

Evaluation of the House Availability for Income Deciles (Case Study: Hormozgan Province)

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Abstract

House and housing is a long-lasting, multi-dimensional, very expensive commodity full of symbolic values as the icons of dignity and life conditions. So, this study aims to estimate the degree of house availability to different groups in Hormozgan Province, so that the decision-makers, policy-makers and managers may mostly focus on housing problems for the social classes with low income.

This is an applied study that uses a descriptive-analytic method. The geographic area covers the political-official limits of Hormozgan Province in 2006. The statistical data are provided from Statistical Center of Iran.

The findings of this study reveal that the first decile in Hormozgan Province enjoyed a mean building area of 65.8 m² in 2006. This was 72.7 m², 89.5 m², 87.6 m², 86.8 m², 96.7 m², 101.9 m², 107.6 m², 106.7 m² and 119.8 m² for the second to the tenth deciles, respectively. The highest mean for the building area of residential units belongs to the tenth decile. The highest index for house availability belongs to the income groups of the self-employed people, and then the employees of the public, private and cooperative sectors with the availability indices of 3.05, 2.93, 0.08, respectively. The lowest level of private house availability belongs to the employers of the cooperative sector. For the self-employed sector, the lowest availability index belongs to the agricultural division with the level of 0.21.

Keywords: Income Deciles, Tenantry, Availability Index, Hormozgan Province

1. Introduction

Appropriate housing is one of the major challenges of the developing countries. About one third of the urban population all over the world is living in substandard houses (UN-Habitat, 2005; Ogue & Ogbuezob, 2001: 437). Such habitats lack healthy potable water,

suffer from inappropriate disposal of waste materials, inaccessibility of services and major infrastructures, lack of appropriate light, and cooling and heating systems (Habib et al, 2008: 174). Housing sector has always been a major and important sector in urban economy (Azizi, 2004: 33); so that the housing costs include 30 percent of the monthly income of people (Gottdiener& Budd,2005). Hormozgan Province, especially the urban areas, has been known as the center for organizing the import process of consumable products of Iran for the last few decades; however, there has also been population explosion in the cities of this province, especially in Bandarabbas, Gheshm, Bandar Lengeh, etc. This increasing speed of population growth in different cities of this province on the one hand, and the lack of the required policies and tools for an appropriate accommodation of population, on the other hand, results in wide-ranging disorders for the structural and social systems in the cities of this province. The major socioeconomic problems for the household in the urban areas of this province include the high proportion of dependency or guardianship load, high rate of population growth, high unemployment rate, low level of women involvement in the workplaces, tendency to work in unofficial sectors. The literacy index in poor neighborhoods is less than 80%. The most significant challenges set before the urban policy-makers of the province, especially for Bandarabbas, is the low quality of house construction, improper texture and weak urban services, and construction materials of urban habitats. So, this study deals with the investigation of housing situation among different income groups and the availability of tenancy and the level of ownership for income deciles in Hormozgan Province in order to help planning on housing for different groups, especially the groups with low income.

2. Research Background

Many studies have been carried out on housing, some of which are pointed here. Malpzi (1999) has concluded in *Urban Houses and Financial Markets: Focusing on World Experiences*, that most developing countries possess about 3 to 10 % of GDP for investment in housing sector and it includes the greatest expenses of the households and most valuable property for most households with low incomes. In his article entitled *The Reduction of Natural Disasters in the Countries All over the World*, Chafe (2006) discusses the problems happened to unofficial habitats and the groups with low incomes and he has suggested that 177 million people have suffered from natural disasters in 1980s and 270 million people in 2000. Among them, 98% have been residing in poor countries, and they especially included the groups with low incomes and they lived in substandard houses (Chafe, 2006). Meshkini et al (2010) stated in their article *The Estimation of Inequalities in Housing Sector of Hormozgan Province, using Gini Coefficient*, that the housing problems for the low-income classed has been deteriorating in this province since 1996 and the inability to provide appropriate houses for the deciles of 1, 2 and 3 is extended to the deciles of 4 and 5. In their article entitled *Evaluation of Housing for Income Groups and Suggestion of A Housing Plan for Low-Income Groups in Lorestan Province, Iran*, Ziari et al (2010) concluded that the mean building area for the first decile has increased from 57.9 m² in 1996 to 82.7 m². However, this has decreased for the tenth decile from 139.50 m² to 122.1 m².

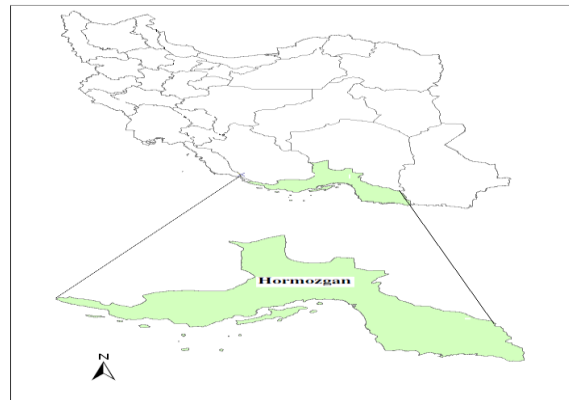
3. Research Method

The research method is an applied as well as a descriptive-Analytic one. The geographic area covers the political-official limits of Hormozgan Province in 2006. The statistical data are provided from Statistical Center of Iran. First, the building area for income deciles of urban areas of the province for the period of 1996 to 2006 is estimated based on the last statistical data of Iran (2006). Then, the changes in ownership rate and tenantry are estimated among the income deciles. Finally, the house availability to income groups of Hormozgan Province has been estimated, using the availability inde.

4. Case Study

Hormozgan province is a province located in southern Iran and it had 11 counties, 34 districts, 22 cities and 90 villages in 2006. The population of the province was 1,403,674 people in 2006 including 725,198 male and 678,476 female, 661,325 urban citizens and 742,349 villagers, i.e. about 52.8 n% villagers and 47.2 urban citizens.

Figure1. Political Situation of Hormozgan Province



5. Findings

5-1. Estimation of the Building Area of Income Deciles in the Urban Areas of the Province during the Period of 1996-2006

The average building area was 65.8 m², 72.7 m², 89.5 m², 87.6 m², 86.8 m², 96.7 m², 101.9 m², 107.6 m², 106.7 m² and 119.8 m² for the first to the tenth deciles, respectively in 2006. The highest mean for the building area of residential units belongs to the tenth decile. The mean building area in the province was 93.5 m² in 2006. (Table1)

Table 1 includes the building area belonging to different income deciles in the urban areas of the province during the years of 1996 to 2006

2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	deciles
65.81	51.44	73.19	42.53	40.13	49.63	55.67	43.24	49.38	78.00	75.63	1
72.71	56.86	81.91	53.03	53.93	62.53	62.62	52.77	54.63	92.33	64.92	2
89.50	78.67	85.25	62.31	59.39	74.03	61.93	78.57	85.89	82.64	49.64	3
87.62	92.22	88.22	65.57	61.33	67.20	65.37	73.73	95.78	84.42	85.83	4
86.83	90.28	100.4	69.46	79.70	71.10	88.69	107.60	125.40	106.80	73.64	5
96.69	70.92	109.80	76.57	79.43	94.23	86.80	90.18	111.10	116.70	76.00	6
101.90	100.70	109.90	90.49	81.73	93.73	85.28	89.55	94.78	123.20	80.75	7
107.60	86.19	108.50	89.46	92.03	96.59	99.17	115	59.20	125.50	88.00	8
106.70	99.86	137.80	112.00	87.67	102.70	101.00	113	119.70	116.50	109.10	9
119.80	106.70	131.20	106.40	113.70	130.40	136.60	114.8	144.30	175.20	109.10	10

Resource: Household Income & Expenses Data Bank, 1996-2006; Statistical Center of Iran (Authors' Estimations)

5-2. Investigation of Changes in Ownership Rate and Tenantry for Income Deciles

Totally, the general ownership percentage has decreased in the province from 70.4% to 58.3% during the years 1996 to 2004. The changes in the period of 1996 to 2006 had been in the favor of the tenth decile. The degree of ownership among the ten groups was as follows in 2006, respectively: 61.9 %, 59.5%, 59.5%, 61.9 %, 61.9%, 54.8 %, 57.1 %, 61.9%, 40.5 %, 64.3 %, and totally 58.3%. The percentage of tenantry had generally increased in urban areas of the province from 1996 to 2006 on a decile-based order. Generally, the highest percentage of tenantry in 1996 belonged to the 10th, 8th and 9th deciles. This place belonged to the third, the second, the fourth, the first and the ninth groups in 2006. The percentage of tenantry for the first decile is increased from 18.2% in 1996 to 26.2%. For the second decile, the percentage of tenantry has increased from 8.3% to 23.8%. The percentage of tenantry has changed from 9.10% to 28.6% for the third decile, from 8.3% to 23.8 for the Fourth decile, and from 9.1% to 21.4% for the fifth decile. The tenantry rate has changed from 27.3% to 21.4% for the tenth decile and from 25% to 23.8% for the ninth decile, and from 27.3% to 21.4% for the eighth decile. Generally speaking, the percentage of tenantry has increased from 15.7% to 21.4%.

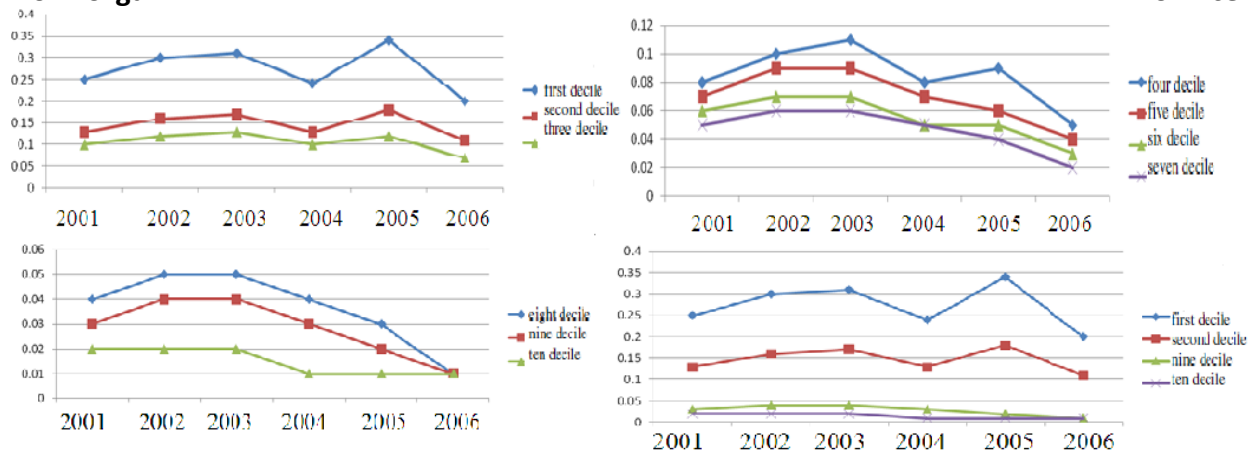
5-3. Estimation of the Availability Rate for Different Income Groups of Hormozgan Province in 2005

According to the results released by the Ministry of Housing & Urban Development in *Housing Economy (Eghtesad-e Maskan) Quarterly*, the mean of price for 1 m² of residential unit is estimated to be 3,728,000 Rials in 2005. The distribution of income in different groups has been made based on the jobs of the cooperative, private, public, self-employment and agricultural sectors. For the jobs in the public sector, considering the average annual income of 11,364,406 Rials and the average price of 3,728,000 Rials, the availability of the house is estimated to be 3.05. This index is estimated to be 0.08, for the employees of the cooperative sector, 2.93 for the employees of the private sector, 5.54 for self-employed people, 0.21 and 5.27 for agricultural and non-agricultural self-employment jobs, respectively and 4.3 for other income sectors. Therefore, the highest house availability belongs to the self-employed people. The second place is given to those households employed in the private and cooperative sectors, i.e. the availability indices of 3.05, 2.93 and 0.08, respectively. We observe the lowest availability index among the self-employed sector for those involved in the agricultural division with the index of 0.21. This reveals the low degree of ownership and house availability for this job group.

5-4. The Estimation of Availability Index for Different Expense Deciles in Hormozgan Province during the years 2001-2006

The level of house availability is estimated for expense deciles, considering the price of 1 m² of a residential unit during the years 2001 to 2006. Considering this price and dividing it by the expenses of the household for expense deciles, the availability index, considering the price of 1,275,000 Rials, is estimated to be 0.25 % in the first decile, 0.13% in the second decile, and with a descending order, 0.02% for the tenth decile. These statistical data reveals that the higher the availability index for different expense deciles, the lower the availability of residential units; so that, the tenth decile has more access to house. Considering the price of 3,330,000 Rials for 1 m² of a residential unit, in 2006, the availability index is 0.20 for the first decile, 0.11 for the second decile and 0.01% for the tenth decile. Totally, the availability index for urban households in Hormozgan Province based on the expense deciles was 0.05 in 2001, 0.06 in 2002, 0.06 in 2003, 0.05 in 2004, 0.04 in 2005, and 0.01 in 2006. The following diagrams illustrate the availability index for urban households in three income deciles in Hormozgan Province during the years 2001 to 2006.(Diagram 1)

Diagram 1. Availability Index for Urban Households for the ten expense deciles in Hormozgan Province



during the years 2001-2006

6. Conclusion & Suggestion

The findings of this study reveal that the housing situation in low-income classes has been deteriorating since 1996 and the inability to provide appropriate houses for the deciles of 1, 2 and 3 is extended to the deciles of 4 and 5. Moreover, based on these results, the poor groups form the greatest number of people in need of appropriate housing. The highest house availability index belongs to the income group of self-employment jobs and then the employees of the public, private and cooperative sectors. We observe the lowest availability index among the self-employed sector for those involved in the agricultural division. This reveals the low degree of ownership and house availability in this job group.

Therefore, there should be a fundamental planning to cope with this issue. In this regard, some plans come into specific importance and consideration including the definition and exact identification of households who need to be protected; development of an integrated management for protecting and supporting needy households with low incomes; definition of living standards considering the sociocultural and economic conditions of the habitats considering the building area for dwelling, installations, facilities, etc.; supplying the minimum standard building area for the residential houses for the low-income residents, especially considering their sociocultural and economic status; supplying special facilities and loans for the low-income groups in order to increase their ability to afford buying a house; construction of social house and providing tenantry with low rentals and removing housing expenses from the household trolley of the low-income households.

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