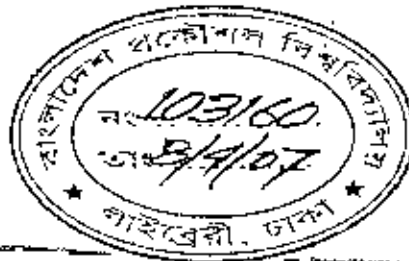# Spatial Variation of House Rent in Dhaka City
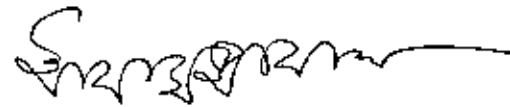
By
Asaduzzaman

Thesis

Submitted to the Department of Urban and Regional Planning in Partial
Fulfillment of the Requirements for the Degree of Master of Urban and
Regional Planning (MURP)

DEPARTMENT OF URBAN AND REGIONAL PLANNING
BANGLADESH UNIVERSITY OF ENGINEERING AND TECHNOLOGY,
DHAKA-1000, BANGLADESH

DECLARATION

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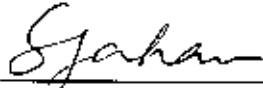
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Roll No. 100115025
Session: October. 2001

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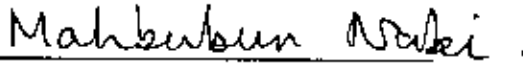
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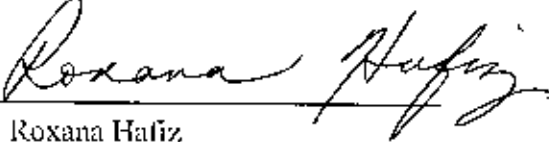
Dr. Sarwar Jahan
Professor,
Department of Urban and Regional Planning
BUET, Dhaka.

Chairman

A.S.M Mahbub-un-Nabi
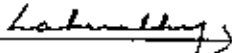Professor,
Department of Urban and Regional Planning
BUET, Dhaka.

Member

Dr. Roxana Hafiz
Professor and Head,
Department of Urban and Regional Planning
BUET, Dhaka.

Member
(Ex-officio)

Dr. Jahurul Hoque
Chief Town Planner,
Rajdhani Unnayan Katripakha (RAJUK), Dhaka

Member
(External)

Department of Urban and Regional Planning
Bangladesh University of Engineering and Technology

September, 2006

ABSTRACT

Inadequate supply in urban housing market and high rent value are vital issues of urban living in Dhaka, the largest and fastest growing city in Bangladesh. Although the need for new housing is enormous, existing rate and level of construction is very low with respect to population growth, and the backlog is increasing rapidly. Since independence house rent in Dhaka has increased manifold even compared to the inflation rate. Majority of tenant families of middle and lower income groups have to spend up to 40 percent of their monthly income as house rent. The present study focuses on the problems of housing in Dhaka City. Rent plays an important role in housing problems. Since the rate of increase of new houses lag far behind the rate of increase of population, the resulting pressure upon the existing stock leads to high house rent and also spatial variation of house rent of Dhaka City.

The present study focuses mainly on the private rent market in order to determine the spatial variation of house rent. The study also focuses on various aspects of the problem of house rent including the aspects relating to spatial variation of house rent in Dhaka City. This study identifies important factors which affected spatial variation of house rent in Dhaka City. Such factors include size of housing units, house type, structural quality of the buildings, existing condition of various infrastructure and utility facilities of the areas, distance of major commercial areas and work places from housing units, distance of various community facilities from housing units, social environment and physical condition of various locations. This study also analyzes the role of relevant factors for variation of rent structure and how these factors affect the pattern of rent structure at various locations. The result of the study may be helpful to initiate new policies towards a better solution of housing problem of the city.

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Glossary of Terms

Spatial Variation: Spatial Variation means variation according to the location.

Rent Structure: Rent structure means the average rent of housing unit in taka/sq.ft./month

House Type: In this study there are three types of building are found these are as follows.

House Type- A: Finish Materials used: Floor: Mosaic/Tiles/Granite/Marble; Window: Thai Aluminum; Bath room: Mosaic/Tiles. Facilities: Parking/ Garage, Escalator, Security. Kitchen & Toilet Furniture: Commode, Hand Shower, Basin, Bath Tub, Sink, Kitchen cabinet.

House Type -B: Finish Materials used: Floor: Mosaic/Tiles; Window: Glass; Bath room: Mosaic/Tiles. Facilities: Parking/ Garage. Kitchen & Toilet Furniture: Commode, Basin,/Sink, Kitchen cabinet, Rack.

House Type -C: Finish Materials used: Floor: Cement; Window: Glass; Bath room: Cement. Kitchen & Toilet Furniture: Basin, Rack.

Floor Space: Floor space means the whole area of the housing unit including bedrooms, drawing rooms, dining room, store room, toilets, kitchen room, verandas in square feet.

Land Use: Land Use means the common uses of land of the community.

Community Facilities: Indicates the facilities like educational facilities, market/shopping centers, health facilities, community center.

Utility and Infrastructure Facilities: Indicates the facilities like sewerage, drainage water supply facilities.

Social Environment: Means the overall social,cultural, religious and ethnical situation of the area like having scope to perform social and cultural funtions, having scope to perform religious activities without any obstacle, feeling disturbness from local chaos, hijacing, mastani, giving donation, disturbness from thiefs or robbers etc.

Good Social Environment: Having scope to perform different types of social and cultural functions, having scope to perform religious activities without any obstacle, feeling no disturb ness from local chaos, hijacing, mastani, giving donation, no disturb ness from thief's or robbers etc.

Medium Social Environment: Having limited scope to perform social and cultural functions, scope to perform religious activities without any obstacle, feeling little disturbness from local chaos, hijacking, mastani, giving donation, little disturbness from thief's or robbers etc.

Bad Social Environment: Having limited scope to perform social and cultural functions, scope to perform religious activities without any obstacle, feeling very disturbness from local chaos, hijacking, mastani, giving donation, very disturbness from thief's or robbers etc.

Chapter 1: Introduction

1.1 Introduction:

House is an economical and physical commodity, which includes other than dwellings, various utility facilities and services such as water and gas supply, sanitation and sewerage, and access provision. As an element of urban growth and income distribution, desirable house rent fulfills social needs and satisfies criteria for urban investment. Rent levels for residential houses usually reflect the local supply and demand situation. House rent variation is the result of increasing gap between supply and demand of serviced land, where the supply is scarce and inelastic, in comparison with elastic and constantly growing demand. Most important thing in variation of house rent is the availability of community and service facilities, infrastructure and utility facilities, existing social environment and also physical characteristics of that area.

Inadequate supply in urban housing market and high rent value is a vital issue of urban living in Dhaka, the largest and fastest growing city in Bangladesh. Although the need for new housing is enormous, existing rate and level of construction is very low with respect to population growth, and the backlog is increasing rapidly. Since independence house rent in Dhaka has increased manifold even compared to the inflation rate. It is true that price of other commodities increases/decreases but the rate of house rent increases every year but never decreases. Majority of tenant families of middle and lower income groups have to spend up to 40 percent of their monthly income as house rent (including costs for utilities and transport fare to work places), while it is accepted that the rent–income ratio should not exceed 23 percent i.e. one week's salary (Nabi & Haque, 2004). Current pattern of supply in the housing market is hardly intended to create provisions for low and middle-income tenant households who constitute two-third of citizens of the country. On the contrary, the existing rent structure with respect to income and rent per unit of space suggests that the provision of housing for low and middle-income people is more profitable. But the prime reason for this imperfection in urban housing supply and rent economics is lack of entrepreneurship in housing construction. It is yet to be developed as an industry reflecting household income, tastes and response to type and size of housing and other determinants of local supply and demand situation.

Housing basically is a highly complex, bulky, durable and permanent product. Housing is not only sold but also rented. Home ownership reflects the achievement of both economic and social

goals. The economic ones emphasize a house as a good investment, as an incentive to save, as a way of improving credit standing in the community, and as freedom from landlords. The social reasons, which encourage home ownership, include family pride in owning, family security, a belief in the virtue of private property ownership, and a sense of better citizenship. However, all families cannot be homeowners. A majority of urban dwellers have to live in rented houses. Every tenant family has to spare a large share of their income to house rents. In a free market economy, the levels of rent of dwelling units are determined by the factors of supply and demand. If the quantity supplied at a given price exceeds the quantity in demand at that price (rent), the price will tend to fall; if the initial price encourages a supply of commodity (housing), which falls short of the demand at that price, the price tends to rise (Nabi, 1981).

After independence Dhaka has become the capital as well as the primate city of the country. It has become the center of social, economical, political and administrative activities of the country. This evolution has given an increased boost to the continuous increase of population that has been taking place due to migration from rural areas and other small and medium size towns to the capital city Dhaka. This rapid increase in population has resulted in a rapid rise in the housing demand. In the recent decades, most of the metropolitan cities in South and South-East Asia have been experiencing very rapid growth in population as a consequence of which access to land for housing development has become nearly impossible for majority of people in these cities. Dhaka the capital of Bangladesh is now a Mega city. It has been expanded considerably from 1947-1971. But its expansion took place to a great extent after independence. Present population of Dhaka City stands more than 1crore and population density is now 29,000/sq mile (Daily Star, July 14, 2003).

The major problem of housing in the urban areas like Dhaka is the lack of link between population increases and housing stock. The lack of job opportunity, less return in agricultural investment, lack of social amenities and other factors continuously push rural people to urban areas, on the other hand, rapid industrialization and other utility service/infrastructure facilities act as pull factor for rapid growth of urban population. This excess population need more houses, but the supply of houses does not match the demand.

During the last census period (1991-2001), the percentage increase of population of Dhaka City was very high. In the preceding decade the annual exponential growth rate was 10 percent per annum (BBS, 2001). This rapid increase of urban population not only created new problems but

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also aggravated already existing acute urban problems like, housing, transportation, unemployment etc. The present study focuses the problem of housing in Dhaka City. Rent plays an important role in housing problems. Since the rate of increase of new houses lags far behind the rate of increase of population, the resulting pressure upon the existing stock leads to high house rent and also spatial variation of house rent of Dhaka City.

The housing shortage was estimated in 1991 to be about 3.10 million units, composed of 2.15 million units in rural areas and 0.95 million units in urban areas (Hasan, 1999). The bulk of the backlog consists of permanent, temporary, and unserviced units. The population of Dhaka City is more than ten million, requires 45,000-83,000 housing units per year, whereas all public and private efforts together can only produce 25,000 housing units a year (Shafi, 1998; Hasan, 1999; Hasan, and Hayat, 1999). Shafi calculated the urban shelter requirements of Bangladesh on the basis of a medium growth rate and occupancy rate of 6.5 persons per unit in 1980, declining to 5.5 persons per unit by 2000. She showed that around 5.2 million new housing units were required by the year 2000 in the urban areas of the country.

In Dhaka City the number of population increases per year is 1,60,000. Near about 10,000 housing units produced both from private and public sector which meet only 16% of the total housing demand (Dainik Sangbad, 29th December, 2002).

In 1960, 53% of all households lived in privately rented house, but by 1973, this percentage had become 60.3%. At present it is estimated that more than two-third of all households in Dhaka live in privately rented houses. This pattern is unique in Bangladesh. In all other cities the vast majority of homes are owner-occupied and the level of renting is mini scale (Nabi, 1981).

To determine the spatial variation in the existing structure of house rent is very important. Some locations can command higher rent than others. Nor is the variation among the rent levels of different type of structures uniform, which means that the rent structure for certain kinds of building is higher in some locations than in others. But even in the same area and even in the same building, the rent structure may vary from one housing unit to another. Clearly it is also important to identify the various factors behind the variation of rent structure and how these factors like utility services, community facilities, pattern of land uses and land prices, cost of

building materials and labor, environmental condition, communication and distance from major part of the city affect the pattern of rent structure

The present study focuses mainly on the private rent market in order to determine the spatial variation of house rent. The study will also focus on various aspects of the problem of house rent including the aspects relating to spatial variation of house rent in Dhaka City. The result of the study may be helpful to initiate new policies towards better solution of housing problems of the city.

1.2 Growth of Dhaka Metropolitan Area

The economic, social, environmental, occupational and cultural gaps between urban and rural areas attract village people towards urban centers. The real purpose of rapid flow of the people towards urban areas can only be that people want to live with better facilities, comfort and ease. The victims of poverty, unemployment, natural hazards, river erosion etc., migrate from villages and small urban centers to the cities but the cities cannot accommodate its existing people. So this extra flow of population from out side is a tremendous pressure for the city (Hasan, & Kabir. 2002).

However, Dhaka is the heart of the country and viewed economically, socially, politically and culturally, Dhaka is stronger and more developed than any other city in the country. Dhaka became an important town and a center of trade, commerce, handicrafts and important manufacturing goods during the Mughal period. The city grew around the old fort and became a glorious city (Huda, & Kamal, 1998).

Dhaka's trade and commerce declined from 1765 when the east India company was established. During that time the population of Dhaka was 450,000. The population declined very sharply from the beginning of British rule. In 1901, the population became 128857 and 25771 dwellings were available for them. Due to closure of English factory in 1817 many people left Dhaka city.

In 1830, the population came down in around 70,000 and number of dwellings became 16,278. During 1838, the population became 68,610 and the number of dwellings came down to 10,830. Dhaka became the only one administrative, military and commercial regional center during the early decade of nineteenth century (BBS, 2001).

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In the preceding decade the annual exponential growth rate was 10 percent per annum. Population of Dhaka City was 3.4 million in 1981, 5.6 million in 1991, and in 2001, the total population of Dhaka City was 9912908 (BBS, 2001).

Table 1.2.1: Past, Present and Future Population of Dhaka city (1901 - 2021)

Year	Population	Growth rate in percentage
1901	128857	-
1911	153609	1.77
1921	168510	0.93
1931	196111	1.53
1941	295735	4.19
1951	335928	1.28
1961	556712	5.18
1974	1772438	9.32
1981	3440147	5.62
1991	5670575	4.90
2001	9912908	1.48
2011*	11481686	1.39
2021*	13298733	1.16

Source: BBS, 2001.   * projected population based on the population and growth rate of 2001

Figure:1.2.1 The population trend of different census year of Dhaka City.
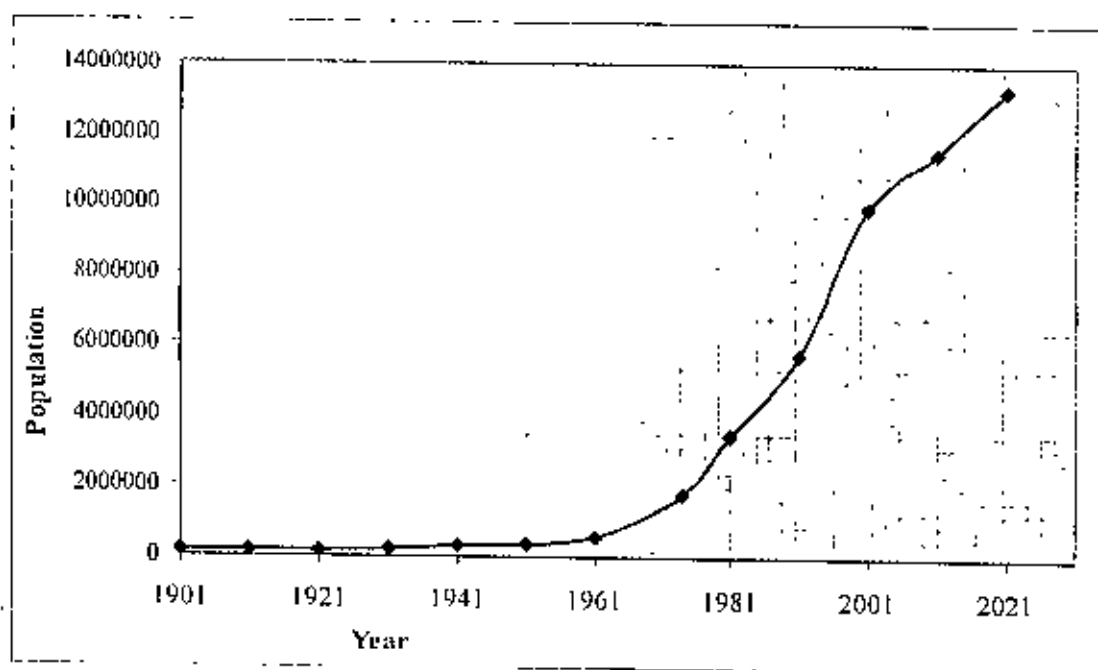
The main reasons for this huge increase of Dhaka's population in coming decade is due to unbalanced urbanization and presence of primacy in the city size distribution pattern. Comparing with other developed and developing countries, it is evident that, in developing countries the extent of urbanization is much lower but the average growth rate is very high. In 2001, Bangladesh has 23.39 percent urban population against 92 percent in U.K. (BBS, 2001).

The impact of urbanization is felt more intensively in major cities of the country. Specially service facilities of the cities could not be expanded to tackle the rapid population growth. As a result it was not possible to meet the minimum service facilities for the citizen. Dhaka city therefore, is experiencing continuous deterioration of service facilities specially for slum dwellers. They cannot afford the formal employment and basic civic facilities of the city.

The rapid population growth in the city has resulted in a huge backlog of housing. According to World Bank Report, in 1980 there were 1.9 million housing units for 11.8 million urban population (World Bank, 1981). By the turn of the century the total requirement of urban housing units is likely to be in the order of 7.1 million. The additional requirement has been estimated to be 5.287 million of which 1.176 million units have been estimated for Dhaka Metropolitan Area (UNCRD, 1980).

1.3 Objectives of the Study

The main objectives of this study are summarized as follows:

1. To understand the present rent structure of different types of residential buildings in the study area.
2. To determine the spatial variation of rent structure of different types of residential buildings in the study area.
3. To investigate the underlying causes for the variation of rent structure in the study area.
4. To propose some recommendations for solve the problems related to house rent variation.

1.4 Rationale of the Study

House rent is an important dimension of the housing problem. There is a lack of in-depth study and knowledge about the nature of house rent market in various parts of the city and hence there is little idea about the impact of house rent variation on housing situation of various locations of Dhaka City.

The study has also focused on various aspects of the spatial variation of house rent. To improve the housing situation, the Government has introduced some policies on housing but there has not indicate any policy related to house rent variation and rent control. So it is very much urgent to revise or formulate new policies towards the solution of housing problem. These policies should be appropriate and effective and based on understanding of how the rent market actually functions at various locations.

However, as an initial investigation, the present study is intended to analyze some aspects of spatial variation of house rent of Dhaka City and it is hoped that this study will provide much needed information regarding the nature of variation of house rent of the city and form a basis for further investigation and research in this fields.

The present study has tried to find out the existing housing situation and rent structure of various types of residential buildings. For reducing the existing problem and for better and proper management of house rent, some necessary strategies and guidelines are suggested in this study.

1.5 Scope of the Study

This study has been focused on the information on the spatial variation of house rent, house rent market and its impact on housing situation of Dhaka City. Variation of house rent depends on different type of factors, therefore this study focused on those aspects for variation of the house rent.

Rent variation, the result of many factors such as structural type of the houses, it accessibility to the city center or other points of attraction, existing physical condition of the areas, the average size of the housing unit, distances of various types of community facilities, availability of parking facility, availability of various types of kitchen and toilet furniture, availability various types of finish materials, the physical and environment characteristics of the area, the level of utility services in the area, the physical condition of building, and so on.

1.6 Organization of the Study

The study has been organized into various chapters focusing on the spatial variation of house rent and factors affecting the variation of rent structure.

Chapter 1 describes the introductory statement about the housing problem and house rent, which consists of study background, objectives, rationale of the study, scope of the study, limitation of this study and organization of the study.

Chapter 2 contains the methodology and design technique adopted for carrying out the study which consist of the selection of the study area, sample design, source of data, data processing and analyses.

Chapter 3 deals with the basic information on the study areas and their demographic; occupational and income characteristics; physical and environmental characteristics of the area and availability of various types of community facilities.

Chapter 4 analyzes survey findings on the spatial variation of house rent and various factors associated with such variation.

Chapter 5 identifies the existing house rent market of Dhaka City and house rent policy, financial return by investment on housing.

Chapter 6 focuses on an overview of housing problems and policies of Bangladesh and some selected countries of the world

Chapter 7 presents the summary of findings and analysis of the study.

Chapter 8 presents recommendations and conclusion of this study.

Chapter 2: Methodology of the Study

2.1 Introduction:

Methodology reveals the entire process that would be followed for the completion of the study and helps to conduct the study successfully. In this study, spatial variation of rent structure means the variation of rent for different types of residential buildings in various locations of the study area. The important factors that cause these variations are distance from the work place, existence of various community facilities, physical condition of the area (planned or unplanned), socio-economic characteristics of the population etc. So this rent structure indicates the rent pattern according to the building types, floor space, availability of various community and utility facilities, infrastructural facilities and land use at various locations of the study area.

The following methodology was adopted to fulfill the objectives of this study.

2.2 Selection of the sample area:

To fulfill the objectives of the study various important residential areas have been selected considering the economic condition (characterized by high, medium and low income group); the development patterns (planned or unplanned) and physical characteristics of the study area so that the factors affecting the rent levels can be identified. These areas have been selected in such way that all types of residential buildings (using various types of building materials and having various types of facilities); are clearly identified. The important residential areas of Dhaka City which have been selected are Dhanmondi, Mohammadpur, Shaymoli, Mirpur, Gulshan, Badda, Rampura, Khilgaon have been selected as sample areas for this study.

2.3 Determination of sample size

Sample design should be such that, it is in conformity with the objective of the study. The sample size was determined to acquire an authentic output concerning the rent structure of different types of residential buildings having various facilities (utility service and community facilities, parking, escalator, security facilities etc.) in different sample areas. In these areas, 200 house hold heads (25 in each sample area) living different types of residential buildings were selected for conducting survey operation. The method adopted for sampling purpose was systematic random sampling.

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It is true that the sample size should be larger for acquiring better output, but it was not possible to take large sample size due to resource constraints.

2.4 Sources of data

To complete the study various types of data/ information is necessary. Necessary data were collected both from primary and secondary sources. Some information/data were collected from secondary source and some were not found from secondary source and then it were needed to collect from primary source.

2.4.1 Primary sources

In this method, a questionnaire was developed for tenant households and also for owner of that house to fulfill the objectives of the study. By these questionnaire necessary data were collected from primary source like physical condition of the area, socio-economic characteristics of the area, variation of rent according to the various factors and to determine how these factors affect the rent structures spatially.

For preparation of questionnaire following aspects of tenant households and house owner and physical and environmental situation of the study area have been considered.
- ❖ Education, occupation and income level of the tenant households
- ❖ House type, size of house, floor space and their rent structure
- ❖ Existing physical characteristics such as infrastructure and community services and facilities, communication facilities of the study area
- ❖ Existing environmental condition of the area
- ❖ Changing pattern of relevant factors for variation of the rent structure such as cost of building materials, labor, land, utility service and community facilities etc.

2.4.2 Secondary sources

Unpublished and published thesis, seminar papers, journals, BBS reports, various types of related books etc. were collected from different libraries and various development organizations to extract relevant data. Necessary data like historical background, previous studies related to house rent and rent variation, housing condition of Dhaka City as well as entire housing condition of the country were collected from those secondary source to establish the rationale of the study.

2.5 Questionnaire preparation and survey operation

Taking into consideration the various socio-economic parameters and other relevant factors influencing the rent structure, a questionnaire was designed and prepared for the survey. Questionnaire for the survey was set in such a manner that it would extract data relevant to the purpose of the study.

2.6 Data and information requirement

For the first objectives, following types of data and information are needed-

> Types of residential buildings present in various zones of the study area

> Present rent structure of the buildings according to the floor spaces, availability of utility services in the study area

> Existing environmental condition of the study area

For the second objectives, following types of data and information are required-

> Rent structure of different types of buildings in different zones for the last 10 years of the study area

> Identifying the relevant factors for determining the causes of variation of rent structure of different types of residential buildings in the study area

For the third objective in the purpose of the analysis information are focused on

> The role of relevant factors for variation of rent structure and how these factors like utility services, community facilities, pattern of land uses and land prices, cost of building materials and labor, environmental condition, communication and distance from major part of the city affect the pattern of rent structure

> Analysis of the relation between education, occupation, income of the tenant households and their house rent

> Analysis of the population growth pattern of the Dhaka City and housing stock for determining the demand for housing.

2.7 Data processing and data analyzing

After finishing survey operation, all data were compiled, analyzed and presented in tabular and graphical forms. To compile primary data, compilation sheets were prepared by using Microsoft Excel software. The collected data was tabulated by another computer software SPSS. The collected information from primary and secondary sources was analyzed statistically and presented in text, tabular and graphical forms for the convenience of analysis. Thus by using different cross tables the data are analyzed for fulfillment of the objectives of the research. Data has been analyzed in the form of tables and different types of graphs (bar chart, pie chart, etc).

Figure: 2.1 Flow Diagram of the Study

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                    ┌─────────────────────┐
                    │   Topic Selection   │
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                              ▼
                    ┌─────────────────────┐
                    │  Conceptualization  │
                    └─────────────────────┘
                              │
                              ▼
                    ┌─────────────────────┐
                    │ Study Area Selection│
                    └─────────────────────┘
                              │
                              ▼
                   ┌──────────────────────┐
                   │ Reconnaissance Survey│
                   └──────────────────────┘
                              │
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                ┌──────────────────────────┐
                │ Sample Size Determination│
                └──────────────────────────┘
                              │
                              ▼
                    ┌─────────────────────┐
                    │   Data Collection   │
                    └─────────────────────┘
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Primary Data Collection	Secondary Data Collection
➢ Questionnaire Preparation	➢ Published Documents
➢ Survey Work	➢ Unpublished Documents

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                ┌──────────────────────────────┐
                │ Data Processing & Interpretation│
                └──────────────────────────────┘
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                │ Final Submission of Thesis  │
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Chapter 3: Profiles of the Study Area

3.1 Introduction

Dhaka Metropolitan area is located on the alluvial plain of the three major rivers, the Ganges, the Brahmaputra, the Meghna and their tributaries. The area of the city is 324sq. km. Dhaka metropolitan area is surrounded by the three rivers, the Turag river in the west, the Buriganga river in the south, Balu river in the east. The geographical location of Dhaka with its network of inland waterways made it an important location both strategically and commercially.

3.2 Basis of Selecting Study Area

During the last census period (1991-2001), the percentage increase of population of Dhaka City was very high. In the preceding decade the annual exponential growth rate was 10 percent per annum (BBS, 2001). This rapid increase of urban population not only created new problems but also aggravated already existing acute urban problems like, housing, transportation, unemployment etc. of these the present study focuses upon one aspect of the problem of housing. Rent variation plays an important role on housing problems. Since the rate of increase of new houses lags far behind the rate of increase of population, the resulting pressure upon the existing stock leads to high house rent and also spatial variation of house rent of Dhaka City. For this reason to solve the housing and as well as problem in house rent variation, Dhaka City has been chosen for this study.

3.3 General Description of the Study Areas

After selection of the sample areas, 200 house hold head (25 in each sample area), of different types of residential buildings, are considered for conducting survey operation with formatted questionnaires. The questionnaire includes various types of information related with the study areas. The various types of information such as occupation of the house hold head, social environment, building type, availability of utility facilities, floor space of the housing unit, average distances of various types of community facilities and land price of the sample areas of this study has been stated below.

Map: 01 Map of Dhaka City

LEGEND

Road network
River/ Lake
Metropolitan Boundary
City Corporation Boundary
Ward Boundary

0.9   0   0.9   1.8 Kilometers

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Map: 02 Map of Sample Area

LEGEND

- Sample Area
- Road network
- River/ Lake
- Metropolitan Boundary
- City Corporation Boundary
- Ward Boundary

0.9   0   0 9   1.8 Kilometers

Source: DAP RAJUK

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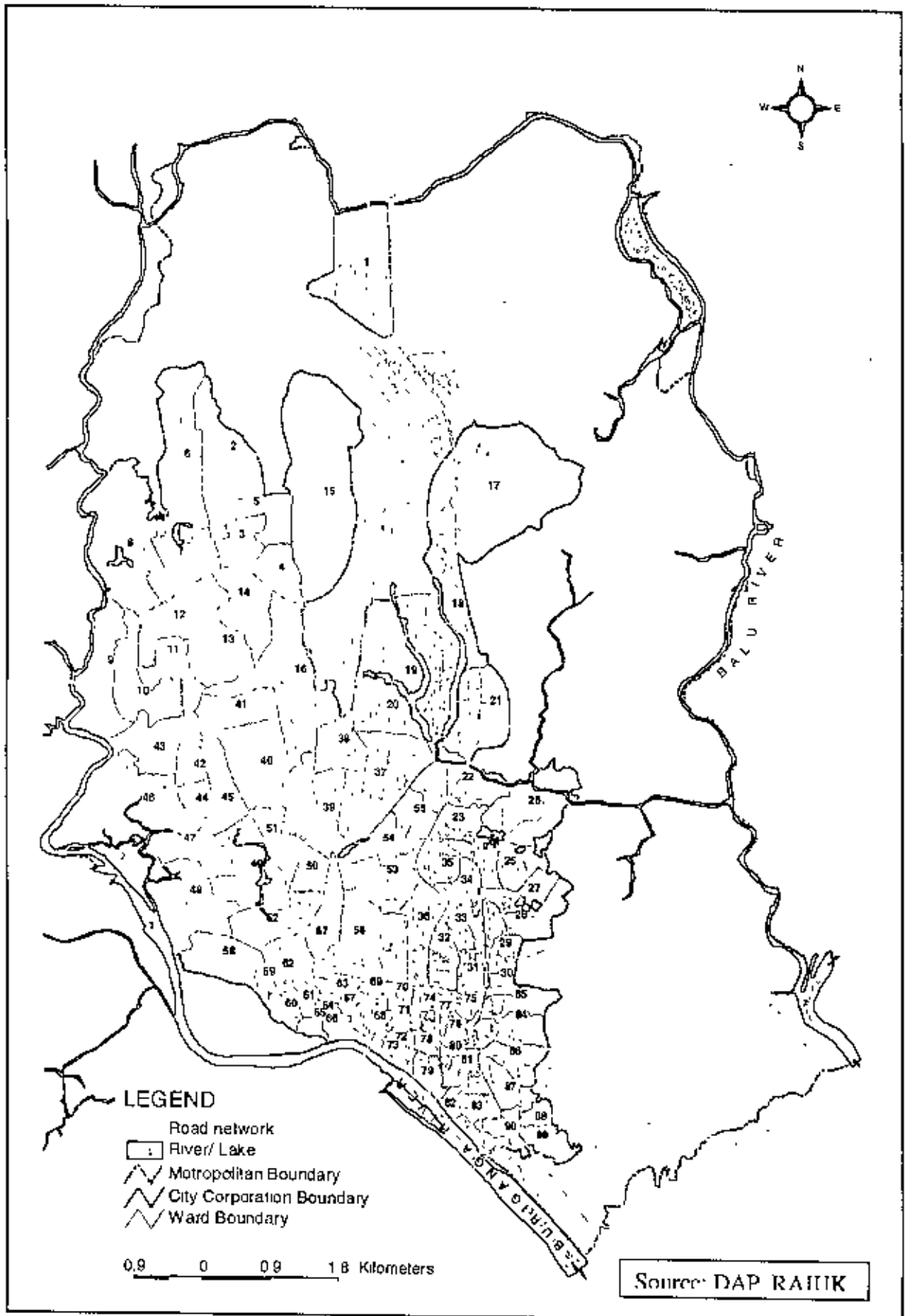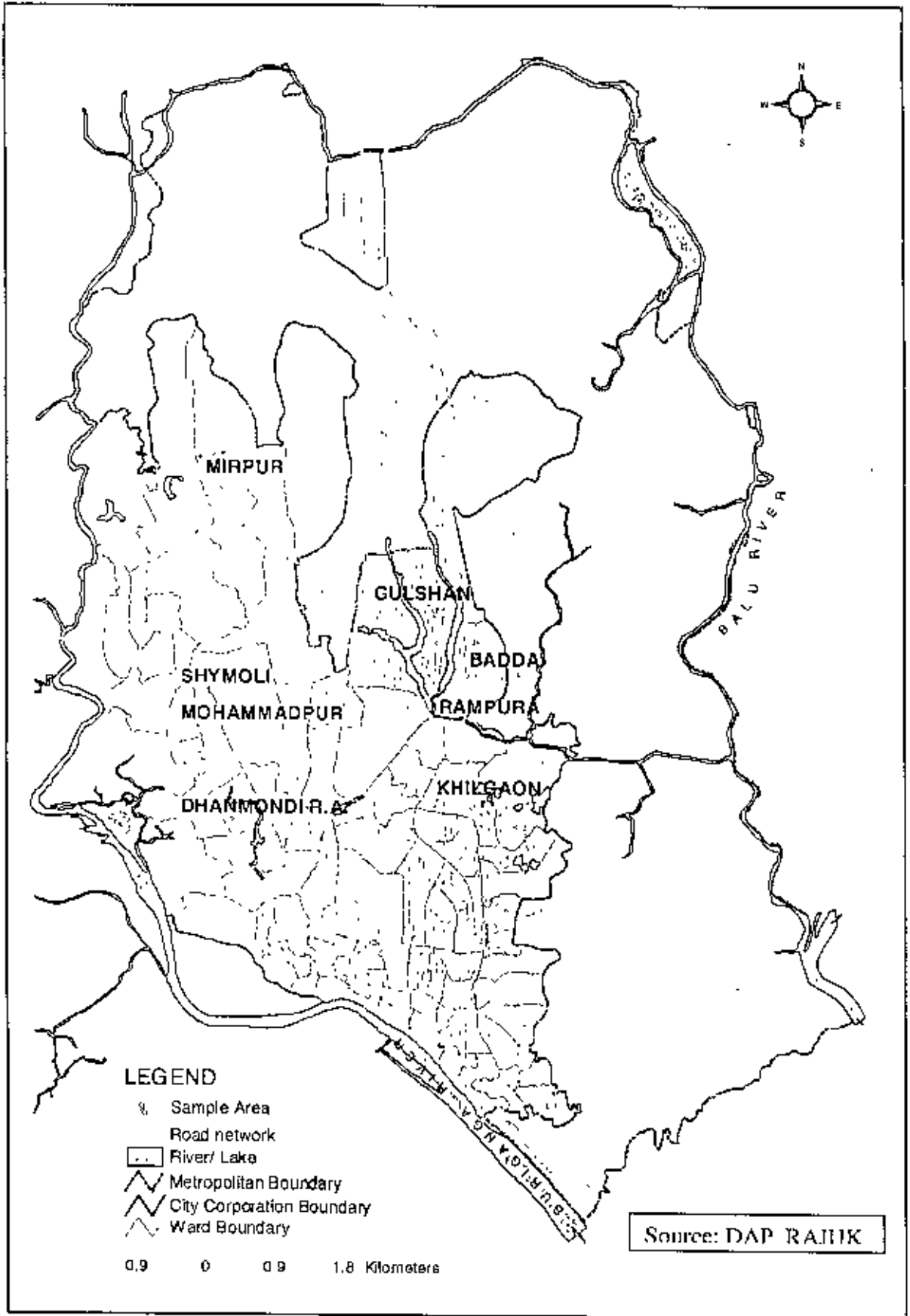
1. Gulshan

Gulshan area is situated in the north east side of the city. The diplomatic zone of the city is situated in this area and people of very high-income group live here. The area is planned and condition of access roads and major roads are good.

Occupations of most of the people are service and business (Figure: 3.3.1).

The majority of tenant household heads (48%) have income of Tk. 30001-50000 per month, the income of other 40% are more than Tk 50000 and the rest 12% has income between Tk. 20001-30000 (Figure: 3.3.2).

Most of the tenants (88%) informed that social environment is very good for living in this area (Figure: 3.3.3).

Figure: 3.3.1 Occupational Status of the Respondents (Tenant household head)
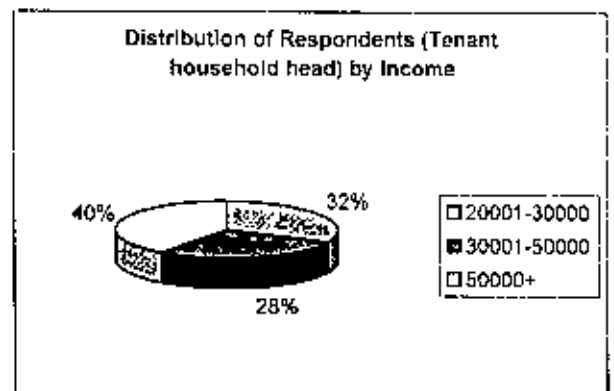
Figure: 3.3.2 Distribution of Respondents (Tenant household head) by Income

Figure: 3.3.3 Distribution of Respondents by their Perception about Social Environment of the Area

Percentage of house type A and house type B are 32% and 68% respectively (Figure: 3.3.4).

All of the housing units are connected with sewerage facility and water supply is available there, 92% of the area is connected with drainage facility (Figure: 3.3.5).

Average land price of the area is more than Tk. 30 lac per katha (Figure: 3.3.7).

The area is connected with other important areas of the city by direct/ local and luxurious transport service. All types of community facilities are (health center, shopping center, park, community center, school, katcha bazaar etc) situated within 2 km of the area. Rent structure of this area is higher than that of other areas of the city.

Most of the tenants (92%) informed that social environment is very good for living in this area (Figure: 3.3.10).

Figure: 3.3.4 Distribution of Buildings by Type

Figure: 3.3.5 Distribution of Housing Units by Availability of Utility Facilities

Figure: 3.3.6 Distribution of Housing Units by Floor Space

Figure: 3.3.7 Distribution of Housing Units by Land Price

Map: 03 Map of Gulshan Area

Banani Graveyard

GULSHAN MODEL TOWN

BANANI MODEL TOWN

LEGEND

+ Important Location

/\/ Roadnetwork

☐ Study location

0.3   0   0.3 Kilometers

2. Dhanmondi

Dhanmondi area is situated in the middle-west side of the city. After independence of Bangladesh, high income group started to live in this area, but at present this area has turned into a commercial area. Various types of show rooms. large shopping malls, NGOs and international organizations opened their offices in this area. The area is planned and condition of access roads and major roads are good.

Occupations of most of the tenants are service and business (Figure: 3.3.8).

Among the tenant household heads, income of 32% is in the range Tk. 20001-30000. 28% have income between Tk. 30001 and 50000 and the rest 40% have income more than Tk. 50000 (Figure: 3.3.9)

Figure: 3.3.8 Occupational Status of the Respondents (Tenant household head)

Figure: 3.3.9 Distribution of Respondents (Tenant household head) by Income

Figure: 3.3.10 Distribution of Respondents by their Perception about Social Environment of the Area

19

Percentage of house type A and house type B are 36% and 64% respectively (Figure: 3.3.11).

All of the area is connected with sewerage facility and drainage facility. In this locality 92% households are connected with available water supply (Figure: 3.3.12).

People live in large size housing units generally between 1200 and 1600 Sq ft (Figure: 3.3.13).

The land price of the area is about Tk. 25-30 lac per katha (Figure: 3.3.14). All types of community facilities (health center, shopping center, park, community center, school, katcha bazaar etc) are situated within 2 km of the community. Rent structure of this area is also high like the area of Gulshan.

Figure: 3.3.11 Distribution of Buildings by Type

Figure: 3.3.12 Distribution of Housing Units by Availability of Utility Facilities

Figure: 3.3.13 Distribution of Housing Units by Floor Space

Figure: 3.3.14 Distribution of Housing Units by Land Price Per Katha (at the time of surveying)

LEGEND

* Important Location

/\/ Road network

☐ Study location

SHAH JAHANABAD

Rayerbazar Police Fary

Gather Art College

DHANMONDI RA

02   0   02 Kilomters

Source: DAP - RAJUK

3. Mohammadpur

Mohammadpur area is developed in the middle-west side of the city. Some parts of this area are developed in planned way but most of the areas are unplanned and developed in haphazard way. Condition of access roads and major roads are not good The area is connected with other important areas of the city by various types of direct/ local transport services.

Occupations of most of the tenants are service and business (Figure: 3.3.15).

Tenants of lower and medium income group are living in this area Among the tenant household heads, income of 10% have up to Tk.5000, 14% is in the income range between 5001-10000, 64% is in the income range between Tk. 10001 and 20000, rest of 12% have income more than Tk. 20000(Figure: 3.3.16).

Most of the tenants (72%) informed that social environment is of medium type and only 16% informed that the social environment is very good for living in this area (Figure: 3.3.17).
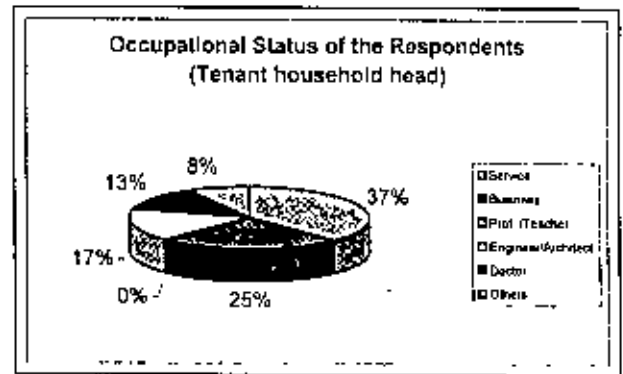

Figure: 3.3.15 Occupational Status of the Respondents (Tenant household head)

Figure: 3.3.16 Distribution of Respondents (Tenant household head) by Income

Figure: 3.3.17 Distribution of Respondents by their Perception about Social Environment of the Area

Percentage of house type A and house type B and house type C are 08%, 88% and 04% respectively (Figure: 3.3.18).

Most of the housing units are connected with available water supply facility. In this area 8% of households are connected with sewerage facility, 76% households are connected with drainage facility (Figure: 3.3.19).

People live in medium size housing units, generally 500 and 800 Sq ft in size (Figure: 3.3.20).

The average land price of the area is more than Tk. 10 lac per katha (Figure: 3.3.21).

All types of community facilities (health center, shopping center, park, community center, school, katcha bazaar etc) are situated within 3 km of the area. Rent structure of this area is not very high in comparison with Gulshan and Dhanmondi area.

Figure: 3.3.18 Distribution of Buildings by Type

Figure: 3.3.19 Distribution of Housing Units by Availability of Utility Facilities

Figure: 3.3.20 Distribution of Housing Units by Floor Space

Figure: 3.3.21 Distribution of Housing Units by Land Price Per Katha (at the time of surveying)

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Map: 05 Map of Mohammadpur Area

LEGEND

- Important Location
- Road network
- Study location

DKHINAGOR

MOHAMMADPUR

MOHAMMADPURI-CLBNGODVREX

02   0   02 Kilometers

RAVOHANDRPUR

BINSTR

Sagartij Mandir

KATALR

Physical Office

BASILA

4. Mirpur

Mirpur is situated in the north west side of the city. Development of most of the area are planned. Conditions of major roads are good but access roads are not in good condition. Most of the area is connected with other important areas of the city by various types of direct/ local transport service.

Occupations of most of the tenants are service and business (Figure: 3.3.22).

Tenants of medium income group are living in this area. Among the tenant household heads, income of 3 % have up to Tk.5000, 5% is in the income range between 5001-10000, 60% is between Tk. 10001 and 20000, 32% is more than Tk. 20000 (Figure: 3.3.23).

Most of the tenants (60%) informed that social environment is of medium type and 24% informed that the social environment is very good for living in this area (Figure: 3.3.24).

Figure: 3.3.22 Occupational Status of the Respondents (Tenant household head)

Figure: 3.3.23 Distribution of Respondents (Tenant household head) by Income
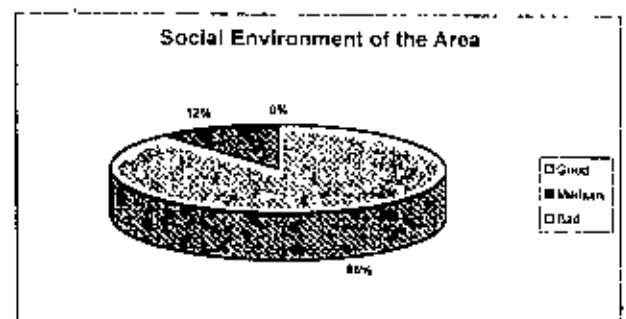

Figure: 3.3.24 Distribution of Respondents by their Perception about Social Environment of the Area

25

Percentage of house type A and house type B and house type C are 04%, 88% and 08% respectively (Figure: 3.3.25).

Most of the housing units (68%) are connected with available water supply facility. In this area 24% of housing units are connected with sewerage facility, 44% are connected with drainage facility (Figure: 3.3.26).

People lived in medium size of housing units generally 700 and 1000 Sq ft (Figure: 3.3.27).

The land price of the area is within Tk. 11-15 lac per katha (Figure: 3.3.28).

Average distance of major community facilities (health center, shopping center, high school, etc) are 6 km from the area. Katcha bazaar, community center are situated within 1 km. House rent structure of this area is not very high compare to the area of Gulshan and Dhanmondi.
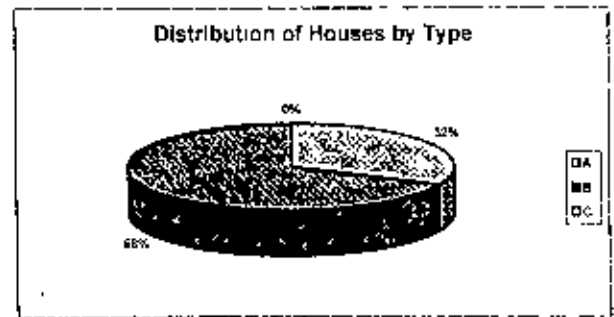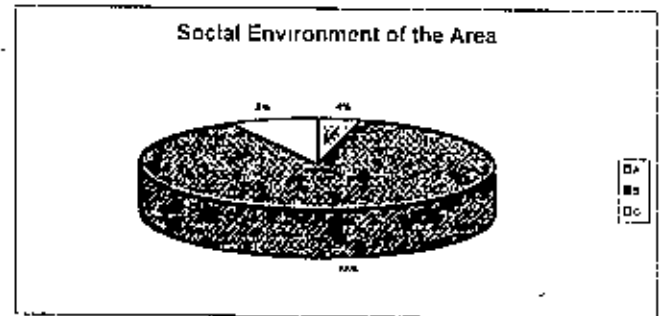

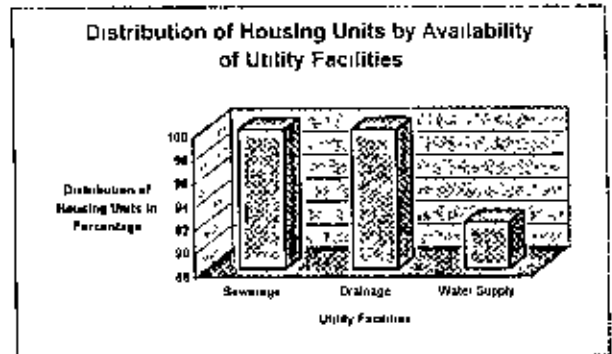Figure: 3.3.25 Distribution of Buildings by Type

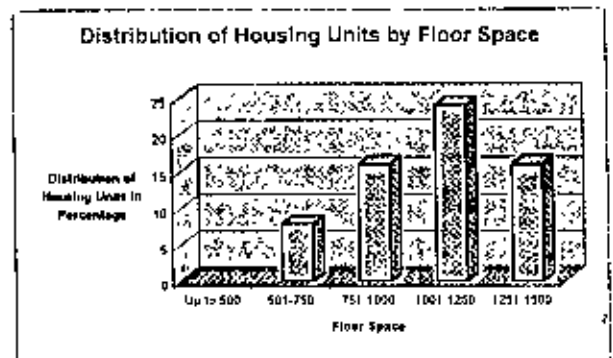Figure: 3.3.26 Distribution of Housing Units by Availability of Utility Facilities

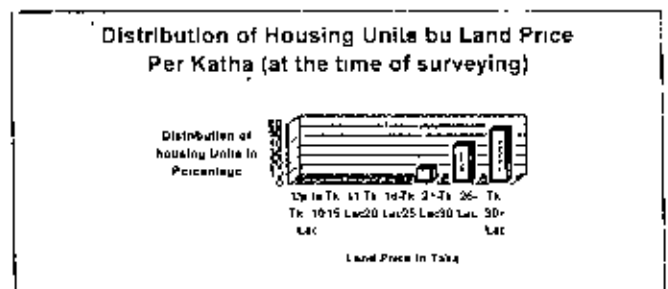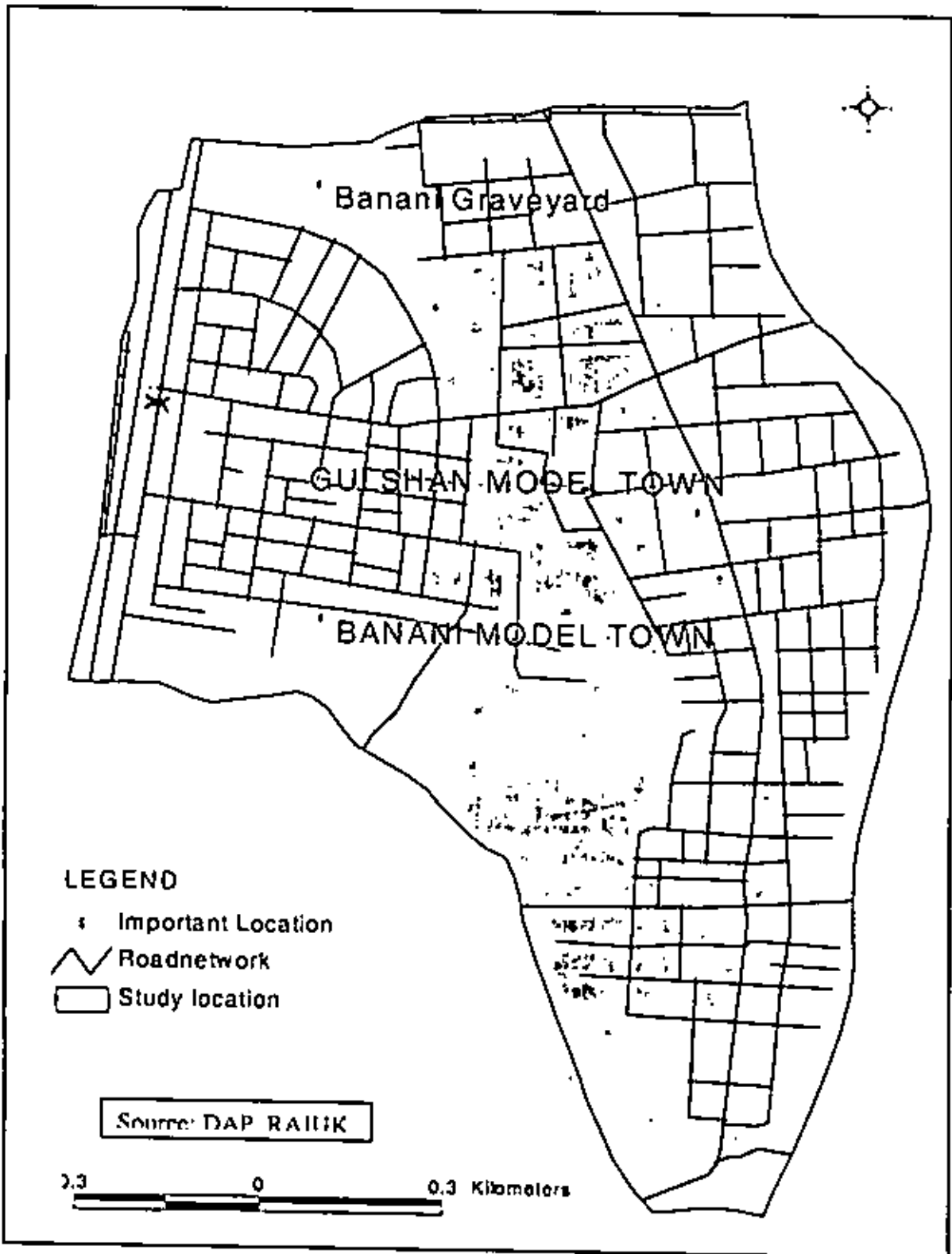Figure: 3.3.27 Distribution of Housing Units by Floor Space

Figure: 3.3.28 Distribution of Housing Units by Land Price Per Katha (at the time of surveying)

26

Map: 06 Map of Mirpur Area

LEGEND

• Important Location

/\/ Road network

☐ Study location

04   0   04 Klometers

Source: DAP - RAJUK

5. Shaymoli

Shaymoli is situated in the middle-west side of the city. Most of the areas are unplanned and developed in haphazard way. Condition of access roads and major roads are not good. The area is connected with other important areas of the city by various types of direct/ local transport services but transport network is not as good as Gulshan, Mohammadpur or Mirpur.

Occupations of most of the tenants are service and business (Figure: 3.3.29).

Tenants of medium income group are living in this area. Among the tenant household heads, income of 2% have up to Tk.5000, 6% is in the income range between 5001-10000, 60% are in the income range of Tk. 10001 and 20000, 32% are earning more than Tk. 20000 (Figure: 3.3.30).

According to the opinion of the tenants (56%) social environment of this area is of medium type and only 36% think that the social environment is very good for living this area (Figure: 3.3.31).
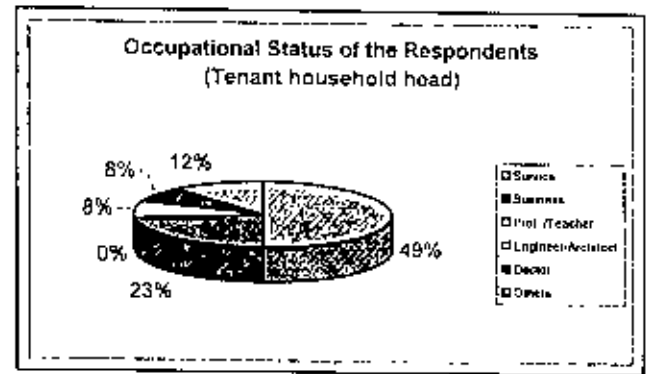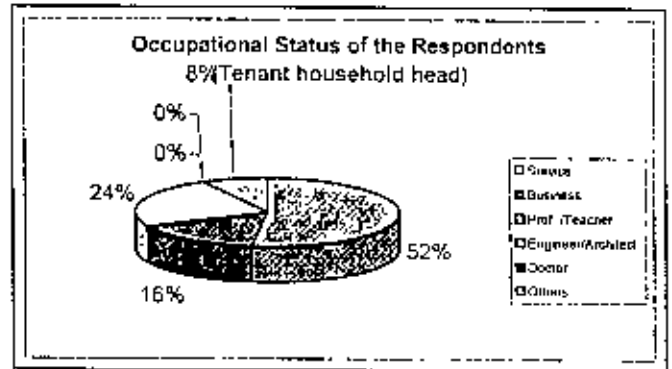

Figure: 3.3.29 Occupational Status of the Respondents (Tenant household head)
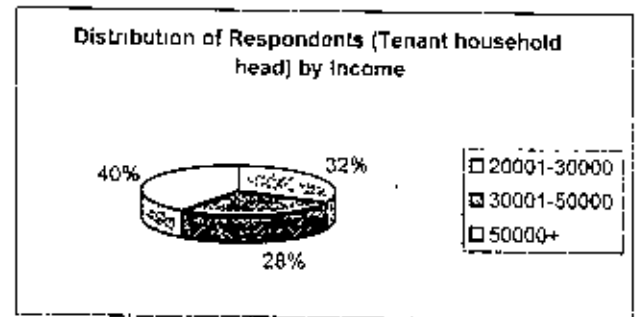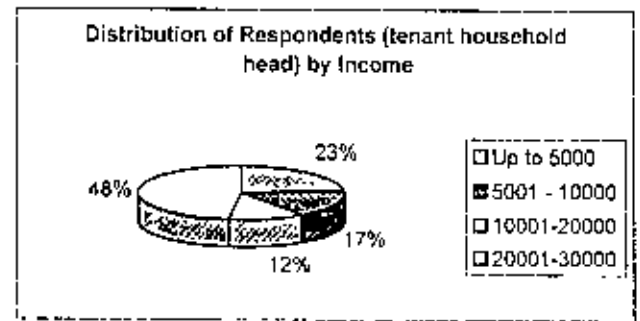

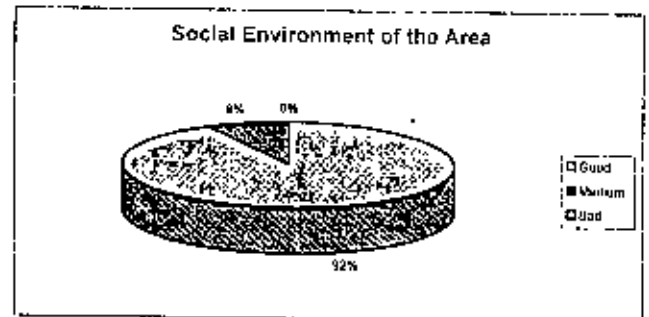Figure: 3.3.30 Distribution of Respondents (Tenant household head) by Income
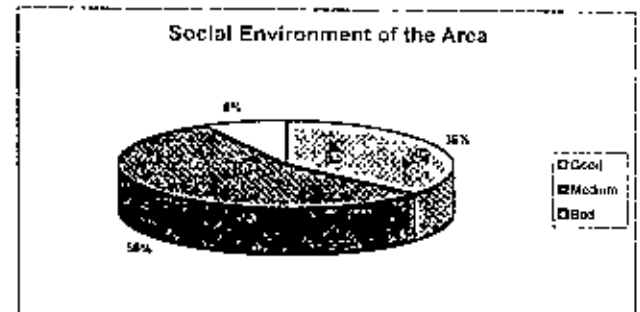
Figure: 3.3.31 Distribution of Respondents by their Perception about Social Environment of the Area

28

Percentage of house type A and house type B and house type C are 08%, 84% and 08% respectively (Figure: 3.3.32).

Most of the housing units (76%) are connected with available water supply facility. In this area 16% housing units are connected with sewerage facility, 28% housing units are connected with drainage facility (Figure:3.3.33).

Most of the people (56%) live in medium size of housing units generally between 500-750 Sq ft in size and 24% people lived in generally between 751-1000 Sq ft in size (Figure. 3.3.34).

The land price of the area are within Tk. 11-15 lac per katha (Figure: 3.3.35).

All types of community facilities (health center, shopping center, park, community center, school, katcha bazaar etc) are situated within 3 km of the area. The rent structure of this area comparatively high than other areas of medium income group like Mohammadpur, Mirpur.
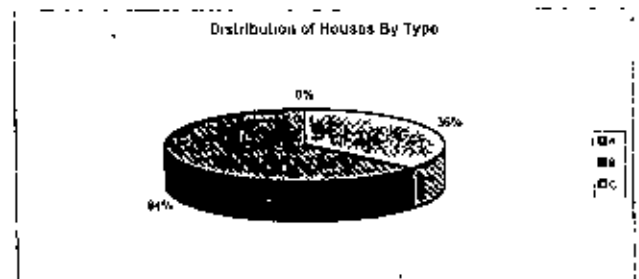

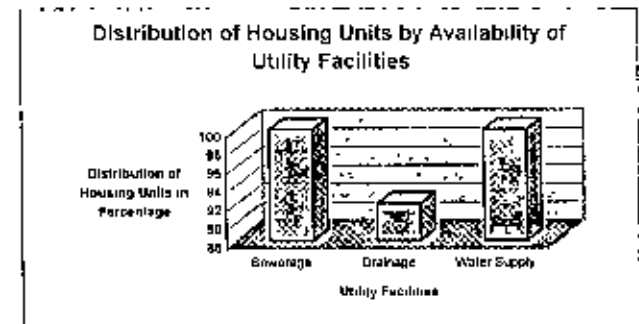Figure: 3.3.32 Distribution of Buildings by Type

Figure: 3.3.33 Distribution of Housing Units by Availability of Utility Facilities
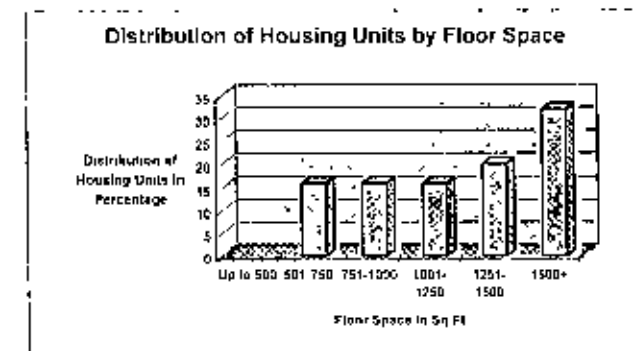

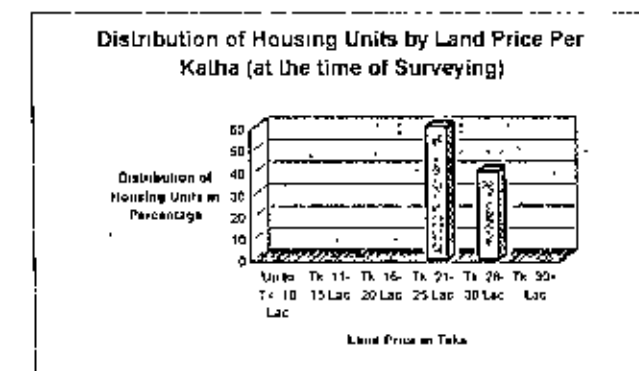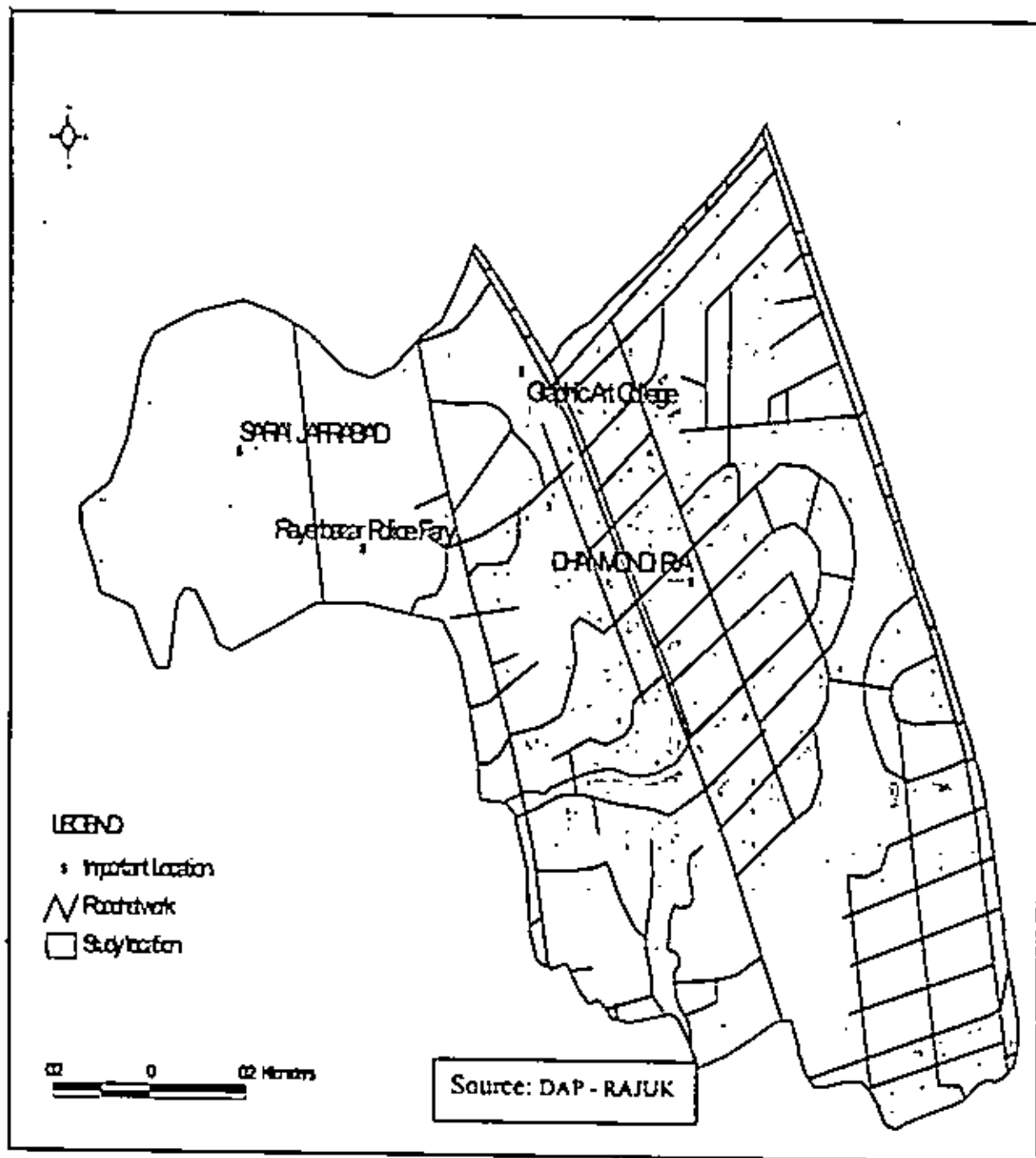Figure: 3.3.34 Distribution of Housing Units by Floor Space

Figure: 3.3.35 Distribution of Housing Units by Land Price Per Katha (at the time of surveying)

29

LEGEND
• Important Location
/\ Roadnetwork
☐ Study location

KALLAYANPUR

BRDC Bus Depo

WEST AGARGAON

Womens Poly. Inst.   SPARRSO

Science Museum

AGARGAON   Lions Eye Hospital

Bangladesh Betar

SOS Child Village

Stong Orphanal.

UTTRA CHBR   SHAMOLI

02   0   02 Kiometers

Source: DAP - RAJUK

6. Badda

Badda is located in the north east side of the city. This area is newly developed area and most of the area is developing in unplanned way. This area is developed on low land and in rainy season the most of the areas have been waterlogged. Condition of access roads and major roads are not good. The area is connected with some parts of the city by various types of direct/ local transport services but transport network is not good.

Occupations of most of the tenants are service (Figure: 3.3.36).

Tenants of low and medium income group are living in this area. The majority of tenant household heads (48%) have income more than Tk 20000, income of 23% have up to Tk.5000, 17% is in the income range between 5001-10000, and the rest (12%) has income between Tk. 10001 and 20000 (Figure: 3.3.37).

According to the opinion of the tenants 76% feel that social environment is of medium type and only 12% feel that the social environment is good for living in this area (Figure: 3.3.38).
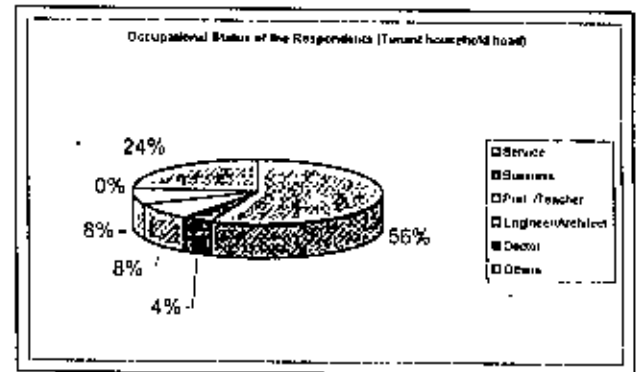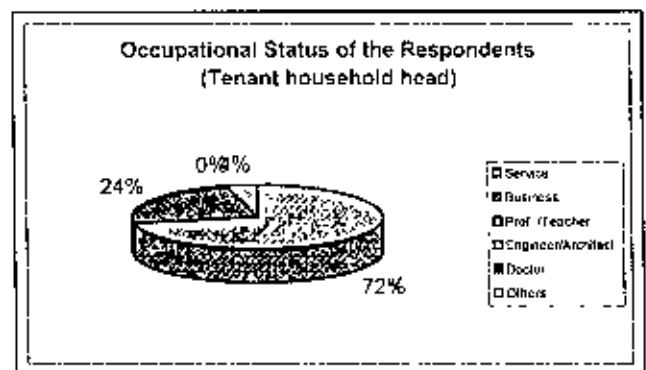

Figure: 3.3.36 Occupational Status of the Respondents (Tenant household head)
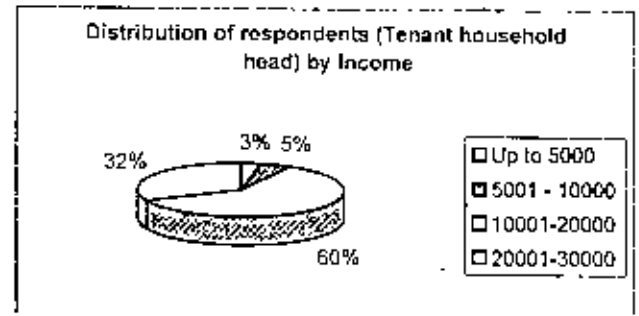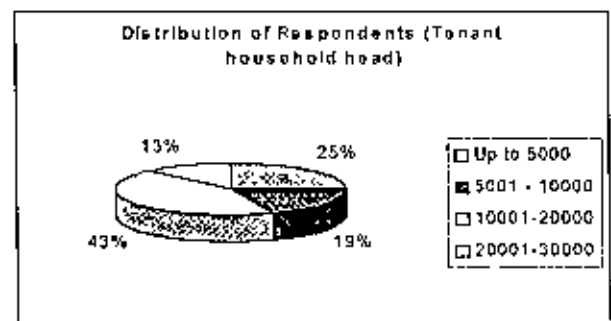

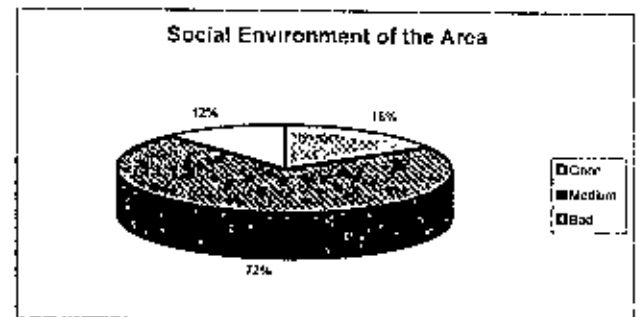**Figure: 3.3.37 Distribution of Respondents (Tenant household head) by Income**
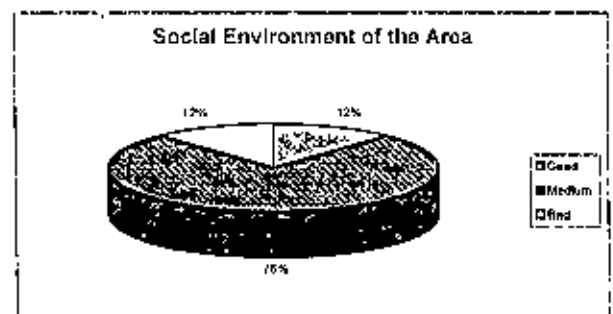
Figure: 3.3.38 Distribution of Respondents by their Perception about Social Environment of the Area

31

Percentage of house type B and house type C are 88% and 12% respectively (Figure: 3.3.39).

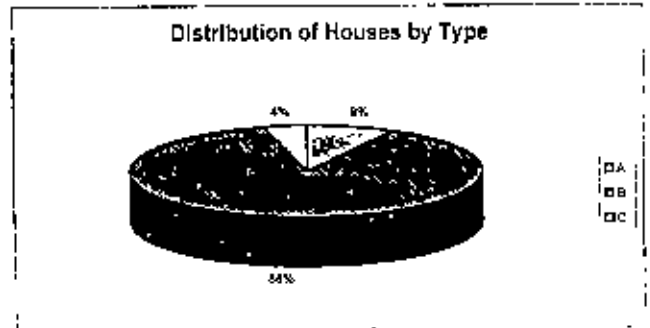Most of the housing units (60%) are connected with available water supply facility. In this area 72% of housing units are connected with drainage facility (Figure: 3.3.40). Sewerage facility is not yet developed in this area.

People live in small size f housing units generally between 400 and 600 Sq ft in size (Figure: 3.3.41).

The highest land price of the area is Tk. 10 lac per katha (Figure: 3.3.42).

Average distance of major community facilities (health center, shopping center, high school, etc) are 7 km from the area. Katcha bazaar, community centers are situated within 2 km of the community. House rent structure of this area is low than other areas of the city.

Distribution of Houses by Type
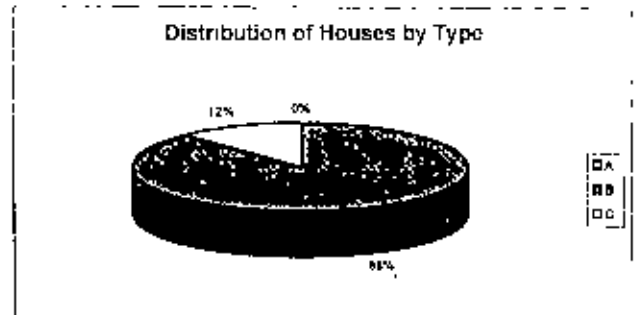
Figure: 3.3.39 Distribution of Buildings by Type

Distribution of Housing Units by Availability of Utility Facilities
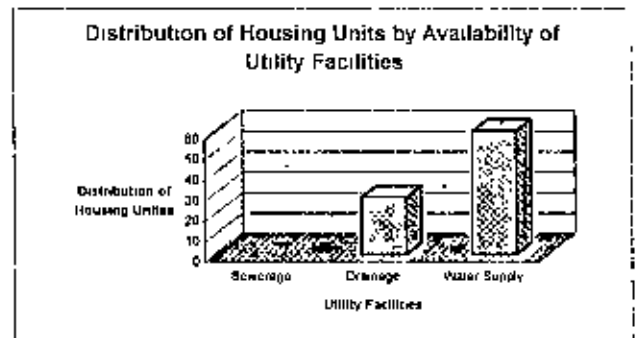
Figure: 3.3.40 Distribution of Housing Units by Availability of Utility Facilities

Distribution of Housing Units by Floor Space
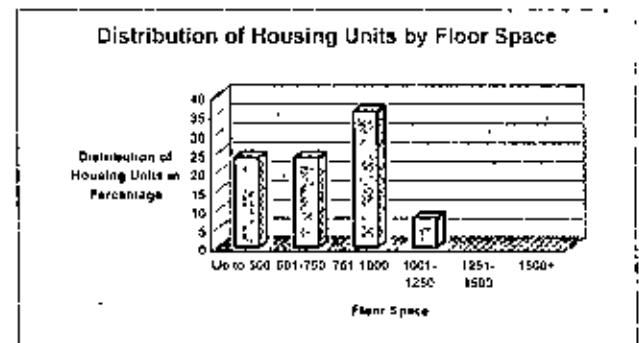
Figure: 3.3.41 Distribution of Housing Units by Floor Space

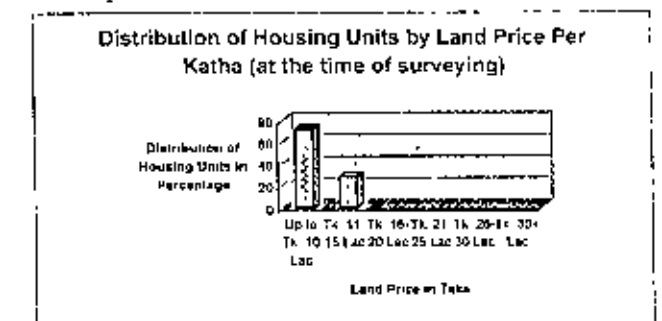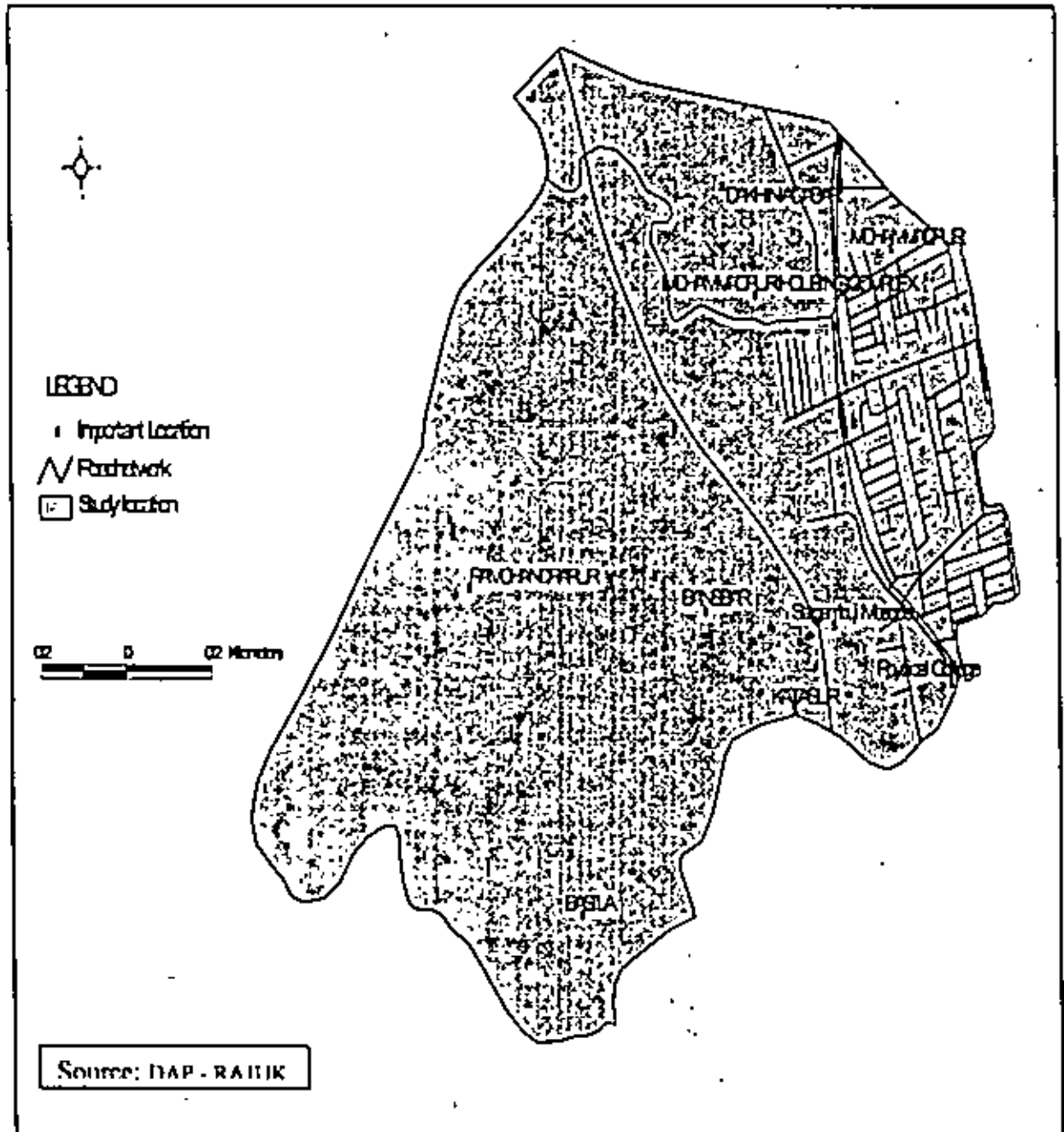Distribution of Housing Units by Land Price Per Katha (at the time of surveying)
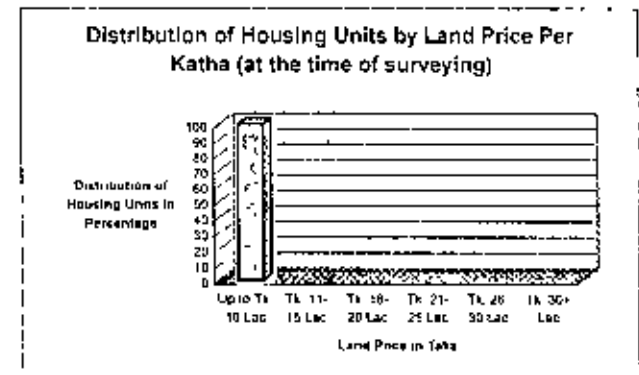
Figure: 3.3.42 Distribution of Housing Units by Land Price Per Katha (at the time of surveying)

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Map: 08 Map of Badda Area

USA Embassy

LEGEND

s Important Location

/\/ Roadnetwork

☐ Study location

UTTAR BADDA

MADHYA BADDA

WEST BADDA

SOUTH BADDA

MERUL

0   0 3 Kilometers

Source: DAP_RAJUK

33
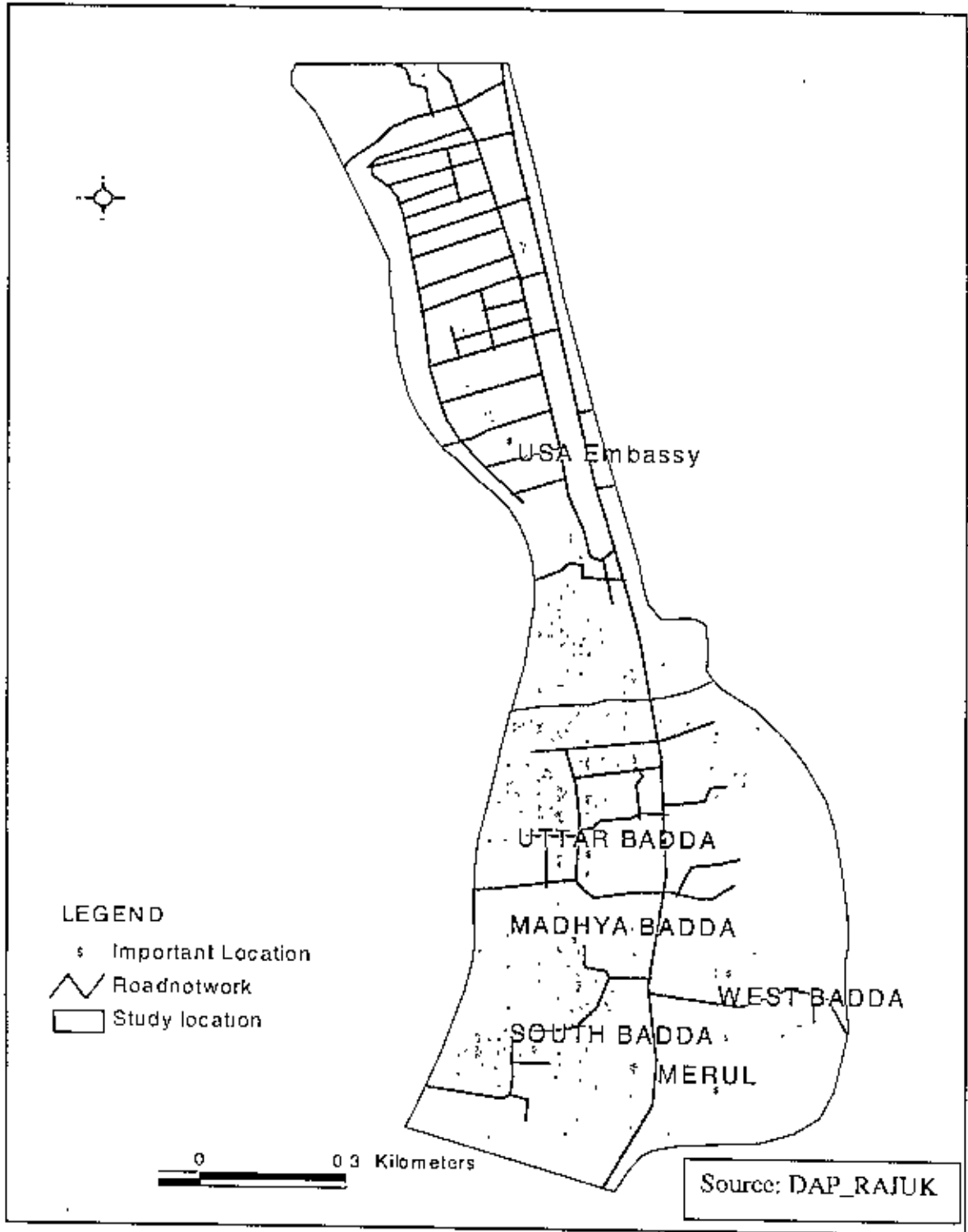
7. Rampura

Rampura is located in the north-east side of the city. Most of the areas are unplanned and developed in haphazard way. Condition of access roads and major roads are not good. Though the area is connected with some parts of the city by various types of direct/ local transport services but overall transport network is not good.

Occupations of most of the tenants are service and business (Figure: 3.3.43).

Tenants of lower and medium income group are living in this area. Among the tenant household heads, income of 16% have up to Tk.5000, 12% is in the income range between 5001-10000, 64% have income between Tk. 10001 and 20000, 8% have income more than Tk. 20000 (Figure: 3.3.44).

Most of the tenants (68%) informed that social environment is of medium type and only 24% informed that the social environment is very good for living in this area (Figure: 3 3.45).
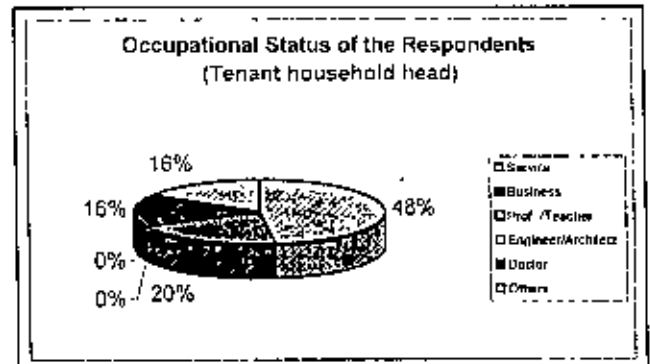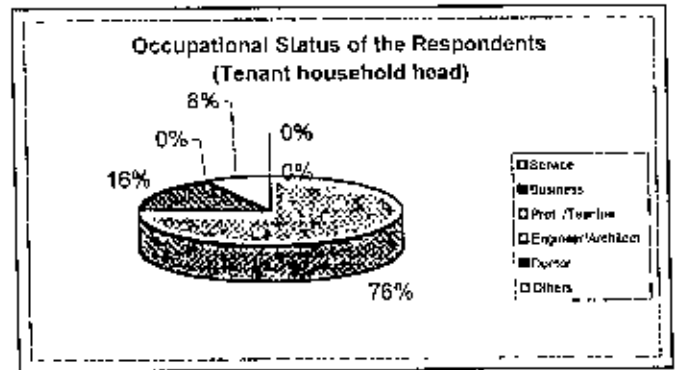

Figure: 3.3.43 Occupational Status of the Respondents (Tenant household head)
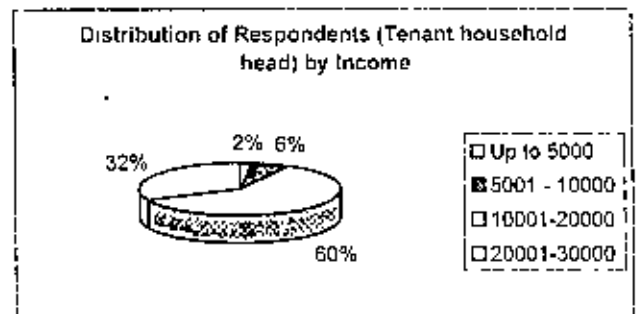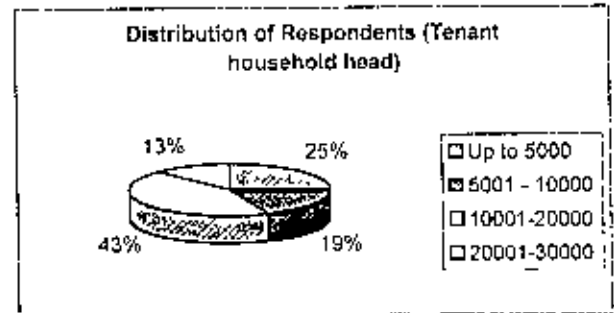

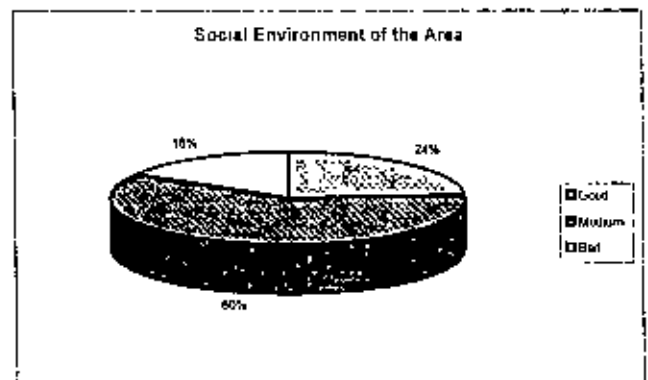Figure: 3.3.44 Distribution of Respondents (Tenant household head) by Income
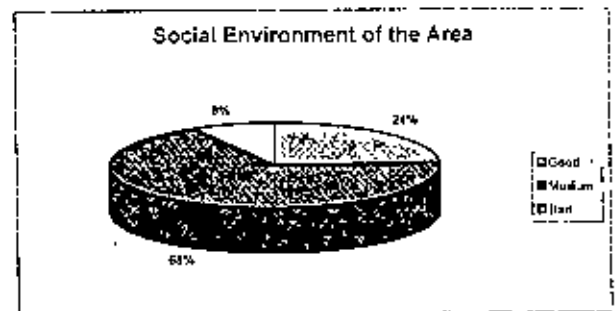
Figure: 3.3.45 Distribution of Respondents by their Perception about Social Environment of the Area

34

Percentage of house type B and house type C are 88%. and 12% respectively (Figure: 3.3.46).

In this area only 22% of housing units are connected with drainage facility. Most of the housing units are not connected with available water supply facility (Figure: 3.3.47). Sewerage facility is not yet developed in this area.

People live in small size housing units generally between 500 and 1000 Sq ft. in size (Figure: 3.3.48).

The land price of the area is near about Tk. 10 lac per katha (Figure 3.3.49).

All types of community facilities (health center, shopping center, park, community center, school, etc) are situated within 6 km of the community which is far away than other zones of the city. The distances of katcha bazaar are within 2 km of the area. The rent structure of this area are medium.
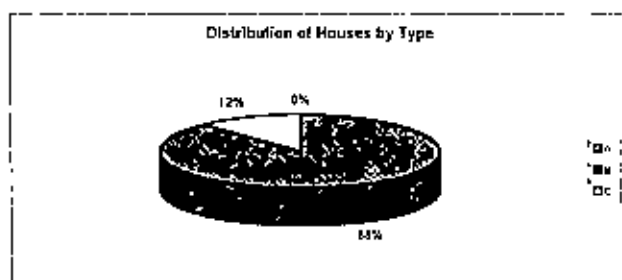
Figure: 3.3.46 Distribution of Buildings by Type
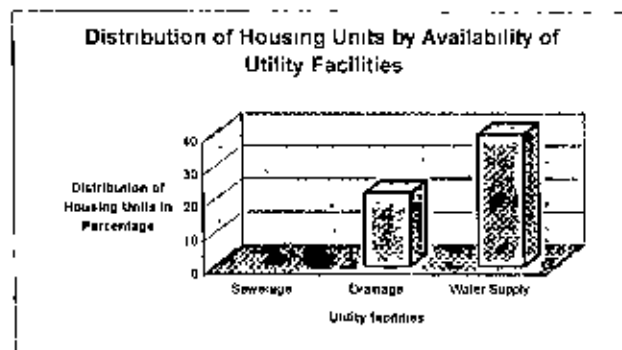
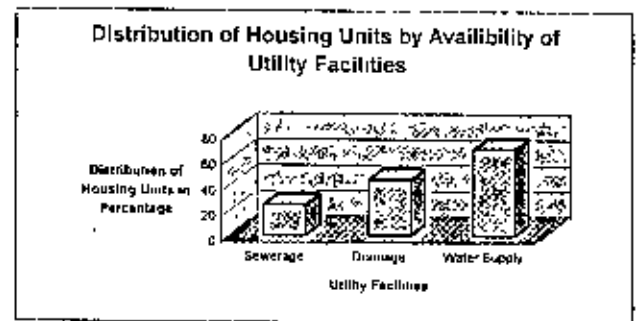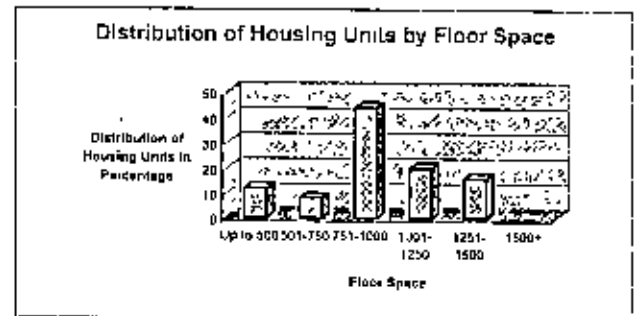Figure: 3.3.47 Distribution of Housing Units by Availability of Utility Facilities
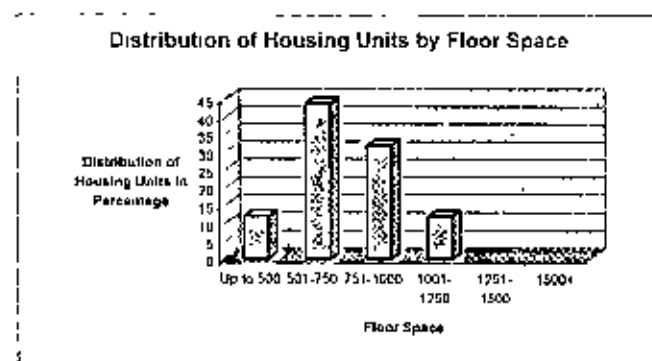
Figure: 3.3.48 Distribution of Housing Units by Floor Space
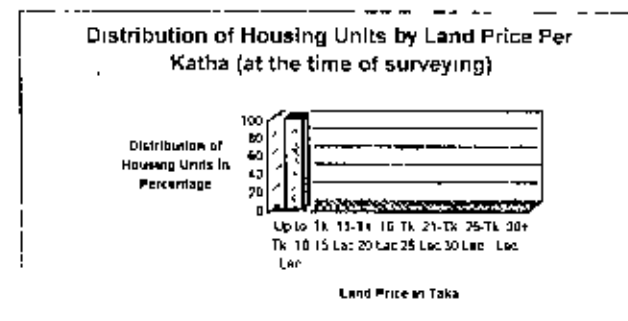
Figure: 3.3.49 Distribution of Housing Units by Land Price Per Katha (at the time of surveying)

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MERUL BADDA

LEGEND
- Important Location
- Road network
- Study location

TV Bhaban

ULAN

RAMPURA

Source: DAP - RAJUK

02   0   02 Kilometers
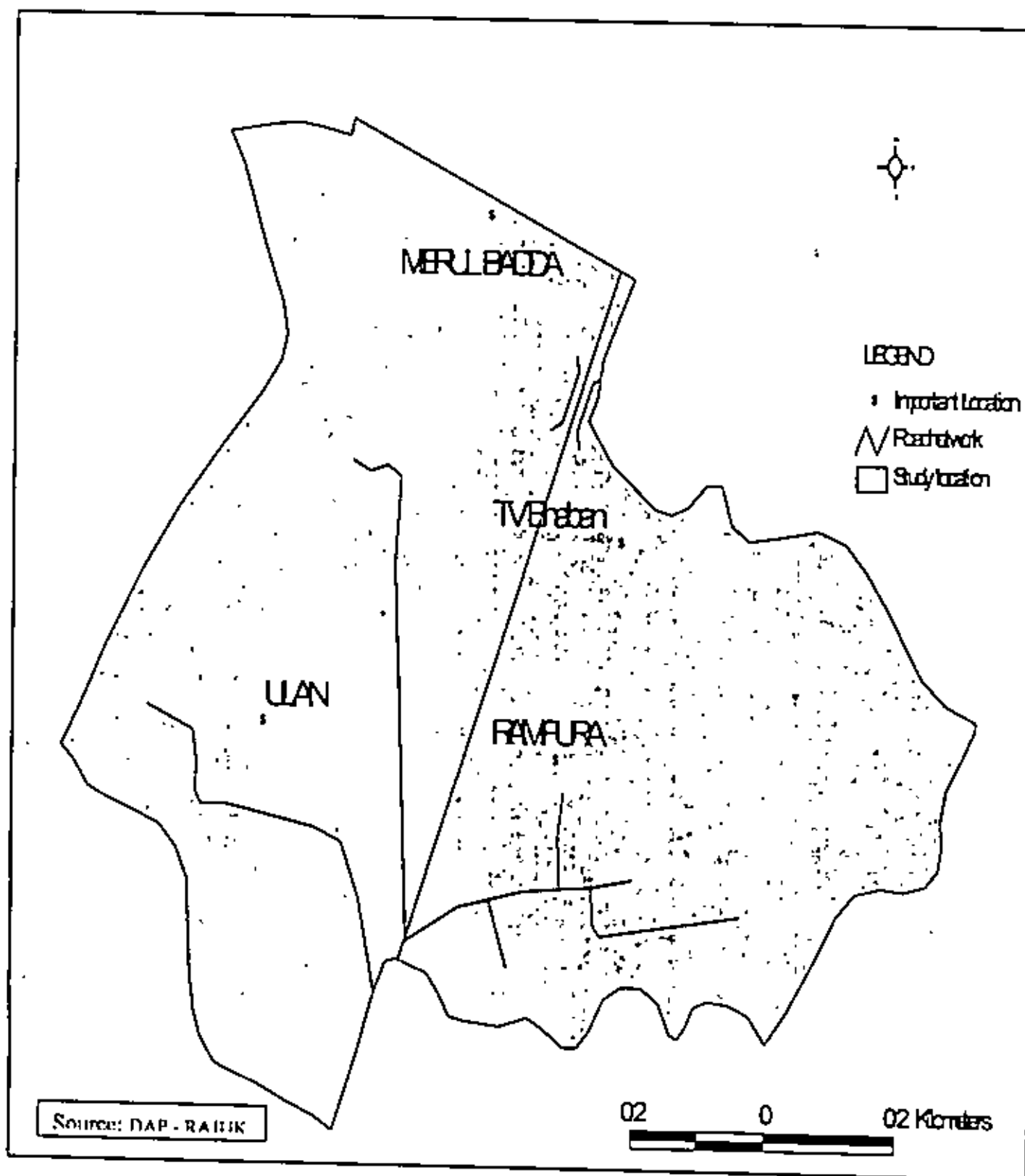
8. Khilgaon

Kilgaon is situated in the east side of the city. Some parts of this area are developed in planned way but most of the area are unplanned and developed in haphazard way. Condition of access roads and major roads are not good. Though the area is connected with some other important parts of the city by various types of direct/ local transport services but overall transport network is not good enough.

Occupations of most of the tenants are service and business(Figure: 3.3.50)

Tenants of lower and medium income group are live in this area. Among the tenant household heads income of 14% have up to Tk.5000, 18% is in the income range between 5001-10000, 28% have income between Tk. 10001 and 20000, 40% have income more than Tk.20000 (Figure:3.3.51).

Most of the tenants (88%) informed that social environment is of medium type and only 12% informed that the social environment is very good for living in this area (Figure: 3.3.52).
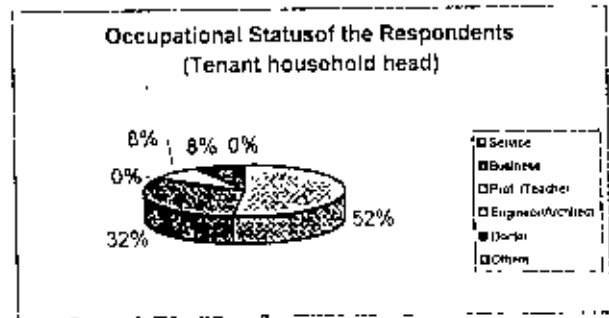
Figure: 3.3.50 Occupational Status of the Respondents (Tenant household head)
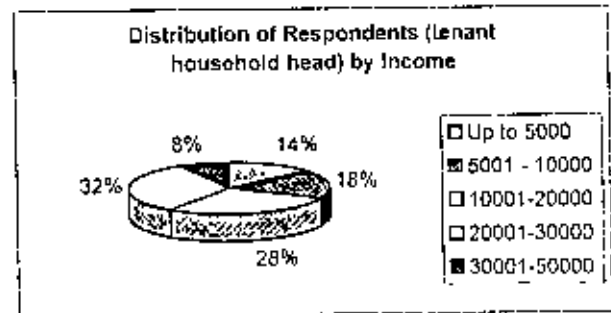
Figure: 3.3.51 Distribution of Respondents (Tenant household head) by Income
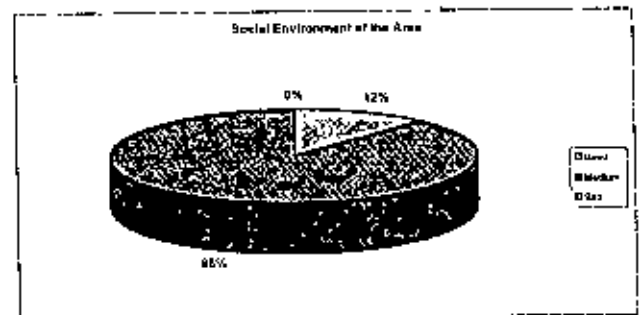
Figure: 3.3.52 Distribution of Respondents by their Perception about Social Environment of the Area

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Percentage of house type B and house type C are 60%, and 40% respectively (Figure: 3.3.53).

Most of the housing units (76%) are connected with available water supply facility. In this area 80% of the housing units are connected with drainage facility (Figure: 3.3.54). Sewerage facility yet not connected in this area.

People live in medium size of housing units generally 500 and 800 Sq ft in size (Figure:3.3.55).

The land price of the area is more than Tk. 10 lac per katha (Figure: 3.3.56).

Major community facilities (health center, shopping center, park, etc) are situated within 5 km which is far away compared to the others area of the city. Community center, school, katcha bazaar are located within 2 km of the area. The rent structure of this area is medium.
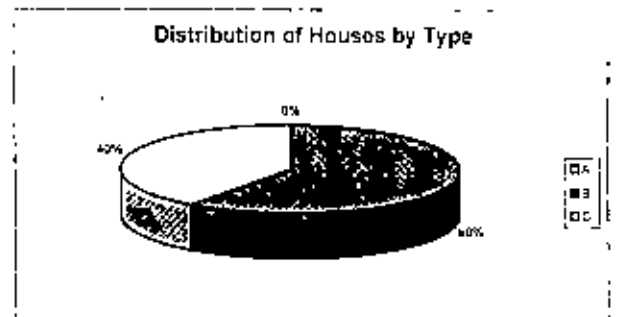
Figure: 3.3.53 Distribution of Buildings by Type
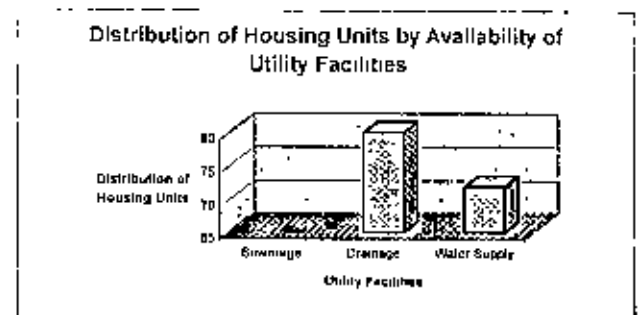
Figure: 3.3.54 Distribution of Housing Units by Availability of Utility Facilities
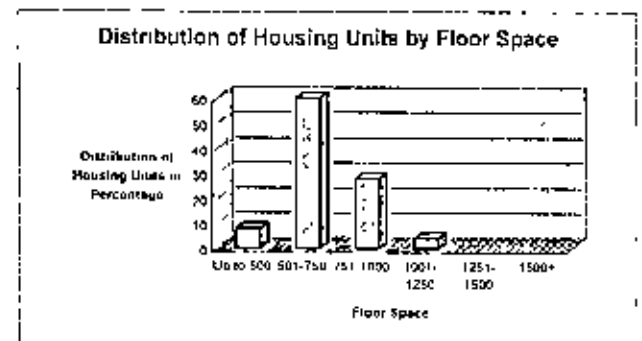
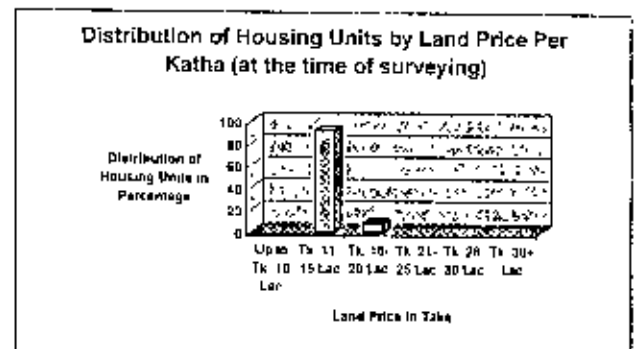Figure: 3.3.55 Distribution of Housing Units by Floor Space
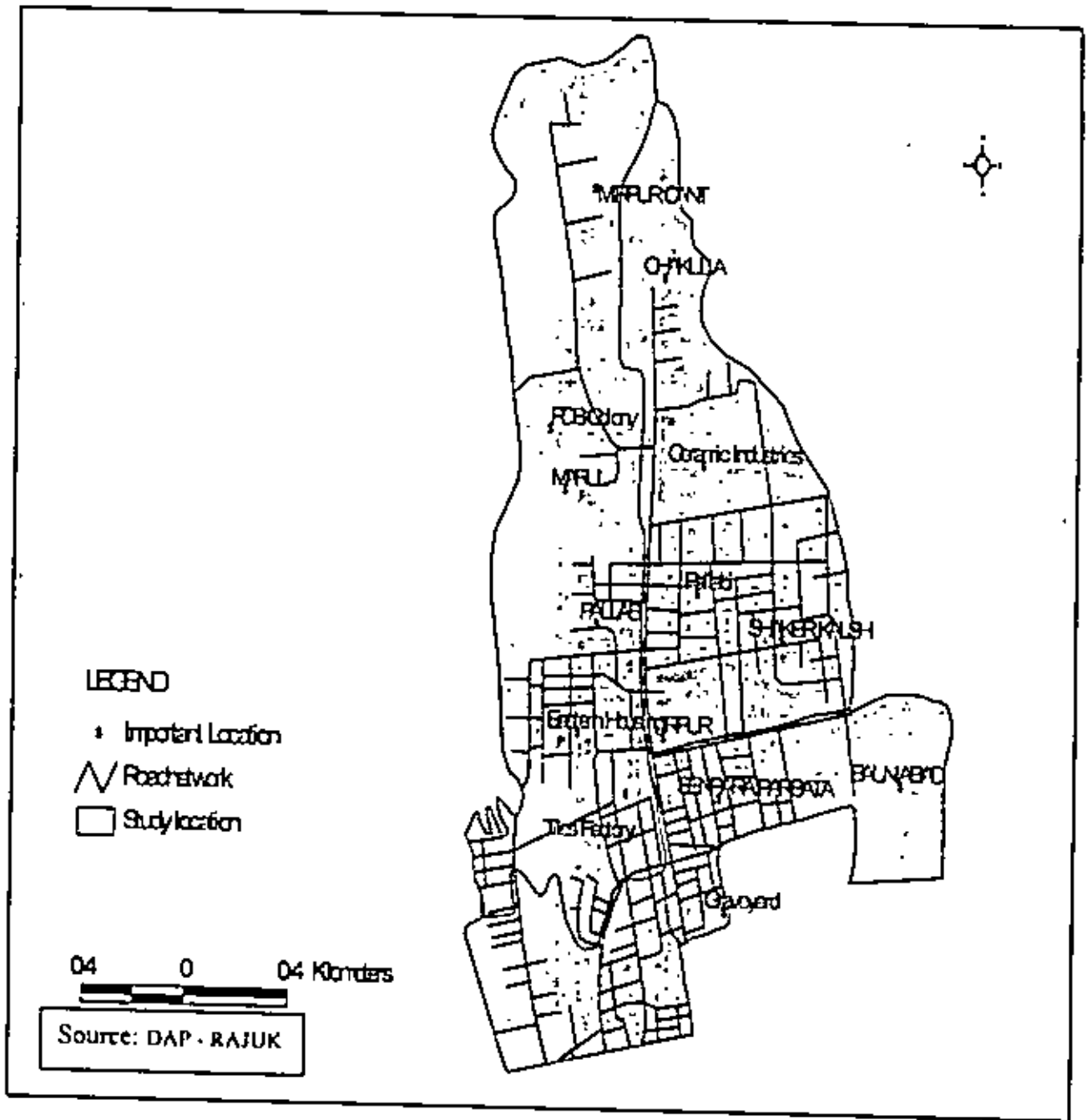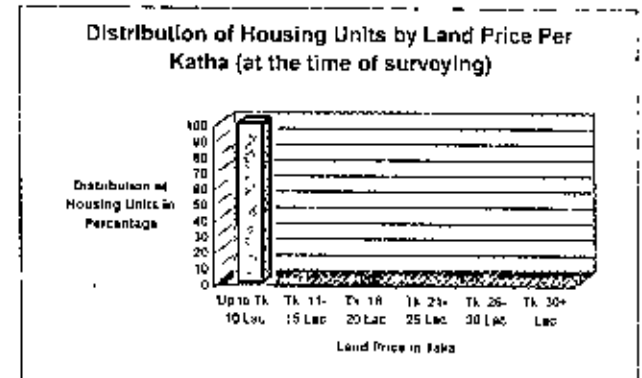

Figure: 3.3.56 Distribution of Housing Units by Land Price Per Katha (at the time of surveying)

LEGEND

s Important Location

/\/ Roadnetwork

☐ Study location

MIRADA

REALBAG

PURBAHAJIPARA

s KHILGAON

Ansars VDP

CHOWDHURIPARA

NALITALA GORAN

TILPARA

Source: DAP - RAJUK

02   0   02 Kilometers
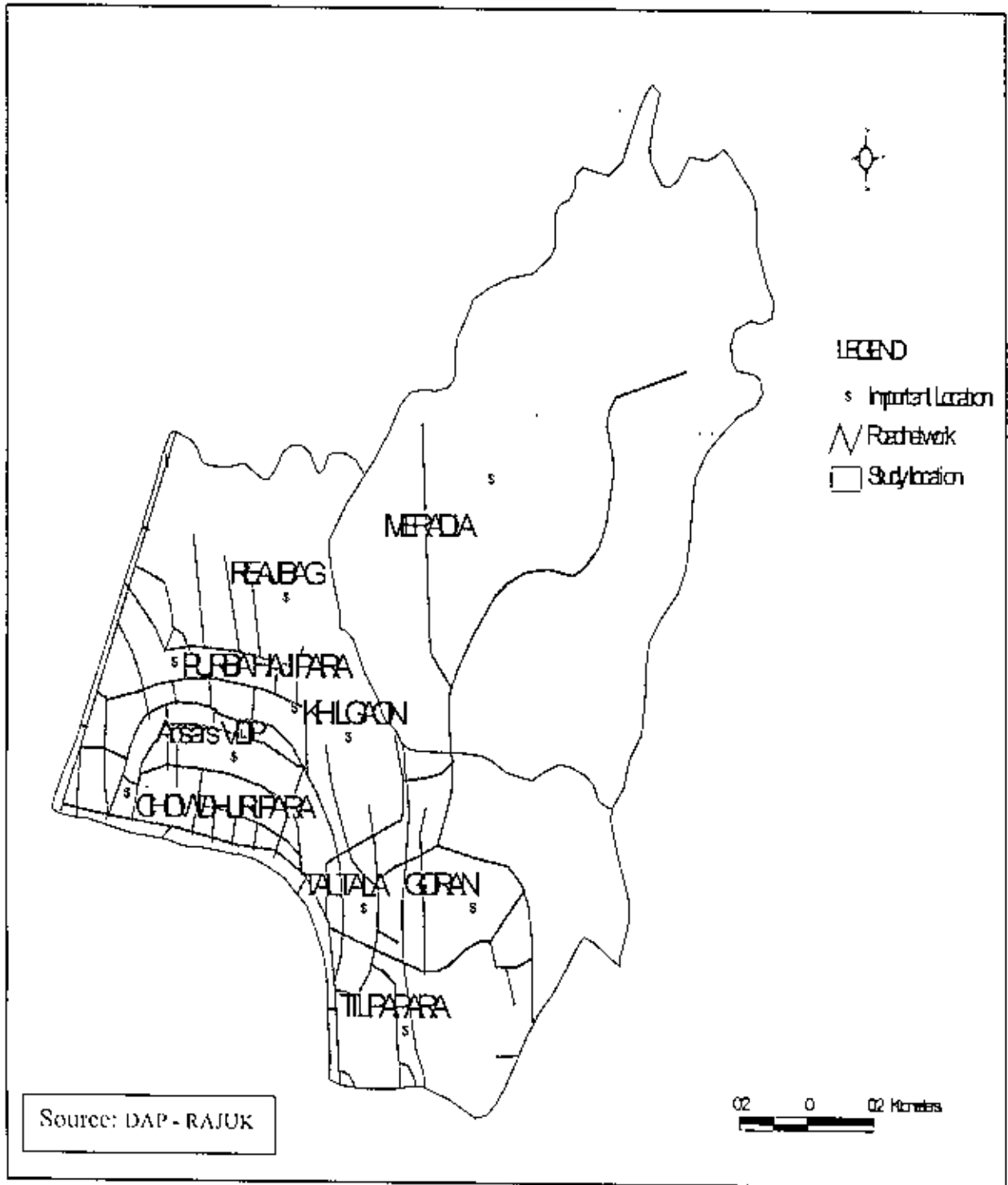
Chapter 4: Spatial Variation of House Rent

4.1 Introduction

House rent varies from one area to another because of the variation in socio-economic and physical characteristics of these areas. The important factors that cause these variations are distance from the work place, existence of various community facilities, physical condition of the area (planned or unplanned), socio-economic characteristics of the population etc. In this chapter, various types of factors associated with various locations are analyzed to identify how those factors affect the variation in house rent spatially.

In this study, an effort has been made to focus on several factors and some useful conclusions have been drawn about their importance. Throughout the study, the rent of house is measured in terms of taka / square foot / month.

4.2 Spatial variation of house rent

Location is an important factor to influence the level of rents in a particular area. In absence of any other variables a household would be expecting to choose a location to maximize personal benefit. One of the important factors to determine the level of rent variation of a housing unit is accessibility. It is defined in terms of physical as well as social access to various locations. Of these access to place of work and distance of workplace from house is usually of supreme importance (Islam, N. 1973). Other kinds of accessibility, which are often considered desirable, include access to shopping centers, to educational institutions, to recreational areas and to other residential areas, which people may visit as part of the social activity pattern. Physical character of the area in which a house is located can directly affect its rent. In planned areas rent is normally higher than in old and unplanned areas. Social environment of the area also affect the variation of house rent.

Eight residential areas Gulshan, Dhanmondi, Mohammadpur, Mirpur, Shaymoli, Badda, Rampura and Khilgaon have been selected for this study as sample areas. Among these residential areas Gulshan and Dhanmondi residential areas are well planned and people of high-income group live here. Major community facilities and utility facilities are available here. Maximum houses of these areas are well decorated and constructed using luxurious building materials (building type-A). So the rent level of Gulshan and Dhanmondi is higher than other residential areas of the city.

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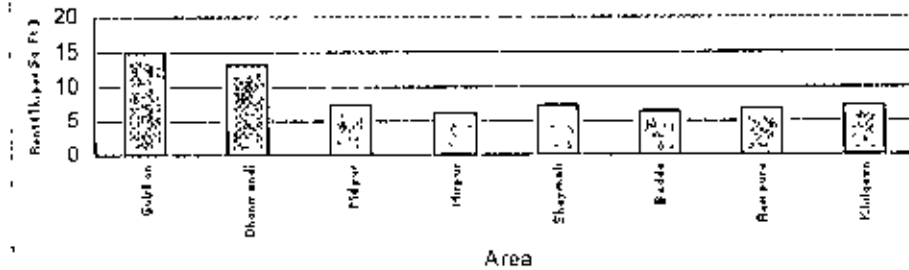
Source : Field Survey, 2004

Figure: 4.2.1 Spatial Variation of House Rent

Figure. 4.2.1 shows that the rent level of the rest six areas, that is, Mohammadpur. Mirpur. Shaymoli, Badda, Rampura and Khilgaon are more or less same. A small portion of Mohammadpur and Mirpur areas are planned Shaymoli, Badda, Rampura and Khilgaon have been developed in an unplanned way. People of middle-income group live here within B - type buildings Majority of the household heads are engaged in various types of business and services. Mirpur and Badda areas are situated quite at a distance from the city center, the transport networks of these areas are good. Major community facilities like shopping center. clinic/health center, park, college etc. are located away from these areas. So the rent level is comparatively much lower than the areas of Gulshan and Dhanmondi.

Figure: 4.2.1 also shows that per sq. ft. average rent is Tk.14 9158 and Tk.13.2808 in Gulshan and Dhanmondi residential areas respectively which are highest among the areas. Rent level in other areas like Mohammadpur, Shaymoli and Khilgaon are Tk.7.4552, Tk 7.4313. and Tk.7.2310 respectively which are quite close. Rent level of rest three areas Mirpur, Rampura and Badda are Tk.6.4552, Tk.6 3758 and Tk.6.6895 respectively, which are lower than others.

4.3   Floor space and spatial variation of house rent

The effective demand for particular size of housing unit is largely determined by aggregate household income and expenditure habits. In general, higher the level of income greater the demand for larger and more luxurious houses. However, this does not mean that the rent per square foot charged for such houses is higher than that of smaller and less luxurious structures. The variation of house rent also occurs on the basis of floor space. Table: 4.3.1 points out that in most areas the average rent for small housing unit is higher than medium and larger housing unit.

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Table: 4.3.1 Floor space and variation of house rent

Floor Space (Sq Ft)	House Rent (Tk. per sq ft)								Average
	Gulshan	Dhanmondi	Mohammadpur	Mirpur	Shaymoli	Badda	Rampura	Khilgaon	
Up to 500	-	-	9.45	6 77	9 57	6.69	7 77	7 52	7.76
501-750	16.70	15 09	7 68	6 60	7 61	6 01	6 80	7 40	9 23
751-1000	15 60	13.36	7 48	5.55	7 44	5 98	6.62	7.18	8 65
1001-1250	14 79	13 70	6 39	5 20	6.98	-	5 50	7.84	8 48
1251-1500	14 25	12 03	6.27	-	6 30	-	-	-	9 71
1501-2000	13.24	12 23	-	-	6 66	-	-	-	10 71
Average	14.91	13.28	7.45	6.03	7.43	6.37	6.68	7.23	9.09

Source : Field Survey, 2004

From survey findings (Table: 4.3.1) it has been revealed that, average rent level per per sq. ft. is the highest at Gulshan and Dhanmondi area, Tk14.91 and Tk 13.28 respectively and lowest at Mirpur, Badda and Rampura areas, Tk 6 68, Tk 6.37 and Tk 6.68 respectively. Table: 4.3.1 shows that the rent level varies according to the size of floor spaces in different areas. Generally floor spaces of the buildings situated in Gulshan and Dhanmondi are larger than the buildings of other six areas.

In this study 200 tenant household heads were surveyed of which 9.5% lived in housing units of less than 500 sq ft, 34.5% lived in housing units of 501-750 sq ft, 27.26% lived in housing units of 751-1000 sq ft and rest 29.5% lived in large size (more than 1000 sq ft)housing units
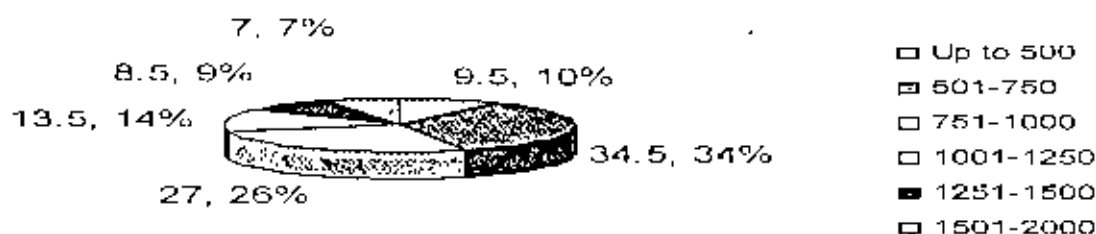
Figure: 4.3.2 Percentage of Housing Units of Different size of Floor Spaces

The majority of tenants have the demand for medium size housing units at lower prices. However, the relatively large numbers of tenants suggest that builders do not construct considering the current effective demand. The rent levels of smaller and medium units are higher, on a per square foot basis, than those of larger structures. From survey findings, it has been found that, most of the larger (more than 1000 sq ft) and luxurious housing units have been constructed at Gulshan and Dhanmondi areas. So the rent level at Gulshan and Dhanmondi are higher than those of the other areas of the city. The demand for medium size housing unit is higher at Mirpur, Shaymoli and Mohammadpur areas. The demand for smaller size housing unit is higher at Badda, Rampura and khilgaon areas (Appendices-ii).

4.4 Type of housing unit and spatial variation of house rent

House type is also an indispensable factor influencing the level of rent of a housing unit. In this study, houses are categorized into three type depending upon the construction materials used in the houses, availability of different types of kitchen and toilet facilities, availability of parking and escalator facilities.

The rent level paid for house type A, type B and type C does not remain constant from one area to another. From the table 4.4.1 it has been found that for type A, type B and type C the highest rent is paid at Gulshan and lowest rent is paid at Mirpur. Table: 4.4.1 shows that the average rent per square foot for type A, type B and type C is Tk.10.56, Tk.8.72 and Tk.6.30 respectively. The rent level paid for type-A building is higher than type-B and type –C because type-A buildings are constructed by expensive finish materials and those buildings are well decorated than those buildings of type-B and type-C. Table: 4.4.1 also indicates the area wise rent variation of different types of buildings. Most of the buildings of type-A are situated in Gulshan and Dhanmondi areas and in other six areas very few of buildings type-A are situated. So the rent level is very high in Gulshan and Dhanmondi areas than other six areas.

Table: 4.4.1 House type and variation of house rent

House Type	House Rent (Tk. per sq ft)								Average
	Gulshan	Dhanmondi	Mohammadpur	Mirpur	Shaymoli	Badda	Rampura	Khilgaon	
A	15 33	13.40	8 07	7 00	9.00	-	-	-	10 56
B	14 49	13.16	7.43	5 65	7 09	6 37	6.94	7 86	8 72
C	-	-	6.85	5.45	6.20	-	6 42	6.60	6.30
Average	14.91	13 28	7.45	6.03	7.43	6 37	6 68	7.23	8.52

Source - Field Survey, 2004

Figure: 4.4 1 indicates that most of the type A buildings are found at Dhanmondi and Gulshan areas and there are no type C building. Type B buildings are available in every area. No type A building was found in Badda. Rampura and Khilgaon areas.

Percentage of House Type in the Study Area
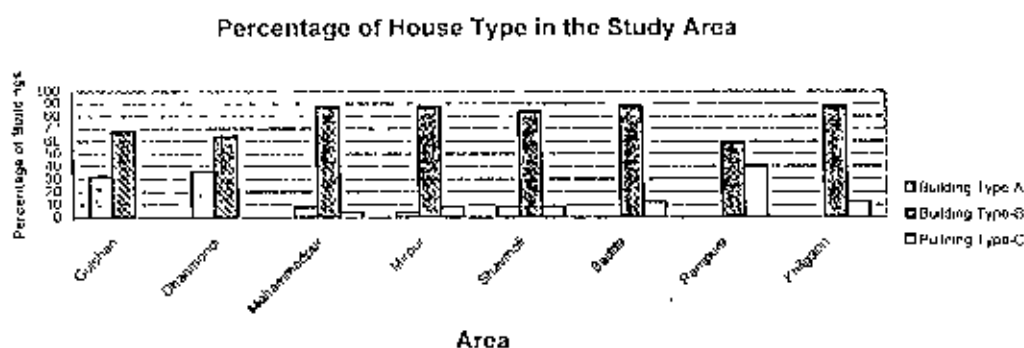
Figure: 4.4.1 Percentage of House Type in the Study Area

4.5 Factors affecting the spatial variation house rent

It is clear that the variation of house rent of any particular area is influenced by many interacting factors. Besides, it is impossible to completely isolate variables in order to determine the importance of any specific factors. Many variables affected house rent such as the size of housing unit, house types, structural quality of the building, various types of toilet and kitchen furniture, specific locations of the buildings, distance of house from major commercial areas and work place, travel cost and travel time from work place to house, distance of various community facilities, social environment and physical characteristics of various locations etc. The level of utility services provided in a house may also influence the variation of house rent. The important factors affecting the house rent are analyzed below.

4.5.1 Distance of various community facilities and house rent

The importance of any area depend on how much facilities are available in that area and how many people get their expected level of services from those facilities. People want live in those area where they get the service and facilities easily. So, the rent level also varies according to the existence of various types of community service and facilities. If the distances of various types of community facilities are short, the rent of housing units is also less comparatively the housing units where the distance of various types of community facilities are long.

Distances of various types of community facilities play a significant role in variation of house rent at different areas. It mainly indicates the existence of various types of community facilities

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in the areas and how tenants get their expected level of services from those community facilities of a particular area. For this purpose this study has included seven major community facilities namely Primary School. High School/ college. Katcha Bazar, Health Center/Clinic, Shopping Center. Community Center. Park and has tried to find out variation of house rent affected by the distance of those community facilities.

Table: 4.5.1 Distances of various types of community facilities and house rent

Community facilities	Distance (Km)	House Rent (Tk. per sq ft)								Average
		Gulshan	Dhanmondi	Mohammadpur	Mirpur	Shaymoli	Badda	Rampura	Khilgaon	
Primary School	Up to 2	15.33	13.28	7.47	6.03	7.43	6.37	6.95	8.14	8.87
	2+	14.49	-	7.43	-	-	-	6.42	6.33	8.67
High School	Up to 1	15.16	13.49	7.85	6.35	7.33	7.08	6.90	7.43	9.12
	2-3	14 85	12 81	7 02	6 14	7.53	5.99	6.73	6.69	8.71
	3-5	-	-	6.73	5.33	6.97	5.51	6.58	-	6.37
	5+	-	-	-	-	-	-	-	-	-
Katcha Bazar	Up to 2	15 27	13 68	8.17	6.06	8.59	6 46	6 68	7 30	9 02
	2+	14.54	12 89	6.73	6.00	7.27	5 29		7.17	8.56
	2-3	-	-	7 18	-	7 3	6 63	6.96	7.86	7.20
	4 -5	-	-	-	6 64		6.11	6 56	7 35	6 59
	5+	-	-	-	5.72	-	-	6.49	6.49	6.23
Health Center/Clinic	Up to 2	14.91	13.28	7.72	-	7.50	-	-	-	10.85
	2-3	-	-	7.18	-	7 3	6 63	6.96	7.86	7.20
	4 -5	-	-	-	6 64		6.11	6.56	7.35	6 59
	5+	-	-	-	5 72	-	-	6 49	6.49	6.23
Shopping Center	Up to 1	15.07	13.25	8 51	6 29	7.63	-	-	7 80	9 76
	2-3	-	-	7.92	5.77	7.50	6.76	6.95	6.67	6.93
	3-5	-	-	7 31	-	7 16	5.98	6.41	-	6 71
	5+	-	-	6.64	-	-	-	-	-	6 64
Community Center	Up to 2	15.44	13.40	7 56	6.59	8.05	6.51	7.04	7.26	8.98
	2+	14.50	13.24	7.07	5.51	7.31	6.13	6 54	6.99	8.38
Park	Up to 1	15 08	13.28	7 58	6 58	7 43	6.82	7.14	7 29	7 89
	2-3	14 74	-	7 31	5 48	7 42	6 18	6 87	7 24	7 51
	3-5	-	-	-	-	-	6.12	6.03	7.16	6.43
	5+	-	-	-	-	-	-	-	-	-
Average		14.91	13.28	7.45	6 03	7 43	6 37	6.68	7.23	8.67

Source : Field Survey 2004

The Table: 4.5.1 shows that the rent decreases as the distance of various types of community service and facilities increases. The Table: 4.5.1 also shows that average per sq. ft. average rent is Tk.14.91 and Tk.13.28 in Gulshan and Dhanmondi residential areas respectively which are highest among the areas because various types of community service and facilities are available in short distance. Rent level in other areas like Mohammadpur, Shaymoli and Khilgaon are Tk.7.45, Tk.7.43, and Tk.7.23 respectively which are quite close. Rent level of rest three areas Mirpur, Rampura and Badda are Tk.6.03, Tk.6.37 and Tk.6.68 respectively, which are lower than others because various types of community service and facilities are in long distance.

In Dhanmondi and Gulshan areas various types of prominent educational institute, health center, shopping center, park, playground etc. are available within short distance. In Mohammadpur, Shaymoli and Khilgaon areas there are not availability of those types of prominent community service and facilities like Dhanmondi and Gulshan areas. So the average rent level of Mohammadpur, Shaymoli and Khilgaon areas are lower than Dhanmondi and Gulshan areas. To get the expected level of community service and facilities the people of Mirpur, Badda and Rampura areas have to passed way long distance. So, the average rent level of Mirpur, Badda and Rampura areas are lower than any other areas of the city.

From the Table 4.5.1 it has been apparent that if the distances of various types of community facilities are within 3 km, it shows significant variation of house rent than those of housing unit where community facilities are located more than 3 km.

4.5.2 Distance of housing unit from main road and house rent

Distance of the building from main road is also vital for variation of house rent. The Table 4.5.2.1 indicates that the rent decreases consequently with the increase of the distance of building from main road. Table: 4.5 2 also shows the area wise variation of rent according to the distance of house from main road. The main reason for this type of variation is that people want to get advantage of various types of community and transport facilities at least cost and less time. The other main reason for this variation of rent is that the land price near main road is comparatively much higher than that of the land, which is at long distance from main road. Land price increases the construction cost of the housing units and also affect the house rent.

Table: 4.5.2 Distance of housing unit from main road and house rent

Distance from main road (meter)	House Rent (Tk. per sq ft)								Average
	Gulshan	Dhanmondi	Mohammadpur	Mirpur	Shaymoli	Badda	Rampura	Khilgaon	
Up to 200	15 69	13.44	8.57	6.04	8.25	7.75	-	7.73	9 64
201-500	15.61	13 28	7.56	6.37	7.44	6 05	6 71	7.50	8.85
501-1000	14.95	13 10	6.97	5.71	7 12	5 80	6 57	6.46	8 33
1000+	13.33	-	6 73	-	5.69	6 09	6.80	-	7.90
Average	14 91	13.28	7.45	6.03	7.43	6.37	6 68	7.23	8.67

Source Field Survey, 2004

4.5.3 Distance of housing unit from work place and house rent

Distance of work place from housing unit is one of the major factors in spatial variation of house rent. The reason is simple as more the distance people face more the travel cost, travel time and physical labor they have to incur. Generally people try to live in such place from where they can reach their place of work conveniently requiring less time. In Dhaka City, one of the major problems is transportation problem. In the pick hours people have to face severe problems for lack of available transport facilities and traffic jam. People want to live in short distance from their place of work so that they can avoid those problems. For these reason the people want to live in the areas where there area available transport and communication facilities and require less distance to reach the work place Table: 4.5.3 shows that the level of rent decreases with the increase in the distance of place of work from the housing unit.

Table: 4.5.3 Distance of housing unit from work place and house rent

Distance (Km)	House Rent (Tk. per sq ft)								Average
	Gulshan	Dhanmondi	Mohammadpur	Mirpur	Shaymoli	Badda	Rampura	Khilgaon	
Up to 2 Km	15 45	-	8.31	7 20	7 39	6.95	6.78	7.73	8 54
3-5	14.38	13.67	8.06	6 50	7.23	6.40	6.68	7.50	8.80
6-10	14.89	13 23	6 93	5.61	7.73	6.66	6.53	6.96	8 56
10+	-	-	6 62	5.00	-	5.51	-	-	5.71
Average	14,91	13.34	7.48	6.03	7.43	6.37	6 69	7 23	7.90

Source · Field Survey, 2004

Table: 4.5.3 shows the variation of rent at different areas as per various distances of housing unit from place of work. The average rent of housing unit from 2 km of distance from work place is Tk 8.54, from 3-5 km is Tk 8.80, from 6-10 is Tk.8.56 and from more than 10 km is Tk.5.71.

4.5.4 Travel time from housing unit to workplace and house rent

In variation of house rent, travel time between place of work to house also plays crucial role. Traffic congestion is the common phenomenon almost everywhere. Traffic congestion leads to delay to reach the place of work. The tenants keep in mind the travel time when they plan renting a house. Sometimes it has been seen that the distance of work place is not very long from house but it requires more time to reach the place of work for lack of better transport facilities and traffic congestion. Table 4.5.4 indicates that if the required travel time increases then the average rent per square foot decrease

Table: 4.5.4 Travel time from housing unit to workplace and house rent variation

Travel time for workplace (minute)	House Rent (Tk. per sq ft)								Average
	Gulshan	Dhanmondi	Mohammadpur	Mirpur	Shyamoli	Badda	Rampura	Khilgaon	
Up to 20	15.50	15.62	9.21	6.47	7.49	6.91	6.82	7.54	9.44
21-40	14.92	13.13	7.19	6.125	7.725	6.69	6.58	6.933	8.66
41-60	-	11.09	6.76	5.522	7.087	5.51	-	-	7.19
60+	14.38	-	6.66	-	-	-	-	-	10.52
Average	14.91	13.34	7.48	6.032	7.431	6.375	6.68	7.231	8.95

Source : Field Survey, 2004

Table: 4.5.4 identifies the variation of rent at different area for increasing travel time. The average rent of housing unit requiring 20 minutes is Tk. 9.44, requiring 21-40 minutes is Tk. 8.68, requiring 41-60 minutes is Tk. 7.19 and requiring more than 60 minutes is Tk.10.52.

4.5.5 Cost of transport from housing unit to workplace and house rent

In variation of house rent, transport cost for traveling to place of work from house also plays significant role. The tenants keep in mind the cost of transport while renting a house. The tenants usually select an area and housing unit based on whether they can get better transport facilities within their financial ability to pay for transport facilities.

Table: 4.5.5 Cost of transport from housing unit to workplace and house rent variation

Travel Cost for work place	House Rent (Tk. per sq ft)								Average
	Gulshan	Dhanmondi	Mohammadpur	Mirpur	Shaymoli	Badda	Rampura	Khilgaon	
Up to Tk 10	15.62	-	9.07	6.67	8.16	-	6.77	7.98	9.04
11-20	14.84	13.47	7.06	5.86	7.56	7.11	6.59	7.25	8.71
21-30	14.28	13.09	6.22	5.58	6.575	5.63	-	6.40	8.25
Average	14.91	13.28	7.54	6.03	7.43	6.37	6.68	7.23	8.67

Source : Field Survey, 2004

With the increase of transport cost for traveling from housing unit to work place, there is a general decrease of average rent per sq. ft. Table: 4.5.5 points out that if the cost of transport increases then the average rent per square foot also decreases. Table: 4.5.5 also shows the average rent of housing unit for transport cost up to Tk10 are Tk.9.04, for Tk. 11-20 are Tk. 8.71 and for More than 20 is Tk.8.25

4.5.6 Social environment and house rent

The physical surroundings of a dwelling unit and the condition of the social environment of the area have influence on rent level. The environment condition may not influence on the rent level of the dwellings of the low-income people but it directly affects the residences where high and medium income people prefer to live. For this reason large space and well-decorated housing unit built in Gulshan, Dhanmondi and Mohammadpur command higher rents than those built elsewhere in the city.

Table: 4.5.6 Social environment and house rent variation

Social Environment	House Rent (Tk. per sq ft)								Average
	Gulshan	Dhanmondi	Mohammadpur	Mirpur	Shaymoli	Badda	Rampura	Khilgaon	
Good	15.33	14.42	9.20	7.11	7.96	6.76	6.40	7.35	9.31
Medium	14.49	12.14	6.96	5.85	7.35	6.39	6.76	7.11	8.38
Bad	-	-	6.19	5.13	6.98	5.96	6.90	-	6.23
Average	14.91	13.28	7.45	6.03	7.43	6.37	6.68	7.23	7.97

Source : Field Survey, 2004

Table: 4.5.6 describe that average house rent for good, medium and bad environment are Tk. 9.31. Tk. 8.38 and Tk. 6.23 respectively. The difference of average house rent between good and medium environment is significant but difference of average house rent between medium and bad environment is not considerable. The main reason for not considering this is that. the number of housing units found in bad environment is only 10% which is not enough to explain variation of house rent

Among the 200 housing units it has been found that in Gulshan and Dhanmondi. most of the tenants enjoy good social environment; in Mohammadpur. Mirpur. Shaymoh, Badda, Rampura and Khilgaon majority of tenant household heads experience medium social environment while the number of tenant household heads in Mohammadpur. Mirpur and Badda who consider social environment as bad is quite small.
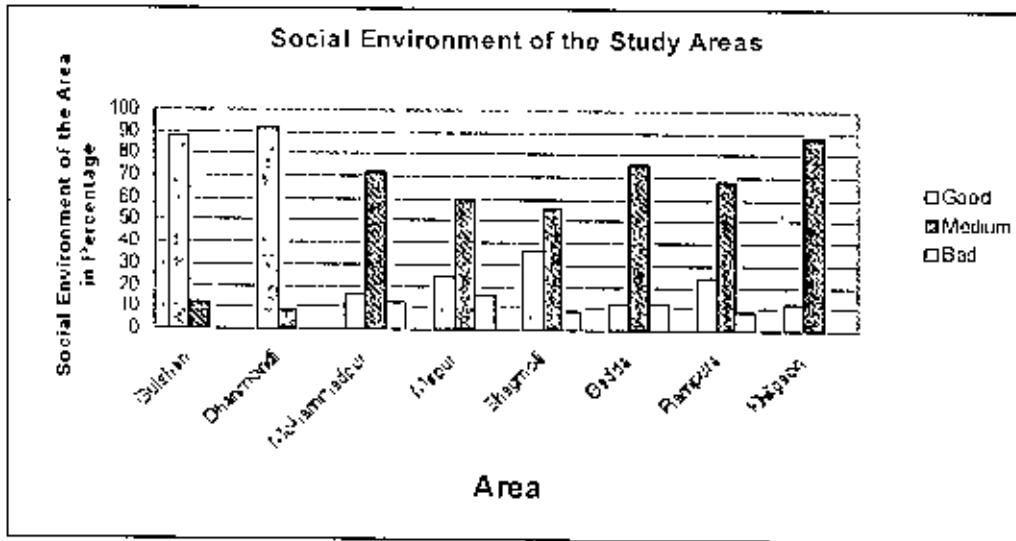
Figure: 4.5.6 Social Environment of the Study Area

5.5.7   Finish materials of the Houses and Rent

The materials used for construction of a house are one of the most important factor for variation of house rent. If the floor of a building is constructed by using mosaic and tiles and thai aluminum is used in window. then the cost of the housing unit increases which also increases the rent of this type of building compared to those buildings which have floors constructed by using only cement and glass used in window. In Gulshan and Dhanmondi areas most of the buildings are made by luxurious building materials which are very expensive. As a result construction cost is also high and therefore house rent is also high in this area compared to other areas.

Table: 4.5.7 Variation of house rent due to using various types of building materials

Area	Variation of house rent due to using various types of building materials (Tk. per sq ft)					
	Mosaic		Tiles		Thai Aluminum	
	Yes	No	Yes	No	Yes	No
Gulshan	15.04	13.94	15.09	14.35	15.07	13 03
Dhanmondi	13 39	12.44	13.44	12 44	13.32	13.19
Mohammadpur	7.80	7 07	7 55	6.73	7.73	7.29
Mirpur	6 33	5.83	6.12	5 00	6 21	5.86
Shaymoli	7.45	7.40	7 47	7.42	7.70	7 21
Badda	6.66	6.10	6.49	5.51·	6.81	6 23
Rampura	6 78	6.63	6.60	6.69	6.79	6.63
Khilgaon	7.33	7.09	7.81	7.08	7.76	6.55
Average	9 62	7.24	9.01	8.57	9.97	7.34

Source . Field Survey, 2004

Table: 4.5.7 shows that the average rent of housing unit having mosaic floor is Tk. 9.62 whereas a housing unit having cement floor (not using mosaic) is Tk.7.24; the average rent of the housing unit constructed by tiles is Tk. 9.01 whereas constructed by cement (not using mosaic) is Tk.8.57; the average rent of the housing unit having thai aluminum window is Tk. 9.97 whereas a housing unit having windows made of simple glass is Tk.7.34.

4.4.8 Rent variation due to existence of various housing facilities

4.5.8.1 Parking, lift & security services

Rent level also varies due the availability of certain types of housing facilities, such as parking/garage facility, lift facility and security facility. Table: 4.5.8.1 indicates the variation of house rent due to the availability of parking/garage facility, lift facility and security services.

Table: 4.5.8.1 Parking, lift & security service and house rent variation

Area	Variation of house rent due to availability of Parking, Lift & Security services (Tk. per sq ft)					
	Parking		Lift		Security	
	Yes	No	Yes	No	Yes	No
Gulshan	14.91	-	14.96	14 90	14.91	.
Dhanmondi	13.28	-	13.31	13 22	13.28	-
Mohammadpur	7.60	7.33	11.07	7.14	7 45	.
Mirpur	6 21	5 86	8 00	5.95	6.06	5.62
Shaymoli	7.57	7.33	10 00	7 32	7 43	.
Badda	6 49	6.30	-	6.37	6.44	5.98
Rampura	6.73	6.53	-	6 68	6.73	6.47
Khilgaon	7.62	6.80	-	7.23	7 23	.
Average	10 15	6 79	13 10	8 21	8.81	6.10

Source : Field Survey, 2004

From the table it has been seen that the degree of variation is quite significant based on the availability and non-availability of those facilities. For availability of parking facility the house rent is Tk.10.15 and without parking facility the house rent is Tk. 6.79. For availability of lift facility the house rent is Tk.13.10 and without lift facility the house rent is Tk. 8.21. For availability of security facility the house rent is Tk.8.81 and without security facility the house rent is Tk. 6 10.

4.5.8.2 Toilet & kitchen facilities

Availability of modern toilet and kitchen facilties are also responsible for variation of house rent. Modern toilet and kitchen facilities increase the construction cost of the building, that's why the rent is also high for such type of building.

Table: 4.5.8.2 Toilet & kitchen facilities and house rent

Area	Variation of house rent due to availability of toilet & kitchen facilities (Tk. per sq ft)									
	Commode		Hand Shower		Bath Tub		Kitchen Cabinet		Cutting Slab	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Gulshan	14 97	14.49	14.95	14.81	14.99	14.81	14.91	-	15.46	14.70
Dhanmondi	13 90	12 98	14.64	12.84	14.23	12.64	13.28	-	14.23	12.98
Mohammadpur	7.73	7.23	11 07	7.14	11.07	7.14	7.56	7.37	7 98	7.24
Mirpur	6.21	5.86	6 48	5 06	6.08	5 41	6 46	5.74	6.53	5.96
Shaymoli	7.58	7 31	8 25	7.27	8.08	7 43	7.43	7.42	8 25	7.96
Badda	8.11	6.13	7.53	6 01	-	6 37	6.60	6.16	-	6 37
Rampura	6.53	6 73	-	6.68	6.42	6.71	6.74	6 60	-	6.68
Khilgaon	7.63	6.85	7.35	7.21	-	7.23	7 37	7.04	7.46	7.19
Total	8 77	7 15	8.19	7.24	11.45	7.26	8 51	6 79	11.04	7.02

Source : Field Survey, 2001

Table: 4.5.8.2 indicates the variation of house rent by availability of modern toilet and kitchen facilities. For availability of commode the house rent is Tk.8 77 and for non-availability of parking facility the house rent is Tk7.15 With hand shower the house rent is Tk.8.19 and without hand shower facility the house rent is Tk. 7.24. For availability of bath tab the house rent is Tk.11.45 and without such facility the house rent is Tk. 7.26. For availability of cutting slab the house rent is Tk.11.04 and without cutting slab the house rent is Tk. 7.02. The house rent is Tk.8.51 for houses with kitchen cabinet while the house rent is Tk 6.79 when such facility is not available.

4.5.9 Infrastructure & utility services and house rent

4.5.9.1 Characteristics of road and transport facilities

Road plays as an important role to serve the mobility and access for the people. Here access means the way of entrance to the house/ premise. People want to easy entrance to their house. So the width of access road is important for variation of house rent. The table: 4.5.9.1 shows that house rent increases with the increase in the width of access road and also indicates that the house rent is higher for houses located along wider roads than located along narrower roads.

Table: 4.5.9.1 Width of access road and house rent

Width of access road (m)	House Rent (Tk. per sq ft)								Average
	Gulshan	Dhanmondi	Mohammadpur	Mirpur	Shaymali	Badda	Rampura	Khilgaon	
Up to 6	-	-	6.94	5.24	7.40	6.25	6.66	6.86	6.55
7-10	14.40	13.15	7.49	6.29	7.47	6.42	6.72	7.61	8.69
10+	15.43	13.39	7.89	6.59	-	-	-	-	10.82
Average	14.91	13.28	7.45	7.45	7.43	6.37	6.68	7.23	8.67

Source : Field Survey, 2004

4.5.9.2 Utility service and house rent

Another most important factor, which play significant role in the variation of house rent, is the range of utility services provided in a house. In this study, the term utility service includes availability of water supply (all time supply of water), sewerage and sanitation facilities and drainage facility. An attempt is made to correlate the pattern of house rent with existence of some or all of these services.

Table: 4.5.9.2 Utility service and variation of house rent

Area	Facilities (Tk. per sq ft)					
	Sewerage		Drainage		Water Supply	
	Yes	No	Yes	No	Yes	No
Gulshan	16.33	14 79	14 91	-	17.08	14.72
Dhanmond	13.31	13 12	15 53	13.08	13.28	-
Md pur	11 07	7.14	7.66	6 80	7.45	-
Mirpur	6.68	5 76	6 13	5 95	6.51	5.80
Shaymoli	8.02	7 31	7 76	7 30	7.52	7.11
Badda	-	6 37	6.86	6.18	6.43	6.28
Khilgaon	-	7.23	7.21	7.29	7.47	6 60
Rampura	-	6 68	-	6 68	6 86	6 57
Average	12 11	6 69	7.97	6.68	7.88	6 62

Source : Field Survey, 2004

The table 4.5 9.2 indicates the significant variation of house rent by availability of various types of utility services and facilities. For housing unit with all time water supply, the average house rent is Tk 7.88 and without such facilities the house rent comes down to Tk 6.62. With access to sewerage facility the house rent is Tk.12.11 and without sewerage facilities the house rent is Tk6.69. For availability of drainage facility the house rent is Tk.7.97 and without drainage facilities the house rent is Tk6.68.

4.5.10 Land value of the area and house rent

Land price of an area also contributes to the variation of house rent. In most urban areas, the largest proportion of urban land is occupied for residential use. Nevertheless, it is still considered insufficient and inadequate. The creation of more and better housing requires land, but such land is hard to find and harder to acquire. Dhaka city faces severe shortage of serviced land for housing purposes. The city is surrounded by low agricultural land, except some naturally high land in the north. Because of the shortage, the price of land is high and with the competition for it being intensified by the rising urban population, it continues to increase rapidly.

Due to scarcity, speculation and increasing demand, the price of land in the city is increasing at a phenomenal pace: about 20-50 folds in the last 15 years (Hasan, 1991). A survey by the Ministry of land shows that 56.63% of household in Dhaka lived as tenant in 1981 and no land in the city or in any other urban area. Population of household who did not own a piece of land in Dhaka would be over 70% (Islam, 2005). 2% of city's population who constitute the upper income

group use about 15% of the residential land of the city, another 28% who form the middle income group, occupy 65% of the residential land and the vast majority or the other 70% have access (mostly non-owned) to only about 20% of the residential land (Islam, 2005).

Table: 4.5.10 Land price and house rent

Land Price (Tk in Lac per katha)	House Rent (Tk. per sq ft)								Average
	Gulshan	Dhanmondi	Mohammadpur	Mirpur	Shyamoli	Badda	Rampura	Khilgaon	
Up to 10	-	-	7.14	-	7.00	6.37	6.68	7.23	6 85
11-15	-	-	7 76	6 03	7 71	-	-	-	7.16
16-20	-	-	-	6 04	-	-	-	-	6.04
21-25	14 49	13 24	-	-	-	-	-	-	13.45
26-30	14.40	13 33	-	-	-	-	-	-	13.83
30+	15 36	-	-	-	-	-	-	-	15.36
Average	14 91	13 28	7 45	6 03	7 43	6.37	6.68	7.23	10.45

Source : Field Survey 2004

The table: 4 5.10 indicates that if the land price rises up then the average rent also grows high. The table also shows the variation of house rent at different areas. The average house rent is Tk. 6.85 at land price of Tk. 10 lac, Tk. 7.16 at land price of Tk. 11-15 lac, Tk. 6.04 at land price of Tk. 16-20 lac, Tk. 13.45 at land price of Tk. 21-25 lac, Tk. 13.83 at land price of Tk. 26-30lac, Tk. 15.36 at land price of Tk. 30+ lac. The main reason of high land price in Gulshan and Dhanmondi is that there are availability of various types of community and service facilities, infrastructure and utility facilities and these areas are planned.

4.5.11 Maintenance cost and house rent

Maintenance cost includes the cost for repairing any parts of buildings in case of damages, repairing the toilet and kitchen fittings, coloring/washing after certain period and cleaning cost. It has been found that maintenance cost is high when luxurious finish materials are used in the construction of building.

Table: 4.5.11 shows that the average rent of housing unit increases with increases in the maintenance cost of housing unit. The average house rent for units with maintenance cost of up to Tk 1000, Tk 1001-2000. Tk 2001-3000, Tk 3001-5000 and Tk 5000+ are Tk 6.50, Tk 8.58, Tk 9.07. Tk 10.83 and Tk 14 26 respectively.

Table: 4.5.11 Maintenance cost and house rent

Maintenance Cost (Tk)	House Rent (Tk. per sq ft)								Average
	Gulshan	Dhanmondi	Mohammadpur	Mirpur	Shaymoli	Badda	Rampura	Khilgaon	
Up to 1000	-	-	6.84	6.00	6 73	5.51	6.83	7.14	6.50
1001-2000	14.50	12.18	7 62	6.76	7 58	6.18	6.58	7.24	8.58
2001-3000	14.94	13 82	7.23	6.41	7 99	6.94	7.49	7.71	9 07
3001-5000	15.01	13 37	8.07	6.87	-	-	-	-	10.83
5000+	15 20	13 33	-	-	-	-	-	-	14 26
Average	14,91	13.28	7.45	6 03	7 43	6.37	6.68	7.23	9.91

Source : Field Survey, 2004

4.5.12 Number of floor and housing rent:

Number of floor of the housing unit is another important factor to be considered seriously for variation of the house rent. Tenants do not want to live in ground floor due to lack of safety and lack of privacy. The top floor also is not a choice to the tenants because of hard work for reaching the floor when there is no lift and top floor generally absorbs heat from sunlight which makes the floor warm in summer season. The majority of tenants generally choose the floors except ground and top floors and house rent is also high of those floors compared to ground and top floors.

Table 4.5.12 indicates that the rents of ground and top floors are lower than other floors of the housing unit. The average house rent for ground floor, 1st floor, 2nd floor, 3rd floor and top floor are Tk. 7 18, Tk. 13.97, Tk 12.95, Tk. 10.43 and Tk. 6.83 respectively.

Table: 4.5.12 Number of floor and house rent

Number of floor	House Rent (Tk. per sq ft)								Average
	Gulshan	Dhanmondi	Mohammadpur	Mirpur	Shaymoli	Badda	Rampura	Khilgaon	
Ground	14.50	12.18	7.84	6.76	7.58	6.18	6 58	7.14	7.18
1st	14 88	13 33	-	-	-	-	-	-	13.97
2nd	15 01	13.37	11 07	6 87	-	-	-	-	12.95
3rd	14.94	13.82	7 23	5.45	7.48	6.94	7.01	7.24	10.43
Top	-	-	6 84	6 00	6.73	5.51	6.83	7.51	6.83
Average	14.91	13 28	7.45	7.45	7.43	6.37	6 68	7.23	10.27

Source : Field Survey 2004

Chapter 5: House Rent Market and House Rent Policy

5.1 Introduction

At present housing cost is the second highest household expenditure for most of the families after food cost. For families it has become the highest item of household expenditure. Many of the middle income households are paying an increasingly large portion of their income in house rent. This chapter mainly focuses on the house rent market including the increasing rate of house rent, causes of house rent increase, financing house for rent and financial return from housing investment.

5.2 Percentage of income spent for house rent

The figure 5.2.1 shows the percentage of income of the tenant households spending for house rent. The average expenditure paid for rent is 35.63% of the income of the tenant households
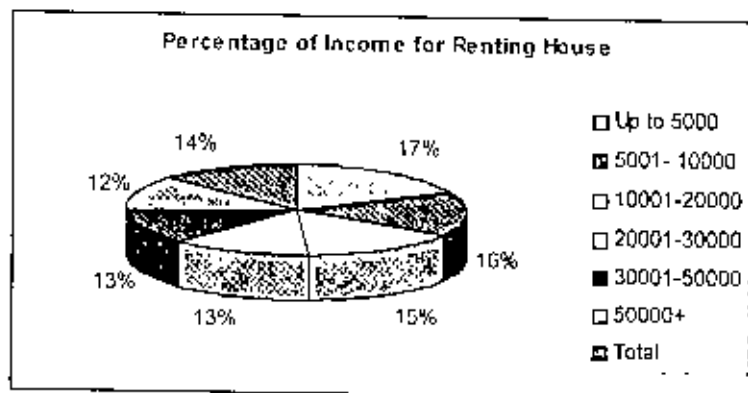
Source: Field Survey, 2001

Figure: 5.2.1 Percentage of Income for Renting in House

It has been found from the study that the percentage of income spent for house rent is higher for lower income group than the higher income group. The main reason for this is that lower income group generally live in smaller units and the demand of small housing units are greater than larger units.

5.3 Major investment cost in housing

On the demand side, the underlying factors clearly relate to the demographic and economic profile of Dhaka City which has already been presented in Chapter four. The fact is that an extraordinarily high percentage of urban residents in Dhaka City live in rented accommodations.

On the supply side, the major constraint is usually mentioned to be the cost. The supply of houses is directly controlled by the supply of housing inputs the land cost, source of income and finally, the rate of return from housing investment. In Dhaka, the supply of housing inputs, is inadequate and irregular, the source of finance is uncertain and the return on an investment in housing is low in comparison with other alternative avenues of investment. Increasing gap between demand and supply is mainly responsible for the continuous increase in house rent in Dhaka City.

5.3.1 Land price

Urban land is defined as land provided with urban infrastructure facilities and services. In most urban areas, the largest proportion of urban land is utilized for residential use. Nevertheless, it is still considered insufficient and inadequate. The creation of more and better housing requires land, but such land is hard to find and harder to acquire. Dhaka city faces severe shortage of serviced land. Due to scarcity, speculation and increasing demand, the price of land in the city is increasing at a phenomenal pace: about 20-50 folds in the last 15 years (Hasan, 1991)The city is surrounded by low agricultural land, except some naturally high land in the north. Because of shortage of land, the price of serviced land is high and with the competition for it being stimulated by the rising urban population, it continues to increase rapidly.

5.3.2 Construction cost

Construction cost includes all expenditures required to build a dwelling unit except cost for land acquisition. So construction cost mainly includes material costs and labor costs. During the last decades, rising construction costs have made housing construction of all kinds increasingly expensive

A) Materials costs

Construction of different types of housing requires different types of building materials A large portion of construction materials come from local sources but important and expensive construction materials need to be imported from outside the country. The construction costs mainly depend on the demand and supply of the materials. The rapid growth of Dhaka City has been reflected in a rising demand for the supply of all kinds of housing construction materials. Unfortunately, the supply has proven to be relatively inelastic with the inevitable result that there has been a tremendous increase in costs of building materials.

Table indicates that the average rate of increase of building materials per year is 9.46%, which increases the cost of housing units. The table also indicates that the most increase in the price of Iron Rod, which may seriously affect the construction as well as supply of housing units.

B) Labor Cost

Construction of house is usually a labor-intensive work. In Dhaka City the supply of construction labor is quite adequate. Nevertheless, the wage rate of different types of labors has increased during last decade. The cause of this increase is the high rate of increase in the consumer price index of urban dwellers.

C) Operating Cost

One of the main operating costs is the property tax paid to the Government. It is based on the annual rental value of the land and building. The present taxes on house income in Dhaka City are 1) Municipal Tax itemed as Holding rate, conservancy rate and lighting rate 2) Urban immovable property tax 3) Wealth tax 4) Income tax 5) Land development tax. These taxes together account for a significant proportion of the income generated from a tenancy.

In addition to the above taxes a house owner has to incur the following expenses in maintaining and managing housing property.

1) Maintenance, repair etc. (this is based on current allowance of two months rent permitted by the Income Tax Department for such expenses): 2) Insurances; 3) Collection charges

Besides, there is another loss, which the owner has to bear from time to time, e.g. the loss of income during the period when the house remain vacant due to change of a tenant or non-rental status of the unit. With the rapid increase of material cost and labor cost the cost operating also increases which also affect house rent.

5.4 Finance for housing

Source of capital is a key factor to build a house. There are of course many alternative sources of finance for housing. They include personal sources such as savings or personal loans, as well as institutional sources. Only about 5 percent of the housing units constructed in Bangladesh are financed from formal sector, whereas, for the rest, financing comes from savings, private borrowing and informal sector (Hasan, & Kabir, 2002). In Dhaka the House Building Finance Corporation (HBFC) is one of the largest institution and the only formal sector organized especially for the purpose of providing loans to potential house builders. Although loans may be arranged through private banks, a wide range of techniques for financing housing is lacking in

our country. The bulk of the housing, which is built, does not rely on formal institutional mortgage funds at all. It is financed by cash outlays and constructed part by part as and when the funds are available. HBFC advances loans against the security of the land and the building to be constructed on it. A precondition of any loan is that building and site plans have been duly approved by the competent authority.

Financial intermediation in the housing sector is not found adequate because of high interest rates and limited sources of funds. This is true both for the financing of the developers and the purchasers. The state-owned House Building Finance Corporation (HBFC) is burdened with bad loans, and loan disbursement has tended to be low in recent years. Delta-BRAC Housing came into this market as a private-NGO collaboration, but their interest rates are as high as 16 per cent which is higher than even that of the HBFC by one per cent. The major financing organizations for housing are the HBFC and the Commercial Banks while financing by other organizations like Delta-BRAC, National Housing and Micro credit lenders are insignificant. The HBFC made a sincere effort to respond to the housing problem. But it has been able to meet the housing needs of only a small portion of the population and it has not met the need of those who require most help.

5.5 Financial return by house rent in housing investment

An investor desires to get the highest possible rate of return and fastest possible recovery of capital. A return on investment in housing is of course, only possible if potential tenants are willing and able to pay more in rent over time than the amortized cost of construction including the cost of capital plus operating expenses. It has been indicated that in Dhaka City construction costs have increased by more than 500% during the last decade. During the same period rent levels have also increased but not so much. As a result the net return on housing has been reduced in the case of new investors (Nabi, 1981).

Quium (1978) in his thesis " Financing of Urban Housing" calculated that the net rate of financial return in housing of Dhaka was 5.4 percent. He calculated the return on construction cost after subtracting the recurring housing cost or operating costs from the rental income.

From these calculations the conclusion is obvious that at present the rate of return on housing, is relatively low. Clearly a potential investor is not likely to invest in housing if any of the other alternative avenues of investment is open to him.

5.6 House Rent Policies

With the rental housing market in Dhaka city being in the condition described in the preceding chapters, it is important to review relevant Government policies to determine their impact on the situation. There are four considered here. One of them is the loan programme of the House Building Finance Corporation which has been discussed in the preceding chapter. A second is the government's public housing efforts which primarily involve the construction of dwelling for public servants. a third is the rental allowances given to Government and the fourth is rent control. The first two are essentially directed at increasing supply, the third enhances effective demand and the last is an attempt to artificially prevent the supply price rising in response to the increases in demand

5.6.1 The Premises Rent Control ordinance
5.6.1.1 Historical background :
a) British Period

Rent Control Legislation in what is now Bangladesh was initially introduced in the wake of a war-time emergency During the second World war great masses of people crowded into the cities. The government machineries were busy with the war effort and a major proportion of the national resources were channeled into the production and distribution of arms and ammunition. Private builders were discouraged from constructing new houses even to replace due to war damage.

So the existing limited stock of houses faced tremendous pressure, and caused a rapid increase in rent level. The municipal authorities introduced "The Bengal House rent Control Order" which came into effect for the first time in the year 1942. It was a temporary measure, which imposed a prohibition on the increase of house rent, subject to provide renewal.

b) Pakistan period:

In 1947, after the creation of Pakistan, the temporary Rent Control of 1942 was still in effect, even though it was peace time. It was superseded in 1951 by the " East Bengal Premises Rent Control Ordinance" (ord XXII of 1951). This ordinance was changed into a statute by enactment of the East Bengal Premise Rent Control Act, 1953 (E.B. Act XVI of 1953). It was, once again, replaced by an ordinance, the East Pakistan Premise Rent Control Ordinance (ord XXV of 1961). All of these measures were declared to be temporary in nature and had to be renewed from time to time. Indeed the past Rent Control Ordinance ran out of its life. It had to be reviewed and was then the East Pakistan Premise Rent Control Ordinance

(ord XX of 1963) was promulgated by the Government of East Pakistan. It too, is a, temporary measure, but it remains in effect today, almost forty years after being promulgated.

c) Bangladesh period:

In 1971, when Bangladesh became an independent country, the ordinance was renamed " The Premises Rent Control Ordinance". The enforceability of this ordinance has been extended up to the end of 1982 by the decision of parliament.

5.6.1.2 The Scheme of the Ordinance:

The 1963 Ordinance authorizes the Government to appoint Controllers, Additional and Deputy Controllers for any prescribed area. These officials are empowered to determine a " standard Rent" for any premises. They can act, however, only if either a landlord or a tenant makes an application to them to do so. Moreover with few exceptions, such an application can only be made within six months of the creation of tenancy.

The standard rent prescribed in the Ordinance is an annual rent equal to fifteen percent of the market value of the premises. The Ordinance prohibits the eviction of any tenant who is willing to pay the standard rent, unless he has violated statutory or contractual provisions. He is even protected after the expirations. The only specified exception allowed is where the landlord requires the premises for his own use, and this must be proven.

There are a number of other provisions in the ordinance. They include prohibition against payment of salami or of advance rent of more than one month, except in cases of long-term leases and in consideration of an agreement on the part of the landlord to undertake certain improvements. They also include requirements upon the Controllers to complete hearings within three months and they authorize entry by the Controllers into premises. They provide for deposit of rent with the controllers in certain circumstances. And they prescribe various fines and penalties for noncompliance.

5.6.1.3 Administrative Machinery Setup:

The administrative machinery which is in effect to implement the Rent Control Ordinance in Dhaka is quite inadequate. The Government by notification has appointed one Controller, one Additional Controller and one Deputy Controler for the whole Dhaka district. They are supported by a staff consisting one Clark and one bearer only. The Controllers, performs this

function as an additional task. They are primarily judges of lower level civil court (District Level) of Dhaka district and are involved in general judicial duties.

6.7.2 Public Housing and Rent Allowance:

A second major policy which influence rent levels in the city is the public housing programme. Under it public agencies directly construct residential units for their employees in accordance with employment status and scale of grade. During last thirty years, this programme has not been able to accommodate as much as one fifth of the total Government employees. The constructed houses are highly subsidized and also built on over generous standards. Rent paid by the allotees represent about 7.5% of their basic salary, and this does not even cover maintenance costs. Recently, the Government has begun a change of direction. Recognizing the impossibility of providing housing units to all of its employees it is now paying them a rent allowance. This can be considered as a third rent policy of the Government. Both the second and third policy measures apply only to Government and semi Government employees, who constitute only ten percent of the total population of the city. Rent allowance is another important policy of the government. According to this policy public servants who are not accommodate in public housing are entitled to get rent allowance. The amount of allowance varies with the basic salary and employment status. The amount of allowance also vary from big cities (capital and divisional cities) and others areas.

Chapter 6: Housing Problems and Policies at Home and Abroad

6.1 Introduction:

In this chapter an attempt is made to investigate housing policies and problems of various countries of the world focusing on the policy measures related to controlling the housing supply and demand, variation of house price and house rent, different types of housing finance system, mortgage system etc. This review on housing policy and problems of selected countries of the world helped to gather knowledge about the way of recovery the problems rising about house market in different situation at different places.

6.2 Housing Problems and Policies in Bangladesh

6.2.1 Housing Problems of Bangladesh

There is an acute shortage of adequate housing in the urban areas, particularly for the lower income group. This has resulted in homelessness and rampant growth of slum and squatter settlements especially in big cities and medium sized secondary towns. The housing shortage was estimated in 1991 at 3.1 million units, composed of 2.15 million in rural areas and 0.95 million units in urban areas. The current housing stock is deteriorating fast due to aging, general neglect, poverty and civic apathy on the part of the dwellers and lack of enforcement of rules on the part of the authorities (Government of Bangladesh, 1993).

Housing backlog for metropolitan cities are even more pronounced. The overall urban residential density, occupancy ratio and the structural condition of houses have all assumed critical proportions. Residential densities have increased manifold even in upper income and middle-income areas by the process of densification. In urban low income areas such as slums and squatters settlements, the densities are extremely high, some times even more than 2000 persons per acre on a single story development. The ideal even by Third World standards would have been about 500 persons per acre. The occupancy rate or the average number of occupants per housing unit in urban areas increased from 5.84 in 1961 to 6.05 in 1974 to over 7.07 in 1991 (Shafi, 1998)

6.2.2 Housing Policies of Bangladesh

After the independence of Bangladesh in 1971, Bangladesh Government formulated Five Year Plans for planned development of the country. Housing policies are incorporated in these Five Year Plans The first Five Year Plan is formulated for the period of 1973-78. After the first Five

Year Plan, an interim Two Year Plan was formulated for the period of 1978-1980. The Second and Third Five Year Plans were formulated for the period of 1980-1985 and 1986-1990 respectively. Bangladesh Government prepared a national housing policy in the year 1993. The Fourth Five Year Plan of the country was formulated for the period of 1991-1995. The two years from June 1995 till June 1997 have been a sort of plan holiday for the country. During this period, annual development programs of the country were prepared and implemented outside the framework of any Five Year Plan. The fifth Five Year Plan is prepared for the period of 1997-2002.

The national Housing policy was approved by the Government in 1993 with the prime objective of ensuring housing of all strata of the society, especially for low and middle income groups and the disadvantaged and the shelter-less poor. However, its follow up activities have been very limited. There has been virtually no Government program for improving the conditions of low income housing for working women of Dhaka city. The construction of low-cost houses for the low and middle income group has been limited. In Bangladesh, private sector participation in house construction, especially in the metropolitan cities, is encouraging. Residential quarters for government employees can only meet 10% of the requirement. (Government of Bangladesh, 1998)

The Objectives of the Fifth-Five Year Plan with respect to housing were as below:-

- Development of low cost houses and multi-storied building for housing, and resettlement of slum-dwellers, the disadvantaged, the destitute and the shelter-less people, and in *situ* development of the slums and squatters settlements.
- Development of sites and services schemes for accommodation of low and middle-income groups of people.
- Developing condominiums for low and middle-income groups of people.
- Developing housing facilities for working women.
- Greater involvement of the private sector through necessary incentives in the housing sector.

The policies of the Fifth-Five Year plan with respect to housing were as below:-

- A national Housing authority would be set up in accordance with the National Housing Policy of 1993, to address the housing problem of low and middle income groups, the disadvantaged, the destitute and the shelter-less poor.

- Government Khas land would be used to its maximum extent, to resolve housing problem, especially for the poor household.
- Houses for working women would be developed by the relevant city, and town authorities.
- The Government would be fund the local bodies to develop low cost houses for the low income groups.

6.2.2.4 Performance during Fourth-Five Year Plan -

Improvements of physical infrastructures specially for housing development in the secondary district towns were carried out. Core houses for 1000 squatters families at Dattapara, Tongi were provided and 5.000 residential plots at Mirpur, Dhaka and 4,100 plots at Kaibalyadham, Chittagong, were developed and allotted to people of low income groups. RAJUK developed and provided 4,787 plots at Uttara, Dhaka. Private enterprises made a significant stride towards housing development in urban areas, and a number of NGO's undertook low-cost housing program for the rural poor of the country (Government of Bangladesh, 1998).

6.2.3 Public and Private Sector Performance

Public housing has, in general, failed to strike a balance between proper housing design, use of innovative building materials and affordable housing. In the public sector, less than 10 percent of the employees get residential accommodation. Most of the remaining employees live in rented housing under financial hardship, and without adequate physical facilities (Government of Bangladesh,1998). In the private sector a number of housing units have been constructed by the developers for well-to-do people, and some expensive houses have been built without mentionable attention to housing development for majority of population. Although some private housing companies have been engaged in land development, instances of fraudulent and dishonest practices have caused sufferings for the consumers.

6.2.3.1 Public Sector Housing

A number of institutions exist to guide, control and facilitate housing development in Bangladesh. At present government housing development programs are very inadequate in relation to the overall housing demand in the country. There remains a lack of proper coordination between different government agencies involved in this connection. Often the same function related to housing development is assigned to more than one agency. In practice, many

of these functions are delayed over time and there is considerable overlap in streams of responsibilities between many of these organizations.

A large number of government ministries, directorates, divisions and municipalities is involved in housing development of Bangladesh, either directly or indirectly. No single agency is entirely responsible for the execution of any housing development project. Moreover, the responsibilities of these agencies are not always clearly defined. It is often difficult on the part of an agency to follow its own policy because of various types of horizontal and vertical interventions (Haque, A. 1992).

6.2.3.2 Private Sector Housing

There has been a new trend of housing development mainly in the private sector. As a result Dhaka has experienced a new type of residential development, which can be broadly termed as apartment development. In most of the cases an individual or a company constructs one or more buildings comprising of several apartments, which is later sold to individual purchaser. These have prompted many individual entrepreneurs to develop apartment buildings resulting in an increased number of real estate companies in the city.

Twenty years back Dhaka city dwellers were reluctant to live in flat while ten years back some one would have thought twice before buying an apartment/ flat. But in the last couple of years the Dhaka dwellers have shown increasing interest in owning apartments. The main reason is economic, increased land cost as well as construction cost. There are also other reasons such as, lack of time for individuals for spending in house construction, increased awareness of apartment living, western influence etc. Apartment owning is thus becoming increasingly popular. Different approaches towards housing development are adopted by the NGOs of Bangladesh The predominant NGOs for the provision of housing development in both urban and rural areas are Grameen Bank, BRAC, PROSHIKA, Care- Bangladesh, CARITAS – Bangladesh, Concern – Bangladesh, FIVDB etc.

6.3 Housing problems and policies in India

In a country with a vast population, the problem of providing shelter to all has been an issue of great concern to the civil society and the governments of various times. It has, therefore, generally been subsumed that state intervention is necessary to meet the housing requirements of the vulnerable sections and to create an enabling environment to achieve the providing of shelter for all on a self-sustainable basis. Concrete governmental initiatives began in the early 1950s as a part of the First Five Year Plan (1951-56) with a focus on institution-building and housing for weaker sections of society. In the subsequent five year plans, government action ranged from strengthening the provision of housing for the poor and the introduction of several schemes for housing in the rural and urban regions of the country. During the early years of housing development in India, initiatives were taken mostly by the government, and it is only in the recent years that private construction activity has made significant contributions mainly in urban or semi- urban regions in the area of housing/real estate development. It may be mentioned that the current surge in housing demand is generally limited to large urban metropolitan regions, although smaller towns near these centers have also seen some good growth alongside. In the history of housing development, the Second Five Year Plan (1956-61) saw the enactment of legislations for orderly town and country planning including the setting up of relevant organizations and for the preparation of master plans for important towns (Joshi, M.2006).

In 1959 the central government announced a scheme to offer assistance in the form of loans to state governments for a period of 10 years for acquisition and development of land in order to make available building sites in sufficient numbers. During this period master plans for major cities were also prepared The Third Plan (1961-66) led to the coordination of various programmes to help housing for low-income groups. The Fourth Plan (1969-74) took a pragmatic view on the need to prevent the growth of population in large cities and decongestion and dispersal of population through the creation of smaller townships. The Housing & Urban Development Corporation (HUDCO) was established to fund housing and urban development programmes. A scheme for improvement of infrastructure was also undertaken to provide basic amenities in cities across the country. In order to reduce the pressure of urbanisation the Fifth Plan (1974-79) yet again reiterated the policy of promoting smaller towns in new urban centres, while emphasising on the improvement of civic amenities in urban and metropolitan regions The Urban Land (Ceiling & Regulation) Act was enacted to prevent concentration of land holdings in urban areas and to make urban land available for construction of houses for the middle- and low-income groups. The Sixth Plan (1980-85) refocused attention on the provision

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of services along with shelter, particularly for the poor. The programme of Integrated Development of Small and Medium Towns was launched in small towns for development of roads, pavements, minor civic works, bus-stands, markets, shopping complexes, *etc*. Positive incentives were offered for setting up new industries and commercial and professional hubs in small, medium and intermediate towns. The Seventh Plan (1985-90) made a marked departure in the focus given to the government-led housing development stressing on the need to place major responsibility of housing construction to the private sector (Joshi, M.2006).

To augment the flow of institutional finance to the housing sector and promoting and regulating housing finance institutions, the National Housing Bank (NHB) was setup under the aegis of the Reserve Bank of India in 1988. The Seventh Plan clearly also recognised the problems of the urban poor and for the first time an Urban Poverty Alleviation Scheme known as Urban Basic Services for the Poor (UBSP) was introduced. This was also the period when private builders were offered incentives to participate and contribute in building mass housing projects. The Eighth Plan (1992-97), for the first time, recognised the role and importance of the urban sector for the national economy. The Plan identified the key issues in the emerging urban areas, *viz.*, the widening gap between demand and supply of infrastructural services, the increased growth of urban population and deterioration of city environments. The new Housing and Habitat Policy unveiled in 1998 aimed at ensuring "shelter for all" and better quality of life to all citizens by using the unused potential in public, private and household sectors. The key objective of the policy was on creating strong public–private partnership for tackling the housing. Under the new policy, government proposed to offer fiscal concessions, carry out legal and regulatory reforms and create an enabling environment for the development of the housing sector. The policy emphasised the role of the private sector, as the other partner, to be encouraged to take up the land assembly, housing construction and invest in infrastructure facilities.

Ever since the added emphasis was given to private initiative in housing development, there has been a rapid growth in private investment in housing with the emergence of real estate developers mainly in metropolitan centres and other fast growing townships. The growth has been fuelled by rising business opportunities in new and emerging enterprises, increasing income levels, low interest rates, employment generation and demographic changes. However, even as significant changes in laws, regulations have encouraged housing development, policy analysts believe that further reforms such as tax/stamp duty rationalisation that provide a level playing field to the housing sector may need to be carried forward to tap the unmet demand for housing

stock. In the recent years for example, the scrapping of the Urban Land (Ceiling & Regulation) Act by the central government, amendment of the National House Building (NHB) Act to provide for easy foreclosure and permission for foreign direct investment to make investments in real estate have provided an encouraging investment climate. An Advisory Board with professionals has also been constituted to advice the government on matters relating to the development of the housing sector (Joshi, M.2006).

6.4 Housing problems and policies in Malaysia

Under the Seventh Malaysia Plan (1996-2000) and Eight Malaysia Plan (2001- 2005). Malaysian government are committed to provide adequate, affordable and quality housing for all Malaysian, particularly the low income group. The government also included for the first time low medium cost housing category in the Seventh Malaysia Plan for the medium low income group with salary ranged between RM1,501 to RM2,500 per month with target of 350,000 units to be built during the plan period. Unfortunately only 72,582 units or 20.7% from the target units were built nationwide at the end of the Seventh Malaysia Plan (Shuid, S. 2006).

The government focused more on low medium cost housing during the Seventh Malaysia Plan with a total of 350,000 units or 44% of the total 800,000 units planned Although the number of units planned for low medium cost houses are the highest compared to other categories, but the achievement is relatively low in both sectors. During the Seventh Malaysia Plan the construction of medium and high cost housing by private sector achieved 187% and 435% respectively of the targeted units. This situation created the oversupply of housing stock for both categories during 1997-2000 (Shuid, S. 2006).

Since independence, the provision of low cost housing has become a priority of the government in the Five Year National Plans. Government agencies were directly responsible in providing housing for the poor in urban areas through establishment of the State Economic Development Corporations and various urban development agencies. A Ceiling price for low cost housing was fixed at RM25,000 per unit for people with household income of less than RM750 per month since 1982 (Shuid, S. 2006).

In order to ensure the private sector to construct low cost housing, government through the local authority also impose 30% quota provision of low cost housing in every residential development (Shuid, S. 2006).

The issues and challenges in implementing low medium cost housing in Kuala Lumpur are as follows:-

1. There is clear miss-match between the supply and demand of low medium cost housing in Malaysia

2. Private developers are not keen in building low medium cost housing due to low level profitability and the fact no compulsion has been imposed unlike the low cost housing. Moreover there is no special incentives given to the private developers to encourage them to build low medium cost housing.

3. The Draft Kuala Lumpur Structure Plan 2020 does not included low medium cost housing category in the projection of houses unit to be built by year 2020. Although the emphasis of Structure Plan is to provide more houses in medium cost range (including low medium cost), specific policies and projection for low medium cost housing category were not clearly stated.

4. There are no specific planning and design guidelines for low medium cost housing compared to low cost housing. The conditions imposed by local authorities are different from one project to another. This inconsistencies creates confusion among the private developers.

5. Housing delivery system for low medium cost housing needs to be more stringent because there is no control over the purchasers. This category of house are always becoming choice of the property speculators.

6. Without proper regulation by the local authority, the price of low medium cost housing in Kuala Lumpur are mostly pegged between RM70,000 to RM85,000 per unit. From the data collected none of the private housing developers is offering houses at the price between RM42,000 to RM69,999 per unit

7. Lack of control and monitoring by the local authority for the construction and completion of medium and high cost housing compared to low cost housing.

8. The construction of low medium cost housing in Kuala Lumpur during and many other cities only started after 1998 due to the economic downturn.

6.5 Housing problems and policies in European Countries

Housing markets are now internationally recognized to rival financial markets for understanding economic fluctuations in economies with developed financial systems. Real estate has emerged as an asset class central to both household and business portfolio decisions. Housing wealth accounted for 41 percent of net wealth of UK households, at the end of 2004, almost twice the percentage represented by pension wealth. The comparable figure for the US at the end of 2004 was 39 percent (John, M. 2006). International institutions such as the OECD, IMF, BIS (Bank for International Settlements) have recently raised concerns over the potential over-valuation of residential housing markets - by as much as 30 percent - and the potential implications for an increased risk of a serious down-turn in the world economy. The European Central Bank has also taken a great interest in the issues posed for monetary policy in the Eurozone. In commercial property, the deepening of cross-border markets and the search for investment opportunities by pension funds and other large investors is leading to increased professionalisation of commercial property portfolio management not just in Europe but in the major economies of Asia. Households, via their pension assets, are exposed to fluctuations in these markets as well as in equity and bond markets.

A critical question about which there is much controversy is how consumer spending is affected by a rise in housing wealth, particularly via its role as collateral for borrowing. In these controversies, the role played by institutional differences in housing and credit markets through time and across countries is often neglected, for example in the simplistic views espoused by The Economist. The debate about housing supply policies, for example land use planning, construction of social housing, and policies on rent controls, reflects concern about housing affordability behind which lie serious distributional worries. In a number of countries, the real house price appreciation of the last decade marks one of the largest wealth redistributions from young to old in recorded history Governments are subject to pressure both from the young who would like housing to be more affordable and the middle aged and old who are concerned with preserving the value of their wealth. The 'social exclusion' of the young without wealth-owning relatives to transfer a housing deposit or guarantee a mortgage is likely to have widened long-term economic inequality despite efforts by governments to use social benefits to help the poor. The changing spatial variation in house prices within a country, reflecting varying land prices, is another aspect of shifts in inequality between households at different locations. In most poor countries and transition economies, housing finance systems are still developing, so that housing

wealth plays a different, but evolving, macroeconomic role. In many poor countries, formal property titles are missing, particularly for urban squatters and many of the rural poor. Lack of access to shelter is often a major characteristic of poverty.

. Housing finance lenders within Europe have evolved within national boundaries, and reflect the influence of localised origins and national policies. Thus, different basic systems of housing finance intermediation have evolved in the different countries. Mortgage bank systems raising wholesale funds by selling bonds to institutional investors, with fixed rate mortgages and no significant local branch networks, dominate in Denmark and Germany, but are also important in Sweden. the Netherlands. Austria and Italy. Elsewhere, deposit-taking systems, transforming the short and long-term savings of millions of households into long-term mortgages, evolved with variable rate mortgages and extensive local branch networks. These retail savings institutions dominate housing finance intermediation in the UK, Ireland, France and Spain, and may co-exist with mortgage banks in other countries. for example Germany and Austria. As a sub-set of deposit- taking systems, contractual savings systems for home loans still exist in Germany and Austria, while housing saving schemes exist in France, Spain and Finland.

Variety in basic systems across countries was reinforced, until at least the 1980s, by policy measures to favour housing finance within national capital markets, creating "special circuits" to channel tax advantaged funds into low cost housing finance, and by measures to prevent institutional failure. These actions have created a patchwork of deliberate market distortions which have gradually weakened, but of which substantial traces remain. Support measures, for home-ownership, also differed across countries.

In the 1990's, these systems were subject to deregulation and technical change, which promoted internally-driven competition. The UK, Spain, the Netherlands, Finland and Sweden present examples of extensively deregulated housing finance systems, closely integrated with general capital markets. where mortgage systems are rationed by interest rates. But extensive mortgage market deregulation did not occur everywhere with some countries more resistant to change. In France, deregulation allowed commercial banks to enter the mortgage market after 1987, but restrictions on interest rates remained, removing a vital mechanism for the large credit expansions that occurred elsewhere. French regulators continued to prevent financial intermediaries from paying interest on current accounts and savings accounts of up to three months liquidity. Attempts by foreign banks, notably the British bank, Barclays, to pay interest,

were thwarted in the French courts. In consequence, the funding advantage enjoyed by the French deposit-taking institutions left the wholesale- funded mortgage credit companies at a competitive disadvantage.

In principle, fiscal policy, land use planning policy and other interventions, such as building subsidized social housing, also have an influence on the level of house prices, and so on the macro economy as well as on housing affordability and the intergenerational distribution of wealth. The UK government has clearly found this a difficult area for decision making. On the fiscal side, the phasing out of mortgage interest tax relief was completed in 2000. Stamp Duty rates on transactions have been raised several times. The 50 percent discount on property tax (Council Tax) on second and further homes has been made optional for local authorities. But the zero marginal tax rate for more expensive homes and the additionally regressive tax structure below that threshold, have been retained, while the scheduled revaluation in 2007 after 16 years, has been postponed (John, M. 2006). It is clear that property taxes without regular revaluations or indexation to prices are far less useful for macro stabilization. The example of Denmark, where revaluations are annual, illustrates this well, as discussed above.

The UK, along with almost all countries, is perceived to be facing a pensions crisis. One fiscal policy contribution has been to extend tax advantages for Real Estate Investment Trusts and for self invested pension funds investing, for example, in collective schemes owning rental properties. That such tax breaks for relative wealthy investors may make housing affordability more problematic for lower income younger households seems not to have been a major consideration.

The government has instead focused on the weak supply response of the UK house building industry, behind which lies a sluggish planning system, last revised in 1991 in the direction of greater restrictive ness. Since 1997, planning controls have effectively been tightened further, both by forcing more building onto 'brown field' sites and away form 'green field' sites, and from increased use of 'Section 106' agreements by which land for social housing and other side payments are negotiated, often with long delays, from developers in return for planning permission (John, M. 2006). The Barker Review of new housing and the current Barker inquiry into the planning system has been developing policy alternatives.

The UK is far from alone in facing such policy dilemmas. The Dutch government, also faced with a great house price boom has struggled with fiscal issues, finding it politically difficult to reduce tax relief on mortgage interest, or to raise property taxes. The Dutch planning system, once well known for its relative efficiency, is perceived to have been overwhelmed by demand. The Dutch boom, together with higher domestic inflation and so a loss of competitiveness, has been an important factor in recent economic difficulties faced by the country. It illustrates well the dilemmas for monetary policy in the Eurozone stemming from the institutional differences. While the Netherlands experienced a major credit market liberalization in the 1990s, Italy remains with the least developed mortgage markets in core Europe. As noted above, this has much to do with the legal system which makes mortgage repossession very difficult, so undermining the housing collateral function. While low interest rates and increased banking competition have led to rising debt levels in recent years, Italian household debt remains far below the levels in the European countries with more liberal credit regimes. Two of the studies of G-7 consumption functions with fairly comprehensive controls found negative housing wealth effects for Italy, as noted above. The interpretation is that with high deposit requirements, potential first time buyers need to save more when house prices rise, while tenants may take higher house prices as an indicator of future rent rises. It is likely that the rises in Italian house prices in recent years are due to low interest rates and foreign demand, fuelled by easy credit and earlier capital gains in northern Europe and earlier capital gains. This part of the monetary transmission mechanism appears to run in reverse for Italy, contributing to near recession domestic demand conditions in recent years. While it is possible that some improvement has taken place in credit availability in Italy, so that the negative housing wealth effect is weaker or may even have been neutralized by now, it is clear that these asymmetries in monetary transmission are holding back growth in the Eurozone. For Italian society, with the oldest first-time buyers in Europe, the ill-performing credit market, contributes to low rates of household formation and birth rates, and so indirectly to Italy's demographic and pensions problems.

Chapter 7: Summery of Findings

7.1 Introduction

Public housing has, in general, failed to strike a balance between proper housing design, use of innovative building materials and affordable housing. In the public sector, less than 10 percent of the employees get residential accommodation. Most of the remaining employees live in rented housing under financial hardship, and without adequate physical facilities. In the private sector a number of housing units have been constructed by the developers mostly for higher income group.

A survey by the Ministry of land shows that 56.63% of household in Dhaka lived as tenant in 1981 and no land in the city or in any other urban area. Population of household who did not own a piece of land in Dhaka would be over 70%. 2% of city's population who constitute the upper income group use about 15% of the residential land of the city, another 28% who form the middle income group, occupy 65% of the residential land and the vast majority or the other 70% have access (mostly non-owned) to only about 20% of the residential land.

The housing shortage was estimated in 1991 to be about 3.10 million units, composed of 2.15 million units in rural areas and 0.95 million units in urban areas. The population of Dhaka City is more than ten million, requires 45,000-83,000 housing units per year, whereas all public and private efforts together can only produce 25,000 housing units a year.

In 1980 there were 1.9 million housing units for 11.8 million urban population. By the turn of the century the total requirement of urban housing units was estimated to be in the order of 7.1 million. The additional requirement has been estimated to be 5.287 million of which 1.176 million units was estimated for Dhaka Metropolitan Area.

In 1960, 53% of all households lived in privately rented house, but by 1973, this percentage had become 60.3%. At present it is estimated that more than two-third of all households in Dhaka live in privately rented houses.

7.2 Spatial variation of house rent

The survey findings show that there is a high rent level in Gulshan and Dhanmondi area and medium rent level in Mohammadpur, Shaymoli and Khilgaon area and there is low rent level in

Mirpur, Rampura and Badda areas.Per sq. ft highest rent level is Tk.14.9158 and Tk.13.2808 in Gulshan and Dhanmondi residential areas respectively. Per sq. ft. rent level of other areas like Mohammadpur, Shaymoli and Khilgaon are Tk.7.4552, Tk.7.4313, and Tk.7.2310 respectively. which are more or less at same level. Per sq. ft. rent level of rest three areas Mirpur, Rampura and Badda are Tk.6.4552, Tk.6.3758 and Tk.6.6895 respectively, the lower among the others.

In Gulshan and Dhanmondi areas high income group live and the rent level is high in these areas. Low income group as a percentage of total population is high in Badda and Khilgaoun areas and account for 40% and 32% respectively and percentage of middle income group are more or less same in in Mirpur, Shaymoli, Badda and Khilgaon areas.

7.3 Floor space of the housing unit and house rent variation:

In this study 200 rented household head were surveyed, among them 9.5% lived in housing units of less than 500 sq ft, 34.5% lived in housing units of 501-750 sq ft, 27.26% lived in housing units of 751-1000 sq ft and rest 29.5% lived in large size housing unit (more than 1000 sq ft). The average rent level per per sq ft. is Tk. 7.76, Tk. 9.23, Tk. 8.65, Tk. 8.48, Tk. 9.71, Tk. 10.71 respectively. It has been found that large size of housing unit (more than 1000sqft) have been constructed at Gulshan (76%) and Dhanmondi(68%) areas. The demand of Medium size housing units are almost same in rest of the areas Mirpur(52%), Shyamoli(52%), Mohammadpur(72%), Rampura(76%), Badda(60%) and Khilgaon(88%). It has been also found that the rate of increase of house rent for small size of housing units is higher than large size of housing units.

7.4 Types of the housing unit and house rent variation:

Percentage of building type-A are 32% in Gulshan and 36% are in Dhanmondi areas. Percentage of building type-B are more or less same in all sample areas. Percentage of building type-C are 40% in Rampura , 12% in Khilgaon and 12% in Badda areas. The average rent per square foot for type A, type B and type C is Tk.10.56, Tk.8.72 and Tk.6.30 respectively.

7.4.1. Availability of various types of finish materials: The per sq. ft average rent of housing unit constructed by mosaic is Tk. 9.62 where as constructed by cement (not using mosaic) is Tk.7.24; the per sq .ft average rent of the housing unit constructed by tiles is Tk. 9.01 where as constructed by cement (not using mosaic) is Tk.8.57; the per sq. ft average rent of the housing unit constructed by Thai Aluminum is Tk. 9.97where as constructed by glass is Tk.7.34.

7.4.2. Availability of various types of toilet and kitchen furniture: For availability of commode the per sq. house rent is Tk.8.77 and for not available of parking facility the per sq. house rent is Tk7.15. For availability of hand shower the per sq. house rent are Tk.8.19 and for non-availability of hand shower facility the house rent is Tk. 7.24. For availability of bath tab the per sq. house rent is Tk.11.45 and for no bath tab the house rent are Tk. 7.26. For availability of cutting slab the per sq. house rent is Tk.11.04 and without of cutting slab the house rent are Tk. 7.02. For availability of kitchen cabinet the per sq. house rent is Tk.8 51 and for not availability of kitchen cabinet the house rent is Tk 6 79.

7.5 Factors affecting the spatial variation of house rent

There are many types of factors affecting the variation of house rent, from them following factors are identified as important and need spatial consideration.

1. Distances of the important community facilities of the area from the housing unit: It has been apparent that if the distances of various types of community facilities are within 3 km, it shows significant variation of house rent than those of housing unit where community facilities are positioned more 3 km distances.

2. Distances of the place of work from the housing unit: The per sq. average rent of housing unit decreases according to increases the distances of housing unit from work place as from 2 km of distance from work place is Tk.8.54, from 3-5 km is Tk.8.80, from 6-10 is Tk.8.56 and from more than 10 km is Tk.5.71.

3. Availability of parking, escalator and security facilities : For availability of parking facility the per sq. ft house rent is Tk.10.15 and without of parking facility the house rent is Tk. 6.79. For availability of lift facility the per sq ft. house rent is Tk.13.10 and for not availability of lift facility the house rent is Tk. 8.21. For availability of security facility the per sq. ft. house rent are Tk.8.81 and with no security facility the house rent is Tk. 6.10.

4 Availability of sewerage, drainage and water supply facilities: Near about 100% housing unit of Gulshan and Dhanmondi areas are connected with sewerage, drainage and water supply facilities. The level of connecting sewerage, drainage and water supply facilities are not satisfactory in the rest of the areas.

5. Social environment of the area in which housing unit situated:

Percentage of housing unit are in good environment in Gulshan and Dhanmondi are 88% and 92% respectively. In rest of the study areas prevail almost medium type of environment. Percentage of bad environment in Mirpur, Badda and Mohammadpur are 16%, 12% and 12% respectively.

6. Land value of the area in which housing unit situated:

Land Value is very high in Gulshan and Dhanmondi areas, and housing units are made by using luxurious building materials, so rent level is also high in these two areas. Land Value is low in Mirpur, Badda and Khilgaon areas, and housing units are made by using traditional building materials, so rent level is comparatively low in these areas. In Mohammadpur, Shyamoli and Khilgaon area land value is medium and medium type types of housing unit are found in these areas, so rent level also found in these areas are medium.

7.6 Maintenance cost of the housing unit and house rent variation:

The average rent of housing unit increases according to increases the maintenance cost of housing unit. The per sq. average house rent for maintenance cost of up to Tk 1000, Tk 1001-2000, Tk 2001-3000, Tk 3001-5000 and Tk 5000+ are Tk 6.50, Tk 8.58, Tk 9.07, Tk 10.83 and Tk 14.26 respectively.

7.7 Number of Floor of the housing unit and house rent variation:

The rent of ground and top floors are very low than others floor of the housing unit. The per sq. average house rent for ground floor, 1st floor, 2nd floor, 3rd floor and top floor are Tk. 7.18, Tk. 13.97, Tk. 12.95, Tk. 10 43 and Tk. 6.83 respectively.

7.8 House Rent Market

The average expenditure paid for rent is 35 63% of the income of the tenant household heads and percentage of income of household head spending for house rent is high for lower income group than the higher income group. The increasing rate of house rent for small size of housing units is higher than large size of housing units. Due to scarcity, speculation and increasing demand, the price of land in the city is increasing at a phenomenal pace: about 20-50 folds in the last 15 years.

Only about 5 percent of the housing units constructed in Bangladesh are financed from formal sector, whereas, for the rest, financing comes from savings, private borrowing and informal sector. The major financing organizations for housing are the HBFC and the Commercial Banks while financing by other organizations like Delta-BRAC, National Housing and Micro credit lenders are insignificant.

Quium (1978) in his thesis " Financing of Urban Housing" calculated that the net rate of financial return in housing of Dhaka was 5.4 percent. He calculated the return on construction cost after subtracting the recurring housing cost or operating costs from the rental income.

8.9 Rent control policy

The municipal authorities introduced "The Bengal House rent Control Order" which came into effect for the first time in the year 1942. It was a temporary measure, which imposed a prohibition on the increase of house rent, subject to provide renewal.

After 1971, when Bangladesh became an independent country, the ordinance was renamed " The Premises Rent Control Ordinance". The enforceability of this ordinance has been extended up to the end of 1982 by the decision of parliament. The standard rent prescribed in the Ordinance is an annual rent equal to fifteen percent of the market value of the premises. The Ordinance prohibits the eviction of any tenant who is willing to pay the standard rent, unless he has violated creation statutory or contractual provisions. It is a general law, applicable to designated urban areas throughout Bangladesh. It is possible that it might be effective in some areas, but it cannot be in the condition of Dhaka.

Chapter 8: Recommendations and Conclusion

8.1 Introduction

From the findings and analysis of this study it has been revealed that the considerable factors for the spatial variation of house rent are the existing physical condition of the area, distances of housing unit from the workplaces, distances of housing unit from the various community facilities, transportation facilities of the area, utility and infrastructure facilities of the area, high land price and lack of serviced land of the area. Any recommendation for improving housing situation must take these factors into account.

8.2 Recommendations

Survey findings show that per sq. ft. average rent is Tk.14.9158 and Tk.13.2808 in Gulshan and Dhanmondi residential areas respectively, which are highest among the areas. Rent level in other areas like Mohammadpur, Shaymoli and Khilgaon are Tk.7.4552, Tk.7.4313, and Tk.7.2310 respectively which are quite close. Rent level of rest three areas Mirpur, Rampura and Badda are Tk.6.4552, Tk.6.3758 and Tk.6.6895 respectively, which are lower than others.

The average house rent is high in Dhanmondi and Gulshan area than other areas of the city. The main causes of these variation of house rent of Dhanmondi and Gulshan areas from other areas are as follows:

Dhanmondi and Gulshan area are developed in planned way, the condition of major roads and access roads are good. social environment of Dhanmondi and Gulshan area also good for living than other areas of the city. Transportation network also good in Gulshan area. Though transport and communication facilities of Dhanmondi area are not good enough but the others facilities are available in Dhanmondi area. Population of high income group live in these two areas also.

Though Mohammadpur. Shaymoli and Khilgaon areas are not planned and availability of infrastructure and utility services are not satisfactory, the average rent level of Mohammadpur, Shaymoli and Khilgaon areas are higher than the areas of Mirpur, badda and Rampura areas because of availability of community service and facilities within short distance. Transport and communication facilities of Mohammadpur and Khilagaon areas are also good.

Most important factor for variation of house rent is the availability of various types of infrastructure and utility facilities. Survey findings show that in Dhanmondi and Gulshan area there are availability of various types of infrastructure and utility facilities like sewerage, drainage and water supply facilities. The average house rent is very high in Dhanmondi and Gulshan area than other areas of the city

People want live in those area where they get the service and facilities easily and feel comfort. So, the rent level also varies according to the existence of various types of community service and facilities. It mainly indicates the existence of various types of community facilities like School, college, katcha bazaar, shopping center, health/clinic, park etc in the areas and how tenants get their expected level of services from those community facilities of a particular area. Survey findings show that in Dhanmondi and Gulshan area there are availability of various types of community service and facilities within short distance and the average house rent is very high in Dhanmondi and Gulshan area than other areas of the city.

Distances of various types of community facilities play a significant role in variation of house rent at different areas. If the distances of various types of community facilities are short, the rent of housing units is also less comparatively the housing units where the distance of various types of community facilities are long.

Variation of house rent should according to the type of housing unit, amount of floor spaces of housing unit, availability of various types of facilities like lift, parking space etc. But variation of house rent according to the availability of community service and facilities, distance of work place from housing unit, infrastructure and utility facilities, social environment is not expected. Prime condition of a residential environment is having community service and facilities within short distance, infrastructure and utility facilities, convenient transport network and good social environment etc. It should provide the community service and facilities within short distance, infrastructure and utility facilities, convenient transport network and good social environment for all income groups.

There has a tendency to sacrificing of facilities to maintain their quality of life. Sometimes people have to choose A type housing unit where condition of other facilities are not satisfactory. To keep in short distance from housing unit to place of work people sacrifice in maintaining quality of life. To maintain the distance in short, people live in house type B or C though they

have the capacity to live in house type A in other areas. For live in planned area and the area where social environment is good people live in house type B or C though they have the capacity to live in house type A in other areas. To get the various community and service facilities easily people live in house type B or C though they have the capacity to live in house type A in other areas. To get the better utility and infrastructure facilities easily people live in house type B or C though they have the capacity to live in house type A in other areas.

It is probable that rent control can never work effectively in a situation where the housing demand and supply are in a serious state of disequilibrium. As the competition intensifies for the limited space available, potential tenants are increasingly willing to accept any terms, including those which jettison their rights to complain to rent control authorities. Clearly, as has been shown, this situation now exists among the smaller rental house market in Dhaka. As a result, it is not surprising to find that most tenants are today unaware that any rent control measure exists. Aside from its overall lack of effectiveness, the Ordinance now in effect in Dhaka also suffers from specific failings, which further undermine its usefulness. It is a general law, applicable to designated urban areas throughout Bangladesh. It is possible that it might be effective in some areas, but it cannot be in the condition of Dhaka. For one thing, land prices in and around the capital are escalating very rapidly, taking house price with them. The formula used to establish a standard rent in the Ordinance is 15% of market value. With market values rising at the rate that they now are, this means that a standard rent can almost double in the space of a year especially in terms of real price. The formula, therefore, does not serve as any type of brake upon the inflation rate in the rental housing market. To the country, if it could be enforced, a formula which provided for a certain percentage increases over the previous rent level would make more sense.

Enforcement is obviously a major problem with the present Ordinance. It would require a large panel of Controllers with a huge supporting staff to have any hope of being effective. How the costs of such an establishment could be recovered is not clear. If they were charged to the parties losing a litigation, many potential litigants would think twice before embarking on what they might see as a gamble. Any way in which such costs were passed on to those using the system would decrease its attraction. Finally, there is the problem of simulating supply. Fifteen percent of market value paid annually as rent can appear high to a middle-income tenant on a fixed income (especially, as noted, when the market values are skyrocketing). To the landlord, however, the 15% is fixed in money terms. As inflation devalues money, the 15% brings in less

and less real income. His desire to invest it in more housing is naturally decreased. The only way to get around this problem would be to have the standard rent indexed to the cost of living. That, in turn, might necessitate some form of relief to the fixed-income tenant. It is a complicated problem.

From the above findings, this has been seems that the Rent Control Ordinance, in its present form could not meet the housing demand and also have not solved the rent problem now affecting Dhaka which need replenish by a updated form

The following policy measures could be undertaken to improve the status of different types of residential buildings in the study area considering the above factors for spatial variation of house rent .

1. Improvement of unplanned residential area

Most of the houses in the study areas were developed spontaneously without planning interventions. Such areas often turn into deteriorated situation where services are highly inadequate. Concerned authority must take necessary action in these areas to provide basic community services and facilities.

2. Provide necessary infrastructure and utility service for housing development

Availability of utility and infrastructure facilities like serviced land, road network, availability of water supply, sewerage and drainage facilities reflect the development of any area. Planned infrastructure and utility services will help to add idle land into the land market for providing housing. Especially the fringe areas, which are not yet developed, can be developed through such policy.

3. Provide serviced land for different income group

Lack of serviced land is another important problem for development of housing sector and also for the gap between the demand and supply of housing. There are few people who have the ability to build houses with their own resources. The concerned authority both public and private can provide serviced land for reducing the shortage of housing.

4. Provide transport and communication facilities

It is very important to develop transport network and facilities. All interventions would fail if we don't improve the transport and communication facilities. If we can develop the transport

and communication facilities. it will make it possible to reach the workplace without much difficulty and people will also be interested to reside away from central place of the city which will reduce the pressure on demand of city's housing sector.

5. Financing and investment in the housing sector

Housing finance is one of the major problems for promoting housing provision. particularly in encouraging planned housing. This seems to be a shared responsibility of both public and private agencies. The development authority can influence the financing authority to provide credits with low interest.

6. Incentive for the private sector housing development

It is not possible to develop the housing sector only by the government. Government should take appropriate strategies such as reduce tax on land. increasing loan facilities and ensure legal and technical development assistance to encourage the private sector to provide serviced land for planned residential housing units of the city.

7. Upgrade the rent control ordinance and make it implement

Upgrading the rent control ordinance with adequate manpower to control the house rent by applying appropriate rent schedule. rules and regulation considering the various factors affecting the variation of house rent.

8.3 Conclusion:

The rent structure should be controlled and maintained by a standard rules and regulations on the basis of some criteria like floor space, distance from the city center, building type and materials used. From the survey findings it has been found that there has been no control on the rent structure and also no control on the various factors affecting the house rent. The owners of the housing units fix the rent according to their mind set. The owners also often increase the rent without any proper cause. These should not be expected in a modern society. So it is now time to take action to promote a set of policy to guide the rent structure and to standardize the rent of the housing units in the city. The government should take proper initiative by encouraging both public and private sectors to solve the problems of the housing sector.

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Appendices-I

Questionnaire for Tenant Household

Sample no------------   Date--------
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1) Name of the household head: ---

Locality: ------------------------------Address: -------------------------------------

Occupation of the house hold head	Education level of the house hold head	Income of the house hold head	Family member	
			Male	female

2) When did you come to Dhaka?

3) Total floor area of this flat (sq ft):

4) Monthly house rent of this flat (Tk).

5) In which position of your flat situated:

6) In which floor of your flat situated:

7) Distance of the nearest buildings (meter): In front   Backside   Left side   Right side

8) Information about the various types of rooms:

Type of the rooms	Number of the rooms	Size of the rooms (sq. ft)			
		1	2	3	4
Bed					
Drawing					
Drawing cum dining					
Dining					
Bathrooms					
Veranda					
Kitchen					

9) Information about the building materials of this flat:

Part of the building	Code
Floor	
Wall	
Window	
Door	
Bathroom	

1.Cement 2 Brick 3.Mosaic 4.Tiles 5 Granite 6.Marble 7.Wood 8 Glass 9 Thai Aluminum 10Tin 11Rod 12Grill

10) Existing facilities of this house:

Facilities	Yes	No	Facilities	Yes	No
Parking facility			Reserve tank		
Escalator facility			Septic tank		
Generator facility			Drainage network		
Security facility			Sewerage facility		

11) Existing toilet & kitchen facilities of this flat:

Toilet Facilities	Yes	No	Kitchen Facilities	Yes	No
Commode			Basin/Sink		
Mirror			Kitchen Cabinet		
Hand Shower			Rack		
Bath Tub			Cup-Board		

12) Existing condition of the Environment, Utility and Infrastructure facilities of the area

i Is the water supply available all the time: Yes........ No.

ii What are the problems concerning electric supply as you feel in this area:

Load shedding low voltage disrupting line

iii How much distances of this house from main road (in meter):

iv How much width of the access road (ft): v. How much width of the major road (ft):

v Are the pavement of access roads broken: Yes........ No.....

vi Is the area waterlogged in rainy season: Yes........ No ....

vii Is the house situated in congested area: Yes. ...... No.....

viii Mode of transport from this house to your work place:

ix Distance from the house to your work place (km).

x Cost of transportation from living place to work place (Tk).

xi Travel time from living place to work place (Minute):

xii If this house has enough space for moving around? Yes........ No.. .

13) Major facilities of the area and distances

Facility	Distances	Mode of Travel
Hospital / Clinic		
Community Center		
Shopping Center	.	
Park		
Play Ground		
Primary School		
High School		
Katcha Bazar		
Grocery Shop		
Place of Prayer		

14) Opinion about social environment of this area. Good   Medium   Bad

Questionnaire for Owner of this house

1) Name of the house owner:

2) Occupation of the house owner:

3) Year of construction of the building:

4) Causes of renting the house

5) Total floor space of your building (sq ft):

6) What are the numbers of flat in this building:

7) Tentative monthly income of the house owner by renting the house:

8) Total cost of building this house:

9) If you have taken any loan for building your house: Yes.... . No.... .

If yes then from where you have taken the loan facilities:

10) What are the price of land in your area per katha:

11) Total maintenance cost of your house per year

12 Information about house rent:

Rent at different period	Year	Rent (Tk)
When you first rented		
Next increase (if applicable)		
Rent at present		

Date   Signature of the surveyor

c

Appendices-II

Table 1: Occupation status of the tenant house hold head of the study areas (in percentage)

Occupation status of the Tenant House Hold Head	Area							
	Gulshan	Dhanmondi	Mohammadpur	Mirpur	Shaymoli	Badda	Rampura	Khilgaon
Service	36	52	56	48	52	72	76	52
Business	24	24	4	20	16	24	16	32
Prof. /Teacher	-	-	8	-	24	-	-	-
Engineer/Architect	16	8	8	-	-	-	8	8
Doctor	12	8		16	-	-	-	8
Others	8	12	24	16	8	4	-	-

Source Field Survey, 2004

Table 2: Income status of the tenant house hold head of the study areas (in percentage)

Income Status of the Tenant House Hold Head (Tk)	Area							
	Gulshan	Dhanmondi	Mohammadpur	Mirpur	Shaymoli	Badda	Rampura	Khilgaon
Up to 5000	-	-	10	3	2	23	16	14
5001-10000	-	-	12	5	6	17	12	18
10001-20000	-	-	64	60	60	12	28	28
20001-30000	12	32	4	32	32	48	8	32
30001-50000	48	28	8	-	-	-	-	8
50000+	40	40	-	-	-	-	-	-

Source, Field Survey, 2004

Table 3: Status of existing social environment of the study area (in percentage)

Social Environment of the study area	Area							
	Gulshan	Dhanmondi	Mohammadpur	Mirpur	Shaymoli	Badda	Rampura	Khilgaon
Good	88	92	16	24	36	12	24	12
Medium	12	8	72	60	56	76	68	88
Bad	-	-	12	16	8	12	8	-

Source: Field Survey, 2004

Table 4: House type of the study area (in percentage)

House Type of the study area	Area							
	Gulshan	Dhanmondi	Mohammadpur	Mirpur	Shaymoli	Badda	Rampura	Khilgaon
A	32	36	8	4	8	-	-	-
B	68	64	88	88	84	88	60	88
C	-	-	4	8	8	12	40	12

Source: Field Survey, 2004

Table 5: Status of availability of utility facilities of housing units in the study area

Availability of utility facilities		Area							
		Gulshan	Dhanmondi	Mohammadpur	Mirpur	Shaymoli	Badda	Rampura	Khilgaon
Sewerage	Yes	100	100	8	24	16	-	-	-
	No	-	-	-	-	-	100	100	100
Drainage	Yes	100	92	76	44	28	28	22	80
	No	-	8	24	56	72	72	68	20
Water Supply	Yes	92	100	100	68	76	60	40	72
	No	8	-	-	32	24	40	60	28

Source: Field Survey, 2004

Table 6: Floor space of housing units in the study area (in percentage)

Floor Space of the Housing Unit (Sq Ft)	Area							
	Gulshan	Dhanmondi	Mohammadpur	Mirpur	Shaymoli	Badda	Rampura	Khilgaon
Up to 500	-	-	8	12	-	24	12	8
501-750	8	16	44	8	56	24	44	60
751-1000	16	16	32	44	24	36	32	28
1001-1250	24	16	8	20	12	8	12	4
1251-1500	16	20	8	16	8	-	-	-
1500+	36	32	-	-	-	-	-	-

Source, Field Survey, 2004

Table 7: Average distances of various types of community facilities from housing units in the study area (average distance in km)

Various types of community facilities	Area							
	Gulshan	Dhanmondi	Mohammadpur	Mirpur	Shaymoli	Badda	Rampura	Khilgaon
Health Center/Clinic	2	2	3	7	3	6	6	5
Community Center	2	2	2	2	2	2	3	3
Shopping Center	1	2	3	5	3	5	4	4
Park	1	1	3	3	3	4	6	6
School/ College	2	2	3	5	4	5	6	5
Primary School	1	2	1.5	1.5	2	2	2	1
Katcha Bazar	2	2	1	1	1.5	1.5	1	1.5

Source, Field Survey, 2004

h

Table 8: Status of existing land price of the study area (in percentage)

Land price of the area	Area							
	Gulshan	Dhanmondi	Mohammadpur	Mirpur	Shaymoli	Badda	Rampura	Khilgaon
Up to Tk. 10 Lac	-	-	72	-	40	100	100	100
Tk. 11-15 Lac	-	-	28	92	60	-	-	-
Tk. 16-20 Lac	-	-	-	8	-	-	-	-
Tk. 21-25 Lac	12	60	-	-	-	-	-	-
Tk. 26-30 Lac	36	40	-	-	-	-	-	-
Tk. 30+ Lac	52	-	-	-	-	-	-	-

Source, Field Survey, 2004

Table: 9 Spatial variation of house rent

Area	Average Rent (Tk. per Sq. Ft.)
Gulshan	14.91
Dhanmondi	13.28
Md pur	7.45
Mirpur	6.03
Shaymoli	7.43
Badda	6.37
Rampura	6.68
Khilgaon	7.23
	8.67

Source, Field Survey, 2004

Table: 10 Percentage of income spent for renting house

Income Level of Tenant Household Head	Percentage of Income Expending for Rent
Up to 5000	47.49%
5000- 10000	40.83%
10001-20000	40 39%
20001-30000	33.78%
30001-50000	33 05%
50000+	31 69%
Total	35 63%

Source Field Survey, 2004