

Housing Cairo

From small-scale informal housing construction
to semi-professional speculative urban schemes.

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View over Ard-el-Liwa, Cairo (© Lorenz Bürgi)

ABSTRACT

Approximately 60% of the twenty million inhabitants of the biggest city on the African continent are living in so-called informal housing. Up to fifteen-story concrete and brick-infill constructions, these housing settlements in Cairo are considered informal because they were built without permits, mostly on former agrarian land. While the phenomenon is not new, the pace of illegal constructions on fertile areas at the capital's fringes has accelerated since the 2011 revolution. Marked by incremental construction, settlements predominantly follow property lines and the contours of *feddans* – the base unit of agricultural fields in Egypt, narrow strip of land of 100-300 meters long and 6-17 meters wide, framed by irrigation canals.¹ After 2011, illegal developments accelerated – a possible consequence of the power vacuum left following the collapse of the ruling regime. There are no impediments to the mechanisms of present-day urbanization, which destroys thousands of hectares of arable land. Considering the absence of any form of control, incremental and self-built construction has evolved into a neoliberal speculative scheme. New semi-legal construction firms are currently engaged in an underhanded production of a real estate stock to be sold illicitly, but nonetheless in plain sight. This profitable mode of illegal construction is noticeable in the transformation of housing typologies, evolving from self-built, low-rise structures to semi-professionally built, fifteen-story towers bought as securities on the market within the framework of a grey economy. Informal construction at this stage of development points to the manner in which capital and financial forces have penetrated into what was normally a small-scale and self-built form of urban production.

KEYWORDS

Informal housing, self-built, political economy, Cairo, Egypt

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¹ Galila El Kadi, "L'articulation Des Deux Circuits De La Gestion Foncière En Egypte: Le Cas Du Caire," in *Housing Africa's Urban Poor*, ed. Philip Amis, Peter Cutt Lloyd, and Institute International African (Manchester; New York: Manchester University Press for the International African Institute, 1990)

From small-scale informal housing construction to semi-professional speculative urban schemes.

Home to approximately 60% of the twenty million inhabitants of the Egyptian capital, so-called informal housing are up-to-fifteen-story concrete and brick-infill constructions built without permits, mostly on former agrarian land. While the phenomenon is not new, the pace of illegal constructions on fertile areas at the capital's fringes has accelerated since the 2011 revolution. In *Understanding Cairo*, David Sims claims that "in 1950 there were virtually no informal settlements around Cairo," and that the first developments on agricultural land appeared in the early 1960's following Gamal Abdel Nasser's industrialization policies. State housing programs proved unable to cope with the ensuing rural migration.² A decade later, housing clusters were identified spreading incrementally on privately owned farmland in close proximity to existing rural villages just north of Cairo. Illegal urbanization on the city's edges continued to thrive under Anwar Sadat's and Hosni Mubarak's terms in office, fueled by market liberalization policies and remittances from Egyptian male laborers in the Gulf. After the January 2011 events, illegal developments accelerated – a possible consequence of the power vacuum left following the collapse of the ruling regime. Considering the absence of any form of control, incremental and self-built construction has evolved into a neoliberal speculative scheme. New semi-legal construction firms are currently engaged in an underhanded production of a real estate stock to be sold illicitly, but nonetheless in plain sight. This profitable mode of illegal construction is noticeable in the transformation of housing typologies, evolving from self-built, low-rise structures to semi-professionally built, fifteen-story towers.

Heart of the Egyptian economy and institutions, Cairo draws rural migration from Upper Egypt and the Nile Valley constantly since the 1970s. While Nasser's welfare state policies saw public housing programs and promulgated rent-control laws, construction of mass housing came to a standstill after the 1967 war with Israel. Soon after, evacuees from the Suez Canal Zone and Egyptian workers from the Gulf amplified the housing demand in Cairo.³ Under Sadat, with limited national expenditures dedicated to public housing, the task of housing population was transferred to private investors, which did not respond to the needs of lower income families. For these, the formal market remains inaccessible, and housing in informal areas is the only affordable solution. Informal housing is thus the logical response to a lack of both public and private solutions for a large majority of Egyptians. Informal construction, mostly on formal agrarian land, is driven and organized by local actors, whom aim to produce standardized housing at reduced costs while generating a profit. These actors are partaken in the entire process: pooling financial capital, buying land, sourcing materials and resources, organizing and supervising construction, and connecting to infrastructures. Mahmoud Gad, 60 years old, resident of Ard-el-Liwa, an informal area of Cairo, is one of these actors.⁴

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Mahmoud Gad is originally from Upper Egypt and worked in the Gulf between 1970 and 1990. With his wages, he secured a plot of agrarian land at the edge of the upscale neighborhood of Mohandesseen in Cairo. The land was bought through a *gamaya*, a savings-and-credit association, for two Egyptian pounds per square meter (at the time, about \$5) with a legal subdivision license.^{5 6} The *gamaya* hired engineers to draw a street grid complying with municipal rules (street width of ten meters for main roads and eight for secondary roads). The average plot covered 150 square meters, from which the space of the street was deducted, leaving a net surface of 125 square meters on which to erect a building. For construction on his 196 square meters plot, Mahmoud hired a contractor to erect a multi-story building. Funds were monthly transferred to a cousin, who paid the contractor in cash – 16,000 pounds per floor. The building had three 60-square-meter apartments per floor, each with two bedrooms and a living room. Though there were no official height

² David Sims, *Understanding Cairo: The Logic of a City out of Control* (Cairo: The American University in Cairo Press, 2010)

³ Sarah Sabry, "An Introduction to Informal Housing in Cairo," in *Housing Cairo: The Informal Response*, ed. Marc Angéllil and Charlotte Malterre-Barthes (Berlin: Ruby Press, 2016)

⁴ Charlotte Malterre-Barthes, "A Story of Construction," in *Housing Cairo: The Informal Response*, ed. Marc Angéllil and Charlotte Malterre-Barthes (Berlin: Ruby Press, 2016)

⁵ A *gamaya* is a group saving association, a social mechanism that relies on collecting, each month for one or two years, a fixed amount of money from each member. A group leader collects the fixed shares and holds the fund. The number of members pooling their money ranges from as few as six to as many as 40, and the money collected is paid out as lump sums in rotation to each member of the group, allowing them to finance major expenditures (land purchases, weddings, education, etc.). A rotating savings-and-credit association (ROSCA) is based on balanced reciprocity and is a popular form of informal finance in which all members are both savers and borrowers.

⁶ At the time, the pound was pegged to the US dollar; it has floated since 1989 and is worth roughly \$0.12 today.

regulations, Mahmoud decided on a five-story structure, which took eight months to build, one concrete slab per month plus foundations. The fifteen apartments were put to rent for between seven and ten pounds a month, respecting the rent-control laws (which applied regardless of the legality or tenure status of the unit itself), until Mahmoud moved his family from Upper Egypt into the building, a few years later.⁷ At that time, Anwar Sadat instigated the neoliberal policy of *al-Infitah*, steering away from Gamal Nasser's state socialism and post-colonial nationalism, opening the economy to foreign capital, and pivoting politically toward the West.⁸ As these changes were implemented, land prices everywhere in Cairo inflated. Speculation and construction emerged as the favored ways to reach prosperity, and land became the primary repository for remittances. Between 1974 and 1984, informal construction thrived, encouraged by the permissive attitude of the authorities and fueled by the oil boom in the Middle East and the ensuing flows of capital from Saudi Arabia and the other Gulf states to Egypt. This period can be considered as a watershed for informal housing, with a shift from a construction out of need to a profit-oriented approach. Wealthy individuals bought land from farmers and subdivided it on their own, without engineers or licenses, and ignoring governmental regulations. Some agrarian landlords subdivided their farmland to maximize the built-and-sold area, generating smaller street sizes. Instead of buying a net area, purchasers would get the whole plot including the street – paying, for instance, for a 100-square-meter plot from which half a street had to be deducted, and thus actually getting only 70 square meters. These practices and the lack of regulation marked the true beginning of informality, the *'ashwa'iyyat*. When Mahmoud Gad returned from the Gulf, he got involved in the budding construction business in informal areas. Today, he defines himself as a developer-contractor. Since he has no permanent staff, he hires employees for specific contracts, purchases the raw construction material, and supervises construction. He considers real estate to be the most reliable and stable form of investment in Egypt. His newest building is representative of the formalization and capitalization processes that the informal construction industry is undergoing. With three business partners, he purchased two adjacent plots, a 500-square-meter surface. He bought the agricultural land for about \$200 per square meter. An engineer was commissioned to calculate the structure, and the building was completed in a year. He holds a permit approving construction on agricultural land, and the edifice complies with regulations. Authorities reviewed the structural plans and verified the setbacks and the size of the light and ventilation shafts. It is a ten-story building with an elevator shaft; the first five stories are reserved for commercial use and the remaining five made up of residential flats, with four apartments per floor, two overlooking each street. At about \$200 per square meter, the land cost \$100,000, a sum split equally among the four business partners, who paid via lump-sum bank transfers. Each partner also contributed roughly \$62,500 for construction, which cost some \$250,000 in total. Each partner now owns a quarter share of the commercial floors, one residential floor, and a flat; in total, each share is worth \$225,000. Costs vary from \$150,000 for the commercial spaces, and apartments' value from \$18,700 for a 90-square-meter flat with 3 bedrooms, a reception room, and a balcony, to \$20,000 for 129 square meters, or \$22,500 for the largest flats on the main street. While Mahmoud will move in this building eventually, thus guaranteeing by his very presence the soundness of the structure to potential buyers, it appears evident that his building activity is a speculative process.

Transformation of housing typologies

The changes in the production processes of informal housing, and the shift to a profitable mode of illegal construction bordering to neoliberal speculative schemes are noticeable in the transformation of housing typologies, which have evolved from self-built, low-rise structures to semi-professionally built, fifteen-story towers. Initially, housing structures followed a simple typology of concrete frames and brick infill, with street patterns registering agrarian subdivisions, generating 'urban canyons'. Urban growth was relatively timid and buildings were placed at a distance from the main road as contractors aim to conceal illegal housing from the authorities' attention. Buildings were, at first, single-house types and multistory apartment

⁷ Rent-control laws in Egypt date from the early 20th century, when the landlords' right to evacuate tenants was first abolished. In the socialist Nasser era, a statute was passed allowing the inheritance of rented units, which permitted the continuation of rent-control implications across generations. Laws passed under Sadat allowed tenants to re-rent or exchange the unit they occupied without approval from the landlord. This, combined with the rental inheritance law, marked the near-full elimination of landlords' rights over their property, while still holding them responsible for its maintenance. After maintaining the bulk of the aforementioned laws for over two decades, Mubarak passed Rent Law No. 4, of 1996, which exempts units erected from that date onwards from rent controls. Salma Mansour, "New Law, Old Problems: The Egyptian Rent Control Dilemma," *The Chronicles- The American University in Cairo*, (2009)

⁸ Leila Vignal and Eric Denis, "Cairo as Regional/Global Economic Capital?," in *Cairo Cosmopolitan: Politics, Culture, and Urban Space in the New Globalized Middle East*, ed. Diane Singerman and Paul Amar (Cairo, New York: American University in Cairo Press, 2006)99-152

buildings, much like Mahmoud Gad's first home, with a typical building's footprint varying from 75 to 125 square meters, and one or two small apartments per floor. This corresponds to what urban researcher Davis Sims identifies as the "classical informal," characterized by simple brick-and-concrete construction of one and up to 7 floors –the maximum acceptable height to be reached without a lift.⁹ This is currently still the prevalent typology in these areas. It is often a building commanded by a family, home to an elderly couple with one son per floor. The structure is left open on the roof for further extension. At the other side of the spectrum, speculative one-off towers appeared in the mid-1990s, mainly at the fringes of Cairo. The tower typology has a much larger footprint, from 250 up to 450 square meters, with larger apartments and several units per floor.⁸ Unlike the plain apparent brick and concrete aspect of the simple types, towers are plastered and painted in bright colors to facilitate selling and rental.¹⁰ Buildings have up to 15 floors, and if inhabited, are equipped with lifts. After the January 2011 events and the collapse of the regime, contractors grew confident and more upfront with speculative illegal constructions. High towers with balconies and ornamental facades appeared along Cairo Ring Road. Units bought as securities on the market within the framework of a grey economy, these dwelling have owners, yet they often remain unoccupied, materializing their speculative nature. This new typology shows the penetration of market forces with larger investments operating in a neoliberal mode, with contractors and investors engaged in an underhanded production of a real estate stock to be sold illicitly, but nonetheless in plain sight.

Informal construction at this stage of development points to the manner in which capital and financial forces have penetrated into what was normally a small-scale and self-built form of urban production. What emerged in the 1970s as the popular response to public incapacities to provide affordable housing solutions to lower classes in Egypt has evolved into a classic market processes, tending towards formal modes of real-estate investment. While the 'classic informal' type still prevails, the 'tower' type is the architectural sign of a market-oriented logic, one that might turn informal construction into a more formalized process. Towers materialize in manner more obvious than the more discreet types the illegal aspect of informal construction. This blatancy might force authorities to take action. While it is known that many public policies attempting to combat informal construction have been implemented, none was able to limit their continuous expansion.¹¹ Another direction could be explored, that of legalization. Currently, in terms of tenure, buildings in informal areas are not fully registered as built on the municipal cadaster. At the moment of land purchase, a signed change-of-ownership contract is brought to the notary public to be certified. Buildings in informal areas are not officially registered and are thus exempted of land tax. This represents an untapped resource for the national budget, which could be exploited, providing that informal areas would be legalized and benefit from public services. In short, the emergence of speculative typologies, with an architecture similar to that on formal markets, is pointing towards a possible dismissal of the current dichotomy between formal and informal, and for the recognition of these areas as inherently part of the city.

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5 to 10 (including copyrights)

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⁹ Sims, 105.

¹⁰ Maria Kouvari and Heechul Jung, "A New Vernacular. Typology, Construction, and Aesthetics" in *Housing Cairo: The Informal Response*, ed. Marc Angéilil and Charlotte Malterre-Barthes (Berlin: Ruby Press, 2016).

¹¹ Zoi Alexandropoulou and Marilena Fotopoulou, "War on Informality: Governmental Policies against 'Ashwa'iyyat'" in *Housing Cairo: The Informal Response*, ed. Marc Angéilil and Charlotte Malterre-Barthes (Berlin: Ruby Press, 2016).

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