

Do Neighbourhood Facilities Matter for Slum Housing? Evidence from Indian Slum Clusters

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Abstract

Slum dwellers in developing countries reside in inhuman conditions, with little provision of basic facilities and with considerable overlap between sources of drinking water supply, sewerage and the area for garbage disposal. Is it because clean environment does not enter their decision function for residence selection or is it simply non-affordability? We examine these questions in the context of the registered slum clusters of four Indian cities – Mathura, Ujjain, Jaipur and Ludhiana. A primary survey was conducted in these cities under a project on urban poverty undertaken jointly by the United Nations Development Programme and the Government of India in 2006–2007, based on which this analysis has been pursued. A reduced form hedonic equation of house prices of owned residential units is estimated to ascertain slum dwellers' preferences in house selection. We find house prices vary consistently with many structural variables, but with only two of the neighbourhood features – streetlight and sewage facility provided by the government. Most of the other neighbourhood variables like provision of water, garbage collection, healthcare etc. including presence of open drain in the neighbourhood have insignificant effect on house prices. Measures of willingness to pay show strong promise of cost sharing for slum improvisation programs for facilities like sewage and street lights. Further, slums located within the city, closer to the CBD fetch higher prices. Slum residents expect public provision of other facilities.