted in the decrease of land purchase for speculation from the third quarter of 1990 to late 1991, as can be seen from the land purchase record nationwide. It was estimated that the total land purchase in 1990 climbed to 875,456 units worth 366,328 million Baht, whereas land purchase in 1991 represented 646,536 units worth 260,336 million Baht, declining about 26.2% in units and 28.9% in value.

The high price of land in 1988-91, though remaining steady in 1992-93, greatly affected the cost of housing and the growth of condominium as well as townhouses in place of single houses to meet the demands of people with middle and low income. The revision

of land appraisal in the GBMA and major cities nationwide in early 1992 resulted in the high price of land and the change in land utilization. It also resulted in a higher cost of housing development as the developers had to pay higher transfer fees. In the first half of 1992, the land purchase for new projects gradually decreased as many developers still possessed many *rai* of land earlier purchased. The somber situation of land purchase was expected to remain throughout 1992. In 1993, the land purchase trends was bright again due to a good atmosphere of investment, thus resulting in a slightly higher price of land.

6. Infrastructure Expenditures Per Capita

In 1993, private investment expenditure (at 1988 prices) continued to recover from the end of last year, expanding at a rate of 5.9 percent compared with 0.6 percent in the previous year. This year's performance was driven by investment in medium-and small-scale projects and by the upturn in construction activity, especially housing. The pick-up in investment was stimulated by the reduction in interest rate and the Government's policy to promote medium-and small-scale investment projects, particularly in economic Zone 3. Implementation of large-scale investment projects was slower than anticipated, especially the ten government-concessioned projects which invested only 54 percent of the amount planned at the beginning of the year. The factors responsible for the slow growth in investment of large projects were the decline in foreign direct investment and excess capacity in many key sectors such as construction materials and beverages.

As for investment component in 1993, investment in **machinery and equipment** increased to 5.7 percent from 3.6 percent last year. Imports of capital goods rose by 19.2 percent, mostly consisting of electrical machinery and parts, especially telephone and electronic equipment, and machinery used in industries such as metal, pulp and food processing. Investment in **construction** grew by 6.2 percent, compared with a decline of

3.1 percent last year. The increase was largely in housing construction, in both Bangkok Metropolis and the provincial areas.

Inventory investment (at 1988 prices) was valued at B15.3 billion, up from last year, due mainly to the recovery in domestic expenditure. Stocks of manufactured products rose while stocks of some agricultural products such as maize, cassava, and sugar declined, owing to the decline in output during the year.

ALTERNATIVE SOLUTION FOR THE URBAN POOR

In the past 20 years (1976-1994), the National Housing Authority (NHA) had totally constructed 118,836 housing units for people of all income levels. Bangkok Metropolis occupied 84,153 units or 71% of its total production while 36,620 units or another 29% were in the provincial areas. The mentioned number of units constructed by the NHA had been reponed to the needs of people of all income levels, particularly, the low and middle income groups and government officials. These housing productions had been constructed in regard to Government's policy and intended to sufficiently serve the mentioned groups which then commanded the largest proportion of the population.

Each strategy for the urban poor has its own advantages and disadvantages. Therefore, alternative solutions are always introduced to replace the old ones. NHA experiences in three consecutive strategies; walk-up flats, slum upgrading projects, and sites and services projects were evaluated and many disadvantages were discovered.

1. Walk-up Flats

The high-rise building strategy was adopted by Thai Government before the establishment of NHA when public housing projects were implemented by Public Housing Division and

Office of Welfare Housing under Department of Public Welfare, Ministry of Interior. This strategy was partly an adoption of Singapore and Hong Kong prototypes and an adoption of concept to replace slums and squatters by high-rise buildings.

After the establishment of NHA, the high-rise buildings strategy was partly a continuation of plans from the previous housing agencies. NHA has completed 20,990 units of five storeys walk-up flats for rent and 17,788 units of high-rise, eight to twelve storeys for hire-purchase. According to several evaluation reports, flats have several disadvantages which can not solve housing problems for the urban poor on one hand and unaffordable by the government on the other hand.

First problem is high capital cost. Flats are built according to Western standard, technology, and material. In spite of cost reduction, flats are still costly, the capital cost for each unit varies from 150,000 to 200,000 bahts. To make these units affordable by the urban poor, the government have to bear heavy subsidy to reduce the rent or hire-purchase price at minimum because the actual monthly rental should be 1,500 to 2,000 baht to cover the interest of capital cost and estate management fees, and the hire-purchase monthly instalment should be approximately over 2,000 baht to cover the capital cost.

Second problem is high maintenance cost. Maintenance cost of high-rise buildings is higher than other types of housing projects. In certain NHA rental flats projects, maintenance cost per unit is 200 bahts while the rent per unit is 300 bahts.

Third problem is economic limitation of the dwellers. In some project flat rental is too high, higher than land rental in slums, and unaffordable by low-income people. Moreover, rules and regulations for high-rise living standard cause higher daily expenditure and need high adaptability. Flats living causes economic lost such as small business or home industries from which the slums dwellers earned their additional income. The monthly

rental system is against the standard of living of low-income people who earned wages and the payments are always pastdue.

Forth problem is social problems. Flats are against the way of living of low-income people who are accustomed to houses than high rise. The pattern of living causes isolated feelings and generates social problems including juvenile delinquency, crime, littering, disturbance, etc.

Fifth problem is physical design problem. In term of building design, the architect did not provide enough living space for averages family size. NHA one-room flat has only 34 m². while 63% of family has more than 6 members. This limited space is more or less the same standard of their former dwelling in slums, but the slum environment permits them to be more flexible in space utilization, for example, they can sleep or cook in the front or back porch.

Sixth problem is the location. NHA walk-up flats are bilt in prime location near urban center with access to transportation. These advantages draw middle income people who have more demand for flats, and the original dwellers are inclined to transfer their rights in flats for money and return to slums. The latest survey done by CHHSS discovered that approximately 30 percent of rented flats were transferred to new renters and 30 percent of hire-purchase flats were transferred to new owners in the first 3 years.

Because of these disadvantages, NHA has implemented slum, upgrading and sites and services as alternative solution of housing problems for the urban poor since 1979. In NHA Accelerated Housing Development Plan 1979-1982, 11,427 units of sites and services projects were completed and 26,116 units of dwelling in slum areas were upgraded.

2. Sites and Services Projects

Sites and Services projects were introduced in NHA Housing Development Accelerated Plan 1979-1982 to replace the complete housing units to reduce the cost of housing projects and to improve affordability. The plan is subsidized by the government for the amount of 1,500 million baht for infrastructure cost of projects which is only 10% of the investment. The main components of the project consist of land and infrastructure; core houses with sanitary core and partially built dwelling units; material loans and technical assistance for house completion; health, education, and social facilities. Type of core houses are designed according to target income groups among which cross subsidy is expected. They include sanitary cores, one storey core row houses, semi-detached core houses and sanitary units, one storey row houses and sanitary units, two storey row houses, one and two storey semi-detached houses, and two storey and three storey row shop houses.

Since then NHA has completed 6 sites and services projects, four projects in urban Bangkok and two projects in regional cities of Chiangmai and Songkla, total to 11,422 units.

Sites and Services projects have reduced the capital cost and governments subsidy while providing the type of housing and secure land tenure suitable to the real needs of people. But sites and services projects still have three disadvantages.

First problem is the location of the project. All sites and services projects are far from urban center and job location. This limitation in job opportunity can not attract low income people in urban poor settlements to buy houses in sites and services projects. The result is that the real target group can not be served.

The second problem is the uninformed dwellers. The dwellers expected more completed housing than NHA core housing in sites and services project. Only few of them were well aware of the housing condition and the majority of them were not ready to spend more money for completion of building on top of the down payment and monthly instalment. The unexpected expenditure caused dissatisfaction in the project and encouraged the selling.

The third problem is the price. The sites and services project is still costly. The lowest monthly instalment is 1,275 bahts for one-storey row house and 1,915 bahts for two-storey row house (in 1988). Such price is unaffordable by the low-income people with monthly income under 4,000 bahts.

Because of these disadvantages, sites and services project did not serve the 20% lowest income group of the urban poor in Bangkok Metropolis.

3. Slum Upgrading Projects

Slum Upgrading strategy was introduced for the first time in NHA Housing Development Accelerated Plan 1979-1982 to replace the previous strategy of replacing slums by flats. The plan is subsidized by the government for the amount of 1,500 million baht for infrastructure cost of the projects. The slum upgrading projects are fully subsidized at the rate of 5,000 baht per dwelling unit, was increased to 8,000 baht in 1982, and 18,000 baht in 1992 to 1996.

The slum upgrading strategy as implemented by NHA includes the following activities.

1) Physical Improvement The general improvement of the community environment including footpath, water drainage, sewages disposal, water & electric system, etc. with the target to solve the problem of environment including the public utilities

standard in the community by close planning and discussion with the community representatives.

2) Social and economic improvement The social and economic improvement includes general social services, public health services, small business loan, vocational training, etc.

Slum upgrading strategy is successful in terms of maintaining housing stock, but it still has two disadvantages because main components of housing such as land and dwellings have not been improved.

First problem is land tenure. Eighty percent of slums in Bangkok Metropolis are on private rented land, and after the infrastructure was improved both land owners and NHA can not guarantee that the dwellers will not be evacuated in the near future. This land tenure problem makes slum upgrading project only a temporary measure to solve housing problem for the urban poor.

Second problem is home improvement. The second problem is the consequence of the first problem. Without land tenure, the slum dwellers do not want to invest in improving their own dwellings when they are not sure about the future, and also do not want to maintain the facilities provided by NHA. In this regard, slum upgrading projects could not serve housing demand of the urban poor.

From the past experiences of NHA and the socio-economic conditions of the urban. The alternative solution of housing problem for the urban poor in the next 5 years should aim at following goals:

- (a) To maintain the majority of housing stock in slum areas by improving infrastructure and land tenure security by self-help approach with minimum subsidy from the government. The minority of slum dwellers who can afford new housing should be encouraged to move to low income housing projects partially subsidized by the government.
- (b) To eradicate squatters along the canals, railroads, and public land, and resettle in low-income housing projects partially subsidized by the government.
- (c) To prevent new slum formation on public land by cooperation from public landowners and local authority.

In order to achieve the above mentioned goals, NHA must implement slum upgrading projects with land tenure improvement and to implement affordable sites and services projects for the urban poor.

From the past experiences of NHA and the socio-economic conditions of the urban poor, the alternative solution of housing problem for the urban poor should aim at following goals:

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- (b) To eradicate squatters along the canals, railroads, and public land, and resettle in low-income housing projects partially subsidized by the government.

- (c) To prevent new slum formation on public land by cooperation from public landowners and local authority.

In order to achieve the above mentioned goals, two strategies should be applied:

1) Slum Upgrading by Land Tenure Improvement

NHA is trying to solve land tenure problem by implementing new strategies called "urban renewal" which includes slum relocation, land sharing, slum reconstruction, and slum reblocking. In these strategies, the dwellers will take care of building their own dwelling while NHA will provide necessary infrastructure and project planning. The concept of "Urban Renewal" is different from other developing countries where old buildings and slums are replaced by new buildings. "Urban Renewal" in this sense concentrates more on the "quality of life" of low-income people.

"Land-sharing" is a strategy which the private land owner share a portion of land to the slum dwellers by selling at low price or giving long term lease while keeping the prime land to generate income to cross subsidy the whole project. NHA has implemented this strategy at Wat Lad Bua Khao slum with 67 families and at Manangkasila slum with 197 families. The two projects are successful and are being evaluated for further planning. The most successful land-sharing project is Sengki Project being awarded the 1991 Habitat Scroll of Honour in recognition of developing innovative land tenure systems and financial mechanism to facilitate adequate shelter for low-income group.

"Slum Reblocking" is a strategy which the slum dwellers purchase the whole plot of land and divide the plot according to the standard size as agreed and to their affordability. According to this strategy the dwellings are not moved but may be developed according to new plot size, and the overall infrastructure will be improved. NHA has implemented this strategy at Soi See Nam Nguen slum.

"Slum Reconstruction" is a strategy which improvement is made on the old plot of land by replacing old dwellings with new dwellings.

The solution of land tenure problem will make slum upgrading projects effective housing strategy for the urban poor.

2) Slum Relocation

"Slum Relocation" is a strategy which the whole slum dwellers are moved to new piece of land purchased at low price or rented by long term lease. NHA has implemented this strategy at Boonu slum and Klong Toey slum in the Sixth Plan and will complete 8,000 units of slum relocation in the Seventh Plan.

POLICY IMPLEMENTATION

In the past years, the government had laid out policies encouraging both, the public and private sectors to undertake housing developments in the country. The projects would be keeping up with the rapid growth of population especially in the slum areas that expanded as rapidly as the economic development growth. Major operational accomplishments could be summarized as follows:

1. Housing Production

- 1) The Government by the Office of the Board of Investment, had supported the housing development investors who had constructed housing units with sale price less than 600,000 baht per unit for low-income group. The policy was to exempt the individuals' income taxes for 5 to 8 years.

- 2) The Government had given financial aid to the NHA to supplement the construction cost for low income housing units. Affordably, the poor could be able to rent or purchase those units accordingly.
- 3) The Government had amended the law about land subdivision by decentralizing its authority to local administrations to approve land subdivision. As a result, real estate business would be more flexible and accelerable in operations.

2. Slum Improvement

- 1) The government had given NHA subsidy to construct basic infrastructure in slum areas along with lending the money to NHA to spend on relocating the slum dwellers.
- 2) The government had set up the Development Fund for the Urban Poor worth 1,250 million baht. The slum dwellers could borrow the money from Urban Community Development Office for occupational trainings yielding regular incomes in the long run and can acquire permanent shelter and good quality of life.
- 3) The government also submitted drafted Slum Improvement Act to the Parliament.

3. Consumers

- 1) Installment purchasers could deduct their personal income taxes by the amount of the interests incurred from the housing loans. However, the amount must not exceed 10,000 baht.

- 2) Standard housing purchasing contract would be used to guarantee the consumers' right.

4. Housing Finance

- 1) The government Housing Bank had branched out to 18 provincial areas to provide housing loans to greater extent.
- 2) The government had introduced the standard funding system initiated by the Bank for International Settlements (BIS) to the country since 1993. The system would reduce the risk of funding from 100% to 50%. As a result, housing loans in the first half year of 1993 of the commercial banks and financial institutions had increased 69% comparing to the same period of the year 1992.

**EVALUATION ON THE PAST DEVELOPMENT DURING
THE 7TH DEVELOPMENT PLAN (1992-1998)**

1. On Productivity

1) Private Sector

During 1992-1994, in Bangkok Metropolis and its surrounding provinces, private sector's housing construction, which had, generally, played an important role in housing aspect, kept on continuing in its growth rate. By average, it had increased 26 percent annually. A number of increased housing units being registered each year can be summarized as follows:

Year	Increased Numbers being registered (Unit)	Increased Numbers (Unit)	Increased Percent
1992	108,001	-	-
1993	134,086	26,085	24
1994	171,254	37,168	28
Total	413,341	63,253	
Average/year	137,780	31,627	26

Source : The Government Housing Bank

From the total of 413,341 housing units being increasingly registered, 318,015 units, or about 77 percent of the total, were constructed for mass marketing while the rest 95,326 units, or 23 percent, were self-constructed by the people themselves. Detailed figures were being illustrated as follows:

Year	Mass Construction	Self-constructing	Total
1992	84,284	23,717	108,001
1993	97,627	36,459	134,086
1994	136,104	35,150	171,254
Total	313,015 (77%)	95,326 (23%)	413,341 (100%)

Source : The Government Housing Bank

For the types of housing units which were increasingly registered in Bangkok Metropolis and its surrounding provinces, the condominium type was still being considered worth investing regarding the rapid rising of land cost in urban area. Hence, the condominium type constituted 36 percent of total housing stock or 147,131 units. The townhouses, detached houses and semi-detached houses formed 133,211 units, 129,835 units and 3,154 units or 32.31 and 1 percent respectively.

2) Public Sector

During the 7th National Development Plan, the National Housing Authority (NHA) had its plan approved since December 3, 1991 by the Cabinet to construct 112,600 units under the Housing Development Project and launch the country-wide slum improvement project of 80,000 units. That summed up to 192,600 units in total. So far, up from 1992 to May 3, 1995, the NHA had completely constructed 134,570 units or 70 percent of its planned projects. The numeral figures were shown below.

Types of Projects	Planned Target (unit)		Completed Construction (unit)		Proportion (%)	
	<u>Housing Construction Projects</u>		112,600		75,301	
. Housing projects for all income levels	92,600		50,984		55	
. Housing projects for governmental officials	20,000		24,317			
<u>Slum Improvement Projects</u>		80,000		59,000		74
. Upgrading	18,000		32,377		180	
. Relocation	62,000		26,892		43	
Total		192,600		134,570		70

For the housing development projects totalling 50,984 units and aiming at the all-income-level occupants, up to date, 4,469 units had been completely constructed while 20,135 units were under constructing stage and 26,380 units were under the preparatory stage. In other words, they were accounted to 9%, 3% and 52% of the total units respectively.

Housing development projects, for the governmental officials totalling 24,317 units, could be summarized in according to their existing conditions as follows:

- Completed	114	units (0.5%)
- Under construction stage	5,011	units (20.6%)
- Under preparatory stage	19,192	units (78.9%)
Total	24,317	units (100%)

Beside the above housing construction projects, the slum improvement projects under the NHA's responsibilities which focused on the physical improvement of the slum's environments and the slum relocation scheme had been accomplished

totalling 59,269 units. The summary of works being done in these projects could be classified as follows :

- Land acquisition	9,725	units (16%)
- Cooperation/projects approval	643	units (1%)
- Land filling	2,400	units (4%)
- Surveying/designing	2,169	units (4%)
- Bidding/contracting	500	units (1%)
- Under construction	20,474	units (35%)
- Completion	23,358	units (39%)
Total	59,269	units (100%)

During the 7th National Economic and Social Development Plan, the NHA had its projects for the low-income families approved totalling 24,725 units. These units were for rental and installment purchase. Up to date, the NHA had completed its projects up to 18,477 units or about 75% of the totally expected target of 24,725 units. The detailed accomplishment was categorized as follows:

Project	Rental	Installment Purchase	Total
1. Housing development, Group 1	11,361	1,110	12,471
2. Housing development, Group 2	3,253	-	3,253
3. Housing development, Group 3	846	193	1,039
4. Laem Chabang 2	1,366	-	1,366
5. Bo Win	-	348	348
Total	16,826	1,651	18,477

2. On Marketing

1) Private Sector

Housing units on sale in Bangkok Metropolis and Regional Cities during 1991-1994 according to the housing types were:

: Unit

Types of Housing	1991	1992	1993	1994
Detached house	11,205	5,400	11,194	36,946
Townhouse	20,660	15,353	48,998	97,122
Condominium	43,185	34,220	47,222	108,090
Others	6,607	3,524	5,736	19,435
Total	81,657	58,497	113,150	261,593

- Sources :
- "Buying Houses with Considerable Knowledge" book, 4th Edition, Published by the Government Housing Bank
 - "Akarn Teedin" or "Land and Property" Published by Vattachak Newspaper Network and V. International Property Limited.

At the beginning of the implementation of the 7th National Economic and Social Development Plan, the housing situations in Bangkok Metropolis and Regional Cities had recovered from its recession in 1992. The recession caused by the, then, political turmoil had forced the housing sector to drop its supply considerably. With the housing supply of 81,600 units in 1991, it had been dropped to 58,400 units in 1992. However, during 1993-1994, the housing market had rapidly adapted itself into normal state. Hence, the housing projects had overwhelmingly flooded the market up to 113,000 units in 1993 and in 1994, they were doubled up to 261,500 units.

Beside, during 1993-1994, the housing marketing competition and the buyers' response to the housing sector in Bangkok Metropolis and Regional Cities had widely expanded to some preferable extent. They were summarized as :

In 1993, in Bangkok Metropolis and Regional Cities, the volume of housing business transactions valued more than 250,000 million baht. The proportion of transactions was about 63% of the total marketing housing units. In brief, 380,000 housing units were available and 270,000 units were approximately sold.

2) Public Sector

During the past 7th National Economic and Social Plan (1992-1994), the NHA had sold its housing units as follows:

Year	Unit Available	Unit Sold	Percentage
1992	10,918	6,253	57
1993	7,695	3,026	39
1994	7,050	3,451	49
Total	25,663	12,730	50

In 1995 (end of May 1995), the NHA had marketed 29,502 housing units for sale and 24,564 units (or 83% of the total) were sold.

3. On Credit

1) General Credit

At the end of the fiscal year of 1992, 1993 and in June 1994, the total housing credit issued by commercial banks and other finance institutes to individuals and housing development investors had significantly increased. That was the response to the need of continuing housing development which has its growth rate of 32% per year. The details were be summed up as follows:

Unit : Million baht

Type of Credit	Amount of pending credit left at the end of fiscal periods		
	1992	1993	At the end of June 1994
- Housing development project	264,391 (33%)	330,572 (25%)	355,375
- Individuals	242,768 (34%)	333,518 (37%)	390,353
Total	507,159	664,090	745,728
- Growth rate	(33%)	(31%)	

Sources : "Reports on Housing Situation in 1993 and in 1994 and Its Trend in 1995"

For the proportion of the amount of pending credit for individuals left at the end of fiscal periods of the commercial banks and other finance institutes can be categorized as follows :

Unit : Million Baht

Type of Institute	Amount of pending credit left at the end of fiscal periods					
	1992	%	1993	%	End of June	%
1. Commercial Banks	165,435	68	225,919	68	230,852	67.5
2. The Government Housing Bank	48,968	20	68,105	20	81,341	21
3. Finance Companies	17,918	8	27,930	8	33,192	8.5
4. National Housing Authority	5,506	2	6,492	2	6,492	1.6
5. Credit-foncier Co.	2,460	1	2,701	1	2,851	0.7
6. The Thai Insurance Co.	1,849	0.8	1,732	0.8	2,054	0.5
7. The Government Savings Bank	632	0.2	648	0.2	654	0.2
Total	242,768	100	333,518	100	390,353	100

Source : "Report on Housing Situation in 1993 and Its Trend in 1994"

2) Credit for Low-income Individuals

The country-wide commercial banks had continually issued credit to low-income individuals to buy housing units for themselves. Hence, the amount of housing credit for low-income individuals at the end of fiscal years of 1992, 1993 and at the end of June 1994 were 90,625 million baht, 104,001 million baht and 123,891 million baht respectively. However, the housing credit being given to each individual was approximately 500,000 baht per unit and the amount had to be under 750,000 baht ceiling limit.

3) Credit for the Slum Improvement

During 1992-1995, the Urban Community Development Office, (UCDO) under the NHA's supervision, had allocated credit from the Housing Development Fund for the Urban Poor to the slum dwellers. The said credit was accredited for the slum dwellers' occupation and quality of life improvements and acquisition of housing units. Those credit had been accumulated to 342.55 million baht in total as it was illustrated below:

Type of Credit	Amount of credit pending at the end of June 1995
- Circulating credit	32.74 million baht
- Credit for occupational development	62.45 million baht
- Credit for housing purchase/repairment	247.36 million baht
Total	342.55 million baht

4. Housing stocks in Bangkok Metropolis and Regional Cities

By collecting and processing data from many reliable sources, it could be calculated that housing stocks in Bangkok Metropolis and Regional Cities were about 2.4 million units.

The proportion of its stocks could be summarized as such :

- Private sector	1,369,383	units (57%)
- Individually constructed by the people	602,501	units (25%)
- Slum improvement	252,492	units (11%)
- Public sector, by the NHA	171,637	units (7%)
Total	2,398,013	units (100%)

- Sources:
1. Report on the increasingly registered housing units in 1994 and January-March 1995 in Bangkok Metropolis compiled by the Government Housing Bank.
 2. Report on the housing accomplishment of the NHA in 1995.
 3. Report on the numbers of slums in 1994 surveyed by the NHA.

Remarks: - Units in slum areas were counted on the numbers of households.
- Figures of these data were fundamentally collected to illustrate the image of proportion and housing units in Bangkok Metropolis and Regional Cities. However, they were not systematically gathered on the same data base. They were processed from each source of existing data available.

CONDITIONS AND PROBLEMS IN URBAN DEVELOPMENT, SPECIFIC AREAS AND INFRASTRUCTURE DURING THE 7TH NATIONAL ECONOMIC AND SOCIAL DEVELOPMENT PLAN (1993-1996)

1. The government had developed specific areas in according to the strategy of opening economic opportunity toward international level. The undertaking had followed the strategic plan and reached some preferable extent, especially, the development in main infrastructures in the Eastern Seaboard at Laemchabang District, Choburi Province and Mabtapat District, Rayong Province. Also, the main infrastructures had been developed in the Southern Seaboard. Beside developing infrastructures, the economic policy had focused on improving the standard of living of the people of all occupations.

2. The government had expanded its economic cooperation with neighboring countries to open trading opportunity and to increase continuing investment. The multitude of cooperation included economic, academic, personnel development, and infrastructures connecting neighboring countries together. It had also included the promotion of cooperation among private sectors.
3. The urban areas in specific zones, Metropolis and other regions of the country had been expanded rapidly due to economic growth under the 7th National Development Plan. Bangkok Metropolis and its neighboring provinces had higher rate of population growth in urban areas than other provinces. The, then, population of the mentioned areas were approximately 9-10 million people or about 43% of the country's urban population. However, the cities in many regional parts of the country where the concentration of economic growth stood, especially, the industrialized centers and cities abounded with tourist attractions had the rapid urban population growth also. The urban population growths in such cities had formed their urban population proportions from 25-40% to 35-60%. They were Chiangmai, Nakorn Rathcasima, Songkla, Ubol Ratchathani, Phuket and Khonkaen.

However, the city expansions were scattering and disorderly. The landuses were insufficiently efficient which caused landuses and housing settlements more chaotic. Those settlements had been spread along the main roads and, largely, exceeded the facility servicing zones and managements of local authorities. Therefore, the governmental agencies could not be able to put up with adequate infrastructures, especially, the transportation services and environmental degradation prevention measures. Beside the disorderly layouts of buildings and living quarters due to the inappropriate uses of land, the convenient ways of living and the people's health could be gradually deteriorated.

4. Infrastructure system could not be the factor that lead the direction of regional and urban development. The general investment on urban infrastructure development

was like "catching up with the upfront problems". The set plan was initially aimed at solving immediate problems and in short-term intervals. In many regional urban areas, an inadequate infrastructure development on road networking system, bridge construction and sewage system had caused unstandardized quality of life of the urban population.

5. The urban environment had rapidly deteriorated because of the lack of proper infrastructure in the existing cities and the slowly paced investment expansion of the infrastructure to cope with rapid economic growth. Besides, the lack of systematic cooperations among concerned agencies and the inability to seriously promote the roles of local organizations and the people toward their environments could accelerate the environmental deterioration also.
6. There were sharp increases of the numbers of inhabitants living in slum areas. In 1994, there were about 1.37 million people or 14% out of the total population of 9.97 million people of Bangkok Metropolis and its neighboring provinces living in slum areas. The country had changed her economic structure to industrialization. That caused the large number of labor force from the countrysides to migrate to the cities looking for jobs. Therefore, there were not enough housing facilities to accommodate those migrants and lack of main infrastructures had greatly affected their quality of life. Besides, the living environments were continually deteriorated.
7. The urban development management still had the systems that were not supportive to the rapid changes of the economic and social aspects of the cities. Governmental mechanism and laws were outdated in turning regional and city planning policies to be in practices. There were no decentralization of authority to local communities in solving their problems. The government agencies had clinged to the centralization and had still grasped at the old-fashioned way of coordination by allowing the public sector to lead all the development.

ANALYSIS ON THE STRUCTURE OF PROBLEMATIC HOUSING CONDITIONS AND THE IMPACT ON EACH ASPECT

1. On city plan, land and infrastructure

1) Main Causes

- There were confusing land uses in the city and urban areas. They were disorderly and were not in accordance with the principle of city planning. These had been the obstacles to infrastructure laying and networking systems to meet the needs of the people, both, in city and urban areas.
- The implementation of the city planning measures was not fruitfully successful as it had been earlier expected and was not supportive to the land uses in housing development.
- The new concept about urban development was not clearly understood, especially, about the roles and functions of governmental agencies. Besides, the housing location selection had, usually, not in line with the urban development direction.

2) Problematic Situations

- There were great demands on land while there were plenty of vacant land and inaccessible plots of land which were not fully utilized by, both, the public and private sectors.
- The infrastructure laying system was not in accordance with the systematic and efficient investment plan.

3) The Impacts

- The mushrooming of slum areas was set upright by the people's encroachments and settlements on the vacant land and on the public land.
- There were speculation on the price stimulation on land that caused the excessive land price and skyrocketed housing development cost.

- There were deterioration in the physical appearance and the environment of the community causing the sub-standard quality of life to the inhabitants.

4) Summary

The expansions of communities and the uses of land in the city and urban areas were orderless and did not match the city planning principle. Therefore, it was difficult to coordinate in systematizing the public infrastructure implementation. Also, the orderless community expansion had caused the emergence of inaccessible plots of land and plenty of vacant land. Encroaching those pieces of land and turning them into the eyesoring slum areas were prominent. Thus, instead of being used for low-income housing projects, the land was plagued with unsanitary conditions. Therefore, new town developments being constructed to alleviate the growth of Bangkok Metropolis had to be carefully planned and efficiently responded to the direction of housing development in the future.

2. On Finance

1) Main cause : the problem on finance was that there was no system of long-term savings and long-term financing sources supporting housing credit

- Finance institutes issuing housing credit had still relied up on short-term financial sources from the money market. They had depended on the people's short-term savings without developing fund seeking system for long-term loans from the money market.
- Credit being issued for housing development was short-term loans while loans provided to the people to purchase their housing were long-term lendings ranging from 15-20 years period.
- The accumulation of short-term savings for long-term lendings was not logically suitable, especially, when the money market was so tight.

- Besides, the public sector had not supported the saving system by encouraging the people to save their incomes for an extension of time before applying for additional housing loans. In fact, the people's long-term savings could possibly lessen the burdens for them to complete or shorten their terms of installments with ease.

2) Problematic Situations

- Credit for housing purchases acquired very small proportion in monetary system. The whole amount of credit for real estate business and housing purchases issued by all commercial banks were considered minimal comparing to other credit. Housing credit was less than 10% of all credit issued by commercial banks. Besides, housing credit was limitedly issued to the purchasers only in Bangkok Metropolis area.
- Credit issuance to the public by the financial institutes which provided housing loans to their customers was still in small proportion comparing to the amount of allocated credit left at the end of June 1994. For the Government Housing Bank, it had the proportion of 21% while the Credit Foncier Companies had only 1% proportion. That was the result of the lacking ability to amass wide-range savings from the people. Thus, the housing credit was inevitably shared in a very small portion of the whole credit.
- There were less competitiveness among financial institutes in the money market. That lead to low credit services and high interest rates of the loans. In addition, the credit services had not widely distributed to provincial areas. However, many financial institutes had established more branches in provincial areas but they were not in the open market principle to compete in housing credit distribution. Besides, the existing financial institutes had not promoted and developed their services efficiently.

3) The Impacts

The low-income individuals could not afford having their own homes because there was fewer amount of housing credit being lent. The small proportion of such credit and the large amount of money per housing credit were not spread through the vast majority of the low-income earners. Besides, the high interest rate had added more burdens in terms of installment to the borrowers also.

4) Summary

There were no savings system and long-term financial sources to distribute housing credit.

The amount of money being issued for housing credit was in a small proportion of the money market. The short-term savings that had been accumulated for the long-term credit were inappropriate considering the characteristic of housing loans. The principal costs were high and they uplifted the interest rate inevitably. Finally, the distribution of housing credit could not be widely reached by the people in the regional provinces.

3. **On organization and its mechanism**

1) Mian Causes

At present, there is no permanent organization responsible for initiating the policy and being governing body to control, direct, lead and coordinate the housing development of public and private sectors efficiently.

The housing related government agencies could not fully undertake the responsibilities of handling changes and the increasing extent of activities concerning the continuity of housing development. Besides, the development of housing information system providing necessary information for the would-be customers to access the just information before making any decisions was not soundly established.

The existing community organizations could not fully take the active roles in community management. Besides, they were not the people's representatives in overseeing and protecting the benefits of the people in terms of economic and social aspects, especially, in the large slum areas and communities where local authorities could not handle their existing problems.

2) Problematic Situations

Most housing constructions were aimed at the specific groups of people. Some were not invested for other income groups, especially, the low-income group.

The consumers were not sufficiently protected in buying housing units. Some of the housing projects were not up to the standard as they had been advertised. The people had to risk their chances whether the constructing housing projects would be left unfinished.

Actually, the dwellers were capable of developing self-help cooperation with the public and private sectors to improve their own communities. However, they were not encouraged to build up strong community organizations and the participation of the dwellers were not sufficiently expressed.

Large-scale housing development projects were not controlled and lead to be in accordance with infrastructure network system and city planning projections. The existing infrastructure could not cope with the rising needs of the people. The congested traffic situation in Bangkok was the clear example of the inadequate infrastructure implementations.

The new town development projects were not clearly defined in their management systems and organizational mechanisms concerning their flexible cooperation and development with the private sector.

The useful researches on housing development for the low-income individuals and slum dwellers were not received full attention, especially, the researches on construction and construction materials that could reduce cost.

3) The Impacts

Housing construction for the low-income families was scarce comparing to housing projects for well-off families. The latter housing projects were conceivably oversupplied.

The uncontrolled large-scale housing constructions had affected and caused the environmental deterioration. The preventive measures to secure the well-being of the environments had not been laid out and forcefully applied, especially in the slum areas. The unsanitary conditions in many communities and the lack of social services were widely seen and recognized.

4) Summary

The lack of permanent organization initiating the policy and plan in overseeing and leading the public and private sector's housing constructions coupled with the inefficient governmental mechanism had caused the housing construction problem to occur. The response to the real need of housing market could not be met. That led to an insufficient supply of housing projects for the low-income families. Besides, the quality of the construction project was occasionally substandard which was unfair to the consumers in buying those products.

For community management, the community organizations could not play the active roles and be the people's representatives in community's activities. Thus, the impact on community's environment and the public facilities was easily seen. They were largely left without proper maintenance.

4. On Slum

1) Main Causes

A large number of people had migrated from up country to the heart of the cities because the cities were the economically productive bases in industry,

commerce and services. They had attracted the people from the agricultural sector to be settled in the cities inevitably.

The migrants were unable to find proper shelters. Therefore, they had to rent plots of land or squat upon public land to build shelters themselves just to be close to their workplaces. That made them very insecure about their shelters too.

The owners of the land, both, the public and private sectors had left their land unattended or vacant causing the very low-income families to settle in those land.

Because of poor education, the migrant workers were also unskilled. They had to accept low-paid jobs with uncertain incomes.

Local authorities had not paid attention to the emerging of slum areas and viewed them as unpolitical problems. Thus, the allocation of budget for improving or developing the slum areas was actually ignored.

2) Problematic Situations

The slum areas had been evicted or relocated because the plots would be used as development site by the public sector or private owners that owned the land. In short, those pieces of land were needed to be used in the more economically profitable ways instead.

The lack of basic infrastructures such as water supply, electricity, walkways, drainage system and garbage collecting system had plunged the living conditions and the people's health care into the more deteriorating state.

Social services such as education and health service were not thoroughly provided in all slum communities. Most governmental agencies had handled their social services in the more passive way, not the active way. Thus, those social services could not be penetrated to the life of the slum dwellers.

Most low-income families had earned their livings by meagre sellings or being employed in piecemeal work receiving scanty and inconsistent incomes. Unfortunately, because of being lowly paid earners, the slum dwellers had lacked credibility in the eye of financial institutes to be offered credit of any kind. Thus, they were deprived of credit to invest in their occupations.

There were inadequate coordination among responsible organizations, such as the National Housing Authority (NHA), the Bangkok Metropolitan Administration (BMA), and local municipalities including the non-governmental organizations, in improving slum areas.

The slum dwellers had few chances in participating in community's development activities due to insecurity in land tenure. Most of them had to be concerned about earning their livings more than participating in those activities.

3) The Impacts

The slum dwellers had low quality of life and had lived in the deteriorating environments. The slums had been accused as the places where accumulated social problems existed. Besides, the wide spread health care related problems had persistently plagued the communities such as prostitution, drugs, Aids and crime problems.

The slum dwellers had lacked the senses of belonging toward their communities, the trust and the respect toward the governmental agencies.

The slum improvement developments that were unattainable in terms of policies and targets were, in fact, the wastes of resource exploitation.

4) Summary

In present circumstance, the main problems of the urban poor were the problems of habitation insecurity and meagre incomes. They were always faced by forced eviction causing self-insecurity resulting in the development hindrance.

Besides, the government should pay attention in promoting the sustainable developments by developing the dwellers' potentiality to participate in their community activities. In the future, the problem solving processes will be handled themselves which would be in accordance with their needs. The resources allocation to the slum improvement would not be wasted anymore. Lastly, the governmental agencies and the non-governmental organizations should only act as the supporters of the development programmes.

THE CONCEPT IN DEVELOPING THE COUNTRY DURING THE 8TH NATIONAL DEVELOPMENT PLAN (1997-2001)

Since 1961, Thailand had implemented her first National Economic and Social Development Plan to guide the country's development. It was the major strategy in boosting the economic development. Thailand had utilized her abundant natural and human resources as the advantageous edges to expand the production bases enlarging occupational variety and increasing population's incomes. Indeed, Thailand had secured her economic growth through the planned development in the past 3 decades.

However, with full freedom in economic development of the country and with the dynamic trend in globalization era, the development had somewhat affected the social and environment conditions. The economic growth and the social and environmental well-beings were unbalanced. Consequently, the quality of life of the poor was eroding. Therefore, the concept in developing the country during the 8th National Development Plan (1997-2001) and in the long run has to focus on human resources. It has to be in the more active trend by increasing the potential and the opportunity of the people in activity participation and self-

development. These would lead to standardizing their living conditions and quality of life.

HOUSING DEVELOPMENT PLAN DURING THE 8TH NATIONAL DEVELOPMENT PLAN (1997-2001)

From the past experience, the problems and their impacts, along with the concept in developing the country in the next 5 years, can be grouped to set up the principle, objective, target, direction and measure in the 8th National Development Plan as follows:

1. Principle

The 8th National Development Plan will follow the principal of national housing development in the more sustainable direction and will be in line with the country's economic growth. Besides, the social structure will be adapted to the industrially oriented structure focusing on the quantitatively and qualitatively balancing development. The development on the quality of life of the people and the community's environments should be based on the cooperation with the private sector. At the same time, the public sector has to develop and improve its working efficiency so that it will be able to properly manage, support and monitor housing development projects.

2. Objective

There are 3 main objectives in housing development in the 8th National Development Plan.

- 1 The first objective is to develop the people in terms of better living standards and quality of life. The process on town planning will be applied as an indicator for land development coupled with coordinating the social and environmental infrastructure development.

2. The second is to support the chances of the people to own their own homes by accelerating the development of savings system and assembling fund for long term investment. Besides, the promoting of credit distribution will be widely and sufficiently shared.
3. The third objective is to improve organizations and their mechanisms to be more efficient. It is also to promote and to oversee housing market and consumer's protection measures. The community based organization will be supported to be the core organization for self-development which the public and private sector will act as the supporters.

3. Target (by primary estimation)

The National Housing Authority (NHA) has expected to construct housing units and to solve the slum related problems during the 8th National Development Plan (1997-2001) up to 200,000 units. These development will be aiming at responding to the people's needs and standardizing their housing and quality of life throughout Bangkok Metropolis and its surrounding provinces. Housing units being developed will be according to the plan and will be categorized as follows:

1) <u>Housing development (with investment budget of 10,000 million baht.)</u>		
- For low-income group	60,000	units
- For middle income group to upper-middle income group	30,000	units
- For government officials	25,000	units
- For general labor force	10,000	units
Total	125,000	units

2) Slum improvement projects (with investment budget of 15,000 million baht)

- Slum upgrading	30,000	units
- Relocation	45,000	units
Total	75,000	units
Grand Total	200,000	units

4. **Direction and measure**

4.1 On physical condition, city plan and land use

1) General direction and measure

(1) City planning measure will be brought to direct land acquisition and land development for the public sector's housing development. Besides, the city planning measure will motivate the coordination among public and private landowners, the local authority and the communities themselves. The coordination among those concerned agencies will weave all benefits together to bring about successful land development and sufficient infrastructure investment.

A.1.b

- The measure will also accelerate and support the land readjustment project, the urban renewal project and the coordination in maximizing land use project.
- The measure will support the amendment of land readjustment act to coordinate land developments among public sector, landowners and local authorities.
- The mechanism and methods of local town planning implementation will be improved. Local authorities and people will have significant role and can employ the private consultant firms

under the supervision and the support of the public sector. This will speed up the project and reduce the tasks the public sector.

(2) The city planning measure will expedite, support and promote the development of the existing communities, new communities and the new town projects. These will decrease the congestion of the cities and extend the economic growth to the regional areas thoroughly.

- The measure will expedite and support the improvement of the under standard living conditions by coordinating the works of public sector, private sector, landowners and the local authorities.

- The complete community's components will be developed in the newly developed communities. The housing section will be in harmony with sufficient recreation areas. The transportation among the urban new communities will be convenient and linked by thoroughfares and mass transit system.

- The BMA's 11 community center development projects and the NHA's new town projects, along with provincial projects in regional areas, will be acceleratedly constructed.

(3) The Master Plan in developing new town will be set to design the location, the site planning, activities, economic, infrastructure network and social services and urban facilities. These will accommodate the people and some activities that will be relocated from the existing cities, especially, Bangkok Metropolis and Regional Cities. The Master Plan will

- set the roles and responsibilities of the city in according to the sizes of the communities.

- set and control the density of the population, land use and building construction in according to town planning standard and related

laws promoting the quality of life and better environmental conditions.

- lay plan and community's components and the urban infrastructure up to the standard to enhance the community's environments.
- connect the transportation system and urban mass transit system linking the new towns and the existing cities with the convenient and safe and sound principles.

(4) The developments of qualitative and adequate infrastructures to accommodate the growth of the communities will be implemented by

- paying attention to the processes of planning, coordinating, and joint investment in infrastructures among the public sector, private sector and local authorities.
- directing, supporting, and over-seeing the large private project development projects to be in accordance with town planning measure and infrastructure networking implementation preventing deteriorating environments and impeding the traffic flows of the new communities or adjacent communities.
- setting incentive measures to attract private sector to construct housing projects close to workplaces.

(5) To disseminate the landownership so that the land will be used for housing development projects near job opportunity and to develop or expand basic infrastructure.

- implementing financial measures related to land and real estates transaction such as improving tax collecting system when they are transferred, and long-term mortgaged and improving property taxation system.

- enforcing the law about land ownership that limits the size of land owned by the people.
- accelerating and supporting the use of unaccessible plots of land to be developed as housing projects by allowing the NHA to purchase, exchange or use the power of land expropriation to make accessible road to the sites.

A.1 2) Direction and measure for specific group

(1) Low-income group

- accelerating and supporting the NHA to construct housing for rental or construct temporary housing in industrial development sites or other areas which have the tendency to be industrialized communities.
- supporting standardized housing project constructions which are close to workplaces that prices for rental or installment purchases can be afforded by the low-income individuals.
- giving direct and indirect supports to low-income group or increase the ability to pay for housing than through governmental agencies such as the NHA, and the Government Housing Bank.

(2) Workers in slum areas and the homeless group

- preparing plan to accommodate the migrating workforce to have access to appropriate and adequate housing closed to their workplaces including finding occupations by coordinating with public sector and related private sector.
- speeding up the process of considering and setting direction in land acquisition for the urban poor attached to the city planning measure such as land readjustment, etc.

A.1

A.1.b.

- accelerating housing improvements in slum areas both in Bangkok Metropolis and its neighboring provinces to better the environments and the people's quality of life by speeding up the improvements on walkways, sewage system, water supply system and electricity system in the slum areas which are permanently settled.
- setting up plan for the public land use in urban areas by giving the dwellers the security in housing such as long-term lease and land sharing coordination.
- supporting the planning of accommodating the increasing needs for housing of the low-income individuals and slum dwellers to have access to the public housing projects.
- supporting the amendment of the Slum Improvement Act and enforcing that law earnestly.

B.6. (3) Rural population group

- supporting land development and housing plan and the rural infrastructure network plan by speeding up the local authorities to submit the sub-district and village development plans throughout the country.
- supporting housing provision for the homeless rural poor and speeding up the distribution of land rights to the landless poor farmers.

3) Direction and measure for specific areas

(1) In Bangkok Metropolis and neighboring provinces

A-1.6

- Coordinating land sharing development and adequate infrastructure investment especially in inaccessible plots of land and vacant land in the inner parts of Bangkok Metropolis by setting incentive

measure on city planning encouraging the cooperation among public sector, private sector, landowners and the existing communities in those areas.

- Finding land for housing developments for those who face forced eviction which their former living areas are to be redeveloped by the public housing development projects.
- Finding land for the dwellers evicted from their living areas and constructing affordable housing for them to rent or purchase in long-term basis including supporting the slum dwellers to acquire their housing by themselves.

(2) In municipal areas

- supporting the planning and the controlling of land use within the municipal area and the areas that have the tendency to grow to ensure the slum dwellers' housing stability by putting this plan in municipal and provincial plans.

4.2 On finance and budget

1) General direction and measure

A.I.C.

- (1) developing long-term savings system for housing purchases of all-level earners regularly and continually by
 - promoting the contractual saving system in the financial institutes by using many incentive measures such as exempting or decreasing the tax from the earned interests of the long-term saving as equal to earned dividends from investing in the Stock Exchange of Thailand.
- (2) developing the housing finance system by acquiring long-term fund from the money market to increase the volume of circulating fund in housing loan system by

- supporting the secondary mortgage market establishment.
 - considering feasibility study of using money saved from provident funds, life-insurance funds, and social-security funds to be invested in the money market.
- (3) promoting the competition among the financial institutes in providing loan services and distributing housing loans to provincial areas which will decrease the interest rate of the loans by
- supporting the opening of financial institutes for housing loans freely to promote competitiveness in loan distribution to provincial areas.
 - developing the efficiency of the current financial institutes together more capital and provide more housing loans.
- (4) creating the fair play among the consumers and the proprietors in housing deals by
- promoting the system of housing escrow accounts to protect the housing purchasers.
 - improving the Consumer Protection Law in order to protect the purchasers in housing deals by using the standardized housing contracts designed by the Office of the Consumer Protection Committee.

A.L.C.

2) Direction and measure for specific group

(1) The low-income group

- The government will grant special loans to the private sector that construct housing projects for the low-income group in order to reduce their construction costs by
 - considering improving the regulations and conditions in promoting housing investments for the low-income individuals

to be in accordance with the needs of housing market and construction cost, especially, the regulation about the size of the room that is required to be more than 31 square meters.

- The government will support the budget allocations through the government's financial institutes to provide housing loans to the low-income individuals in the cities and rural areas with low interest rate.
- The government will give financial support or provide plots of land to the low-income individuals so that they will be able to purchase or rent housing units close to their job.

(2) The poor in slums and the homeless group

- changing the budget allocating system in community development to be in the more flexible way and in according to the needs of the communities.
- setting up Land and Housing Fund, beside the current Housing Development Fund for the Urban Poor, for the slum dwellers and organizations responsible for providing land and housing purchasing loans for the slum dwellers.
- expanding loan provision for the slum dwellers from the Housing Development Fund for the Urban Poor to be widely distributed to the dwellers in Bangkok Metropolis and its neighboring areas and provincial areas.

(3) The rural people

- B.6.
- The government will allocate the budget to housing construction projects in the rural areas by acquiring the land for the poor. This will be in accordance with the sub-district and village plannings. The government will also support the budget through the

government's financial institutes to provide housing loans with low interest rate to the rural poor.

- The government will find financial sources for the poor to lend by setting up the Land Fund, the Housing Development Fund and Land Bank which the people can purchase plots of land.

Δ l.c.

3) Direction and measure in specific areas

(1) Municipal areas

- supporting the setting up of the community development fund in each municipality to be used in solving and improving the congested area problems. The sources of budget might be allocated from the governmental support, the fund allocated from the parliamentary representatives' budgets, and the funds from the landowners or private sector, etc.
- allocating budget from the municipal accounts to be used in solving slum problems in according to the needs of the communities.

4.3. On organization, mechanism and procedure

1) General direction and measure

C.1.

- (1) adjusting the organizations related to housing developments and human settlements at all levels to be able to unitedly act and efficiently coordinate by
- supporting for the establishment of national level organization to oversee and lead housing development and human settlements of the public and private sectors to be in the same direction.
 - supporting the private sector to set up its own organization to oversee its housing development and coordinate with the public sector efficiently.

- promoting the setting up of the community based organizations in housing complexes or condominiums to be the mechanism that can keep laws and orders including managing infrastructure maintenance and cooperating with the involved public sector.
- (2) Improving the mechanism and management process that will allow the concerned agencies to be more flexible in coordinating and utilizing human resources to support housing development and human settlements by
- increasing the efficiency of the government's mechanism in housing development management and consumers' protection.
 - developing efficient housing information system by promoting the role of the NHA to be the center of developing and connecting its data with other organizations.
 - promoting the private sector to coordinate development and investment in the public housing development that the private sector can be allowed to invest. (This can be done by the public sector holds lesser proportion of the shares comparing to the private sector so that the management will be more flexible.)
 - supporting the participatory process of developing housing projects or solving housing problems by coordinating with all concerned agencies from the public sector, the private sector and the dwellers.

2) Direction and measure for specific group

(1) The low-income group

- encouraging the private sector to have a role in housing development for the low-and middle-income groups and the low-ranking government officials by

- encouraging the private sector to develop housing projects for the low-income group by introducing the investment incentive measure such as taxing system and credit system, etc.
- encouraging the private sector to coordinate investment with the NHA in housing development projects for the low-income group by allowing the private sector to construct housing units while the NHA constructs the infrastructure.
- developing the community-based organizations to be the main organizations to develop themselves while the public sector and private sector will support them by
 - encouraging the setting up of the saving cooperatives thoroughly to allow the members in the communities to have access to credit.
 - promoting the setting up of the occupational groups and the small-scale professions to support the low-income group to be able to stand on their own feet.
- providing social facility services such as education, healthcare for the low-income people.

(2) The poor in slum and the homeless

- setting up the organizations and mechanisms in the national level to be directly responsible for solving slum problems and developing the quality of life of the urban poor by
 - setting up the coordination committee in urban development which is the national level committee and setting up the sub-committees in the provincial and local levels to solve the slum area and the urban poor problems.

- improving the roles and responsibilities of the concerned organizations such as the NHA and local authorities to support housing development and improve the slum areas to be in accordance with the dwellers' needs.
- promoting the roles of the community based organizations to be the leading organization in coordinating with the public and private sectors in assembling funds.
- supporting the setting up of the urban poor development mechanism especially, about the incomes, occupations, social services and information system by
 - allowing the local authorities to coordinate with the occupation training operators in training the slum dwellers and accepting them to work and finding market for their products
 - expanding social services to the slum dwellers and the urban poor by providing housing registration service, education, healthcare services and daycare center services.
 - developing the information system about the urban poor in order to gain efficient access to planning and implementing proper ways to help them in the future.

(3) The rural poor

- strengthening and promoting the roles of the Sub-District Administration Authorities to be the leading authorities in housing development in rural areas including coordinating the community's land use program, preserving the community's environments with the community based organizations such as the Saving Cooperatives and the various Occupational Groups.

3) Direction and measure for specific area

- (1) Bangkok Metropolis and its neighboring provinces, specific areas and municipal areas
 - promoting the setting up of organizations supporting community managements, specific area development and new town development and such as the Town Development Committee, etc.
 - setting up the management mechanism in developing the large community housing development projects in specific areas such as setting up the development cooperation that can flexibly manage and efficiently coordinate various housing development projects.

4.4 On law and tax

1) General direction and measure

- (1) improving laws, regulations and rules about urban development and land development so that they can efficiently ease the land development and infrastructure implementation and expedite the issuing of the land development permission by completing it at the one-stop service.
- (2) lessening the burden in purchasing housing units by using the taxing measure such as increasing the amount of tax exemption for the interest gained from the savings for housing purposes.
- (3) expediting the enforcing of the Urban Land Readjustment Law.
- (4) expediting the amendment and enforcement of the New Town Development Law.
- (5) improving the laws that hinder the private sector's housing development.

A. 1. b

2) Direction and measure for specific group

(1) Low-income group

- improving the Town Planning Law and the Construction Control Law to benefit the housing development projects for the low-income group and the problem solving process in slum areas.
- lessening the burden in purchasing housing units for the low-income group by decreasing the fees in buying housing units

(2) The poor in slum and the homeless

- speeding up the consideration and the promulgation of the Slum Improvement Law.
- improving laws that hinder the housing development for the slum dwellers such as the Urban Land Readjustment Law and the Cooperatives Law by exempting the trading and income taxes.
- improving the outdated law such as the Beggar Control Law promulgated in 1905 which lacks the penalty measure to punish the violators who support or force others to beg.
- improving the rules and regulations of the Ministry of Interior providing the welfares to the homeless such temporary housing, medical care and jobs

3) Direction and measure for specific area

(1) In Bangkok Metropolis and its neighboring provinces

- amending and improving the rules and regulations of the Bangkok Metropolitan Administration and local administrations which hinder the development and improvement of the slum areas such as prohibiting the public sector to develop the squatters.

- regulating the rules prohibiting the squatters on public land such as bridges and public parks, etc.

(2) Municipal area

- improving and amending the municipal rules and regulations to support the community's improvement and development to be more flexible, especially, in the housing development for the slum dwellers.