

ISSUE 4 • February 2014

# URBAN SOLUTIONS

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INTERVIEW

*Tharman  
Shanmugaratnam  
Park Won-Soon*

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CASE STUDY

*Singapore  
Cleveland  
India*

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ESSAY

*Lau Ying Shan  
Yu Meng & Wu Wei  
Lily Song & Wu Wei Neng*

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CITY FOCUS

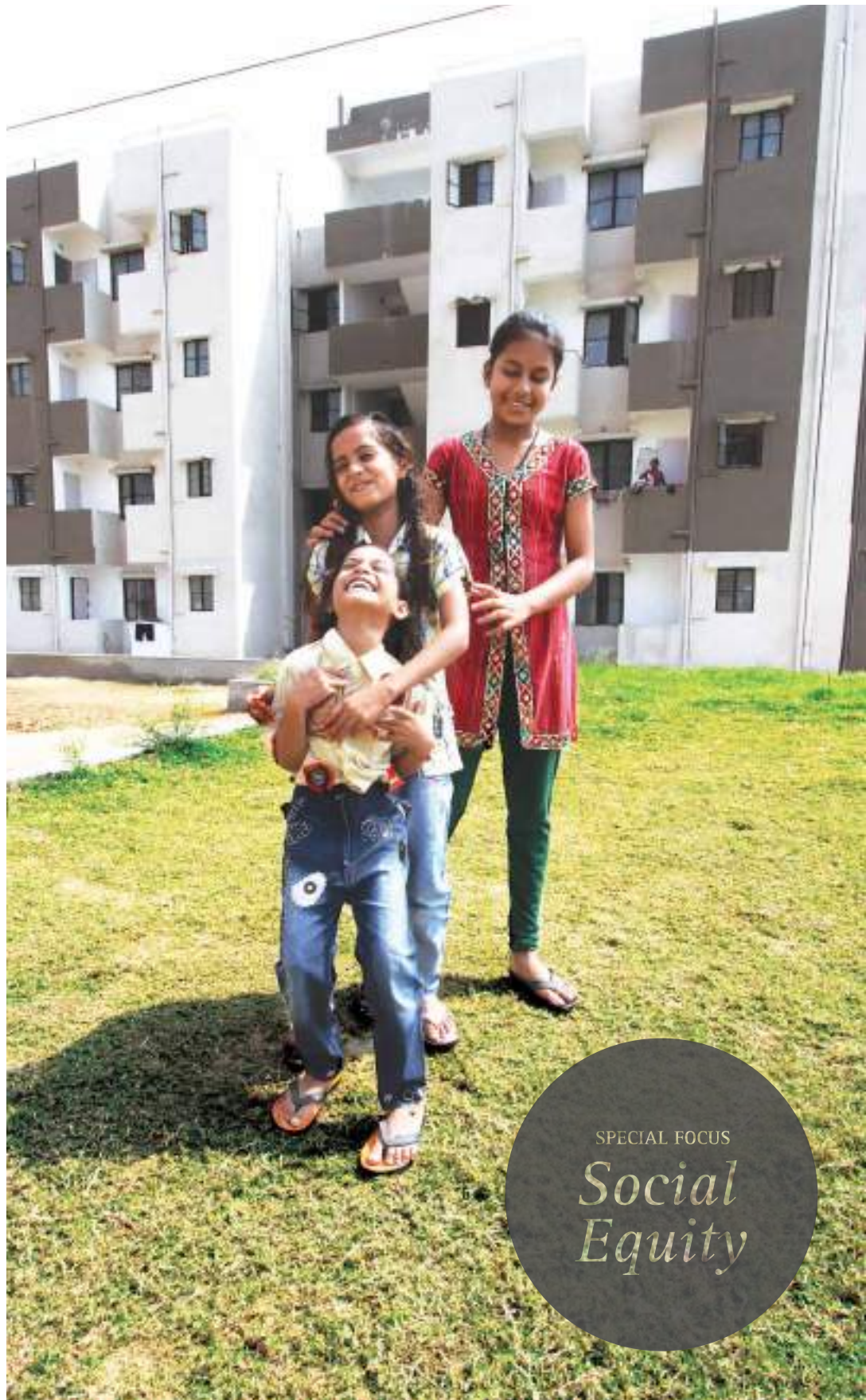
*Xiamen*

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OPINION

*Susan S. Fainstein*

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SPECIAL FOCUS

*Social  
Equity*

A biannual magazine  
published by

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**LiveableCities**  
SINGAPORE

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Set up in 2008 by Singapore's Ministry of National Development (MND) and the Ministry of Environment and Water Resources, the Centre for Liveable Cities (CLC) has as its mission "to distil, create and share knowledge on liveable and sustainable cities". CLC's work spans three main areas – Research, Capability Development and Promotion. Through these activities, CLC hopes to provide urban leaders and practitioners with the knowledge and support needed to make our cities better. [www.clc.gov.sg](http://www.clc.gov.sg)



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Cover: Children playing in front of their new homes at Umang Lambha, India.

Photo courtesy of DBS Affordable Home Strategy Limited, India

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## Contact

Dinesh Naidu

T +65 6645 9574

E [dinesh\\_naidu@mnd.gov.sg](mailto:dinesh_naidu@mnd.gov.sg)

45 Maxwell Road #07-01, The URA Centre, Singapore 069118



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# From the Executive Director

Oxfam recently reported that 85 individuals control as much wealth as the poorer half of the world's population, or 3.5 billion people. These startling figures come in the wake of rising inequalities of wealth and income in both developed and developing countries.

Inequality is a hot button issue, but we also know that perfect equality implies a distribution of resources without regard to individual effort or need, which creates its own problems of fairness and efficiency. A more nuanced view of inequality seems needed, as something to be managed rather than abolished, while bearing in mind wider goals like social equity, as well as competitiveness and sustainability. We have therefore framed the special focus of this issue of **URBAN SOLUTIONS** in terms of "social equity" – including, but not limited to, the topic of inequality.

In our *Interview* section, Singapore's Deputy Prime Minister Tharman Shanmugaratnam presents a thoughtful overview of social equity, including some of the ways Singapore and other places have tried to promote equity. We also feature an *Opinion* piece on the consequences of inequality by Professor Susan Fainstein, a Visiting Fellow at the Centre for Liveable Cities and a global authority on this subject.

In this issue, we have also tried to shift the traditional focus from nation-states to cities, and from fiscal policies to other tools for promoting social equity. In our *Essay* section, we feature an article by CLC researchers on the spatial aspects of inequality in Singapore. Our *Case Study* and *Illustration* sections profile practical solutions, from social housing and urban planning to hawker centres and city events, in cities ranging from Cleveland and Singapore to

Ahmedabad, Paris and elsewhere. In particular, we have looked past national governments to consider the role of urban governance, including municipal agencies, social enterprises, cooperatives and volunteers. The sharing economy is an especially interesting model that we asked Seoul Mayor Park Won-Soon to discuss in our *Interview* with him.

Elsewhere, we look at urban China, with an *Essay* on how public service delivery in Chinese cities relates to citizens' happiness, and a *City Focus* article on Xiamen, considered to be among China's most liveable cities. Rounding off this issue is an *Essay* by a CLC researcher, gently advocating that urban planners take better advantage of water resources and infrastructure as an ingredient in city planning and design, a topic close to my own heart.

Happy reading!

---

**Khoo Teng Chye**  
Executive Director  
*Centre for Liveable Cities*

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- Liveable high-density communities
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- Sustainable development
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#### CONTACT US

Brian Patrick Tan  
brianpatrick\_tan@mnd.gov.sg

T: +65 6645 9569

F: +65 6221 0232

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#### why TFLUGP?

- **Best Practices and Insights** into Singapore's development strategies
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- **Expert-mentored Action Plan** for cities to implement over one year
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*"All who mentored us this week are the cream of urban planning, sharing real-life, not textbook, experiences."*

Rohan Seneviratne, Additional Secretary, Ministry of Defence and Urban Development, Sri Lanka

*"The programme will be useful for the local city planning and administration for a sustainable development of the city of Visakhapatnam."*

Burla Ramanjaneyulu, Commissioner, Greater Visakhapatnam Municipal Corporation, India

*"This programme will give new discourse about urban problem solving in Makassar City."*

H. Muhammad Masri Tiro, Head of Physical and Infrastructure Division, Makassar City, Indonesia

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- Relevance of proposed project to making highly dense cities more liveable

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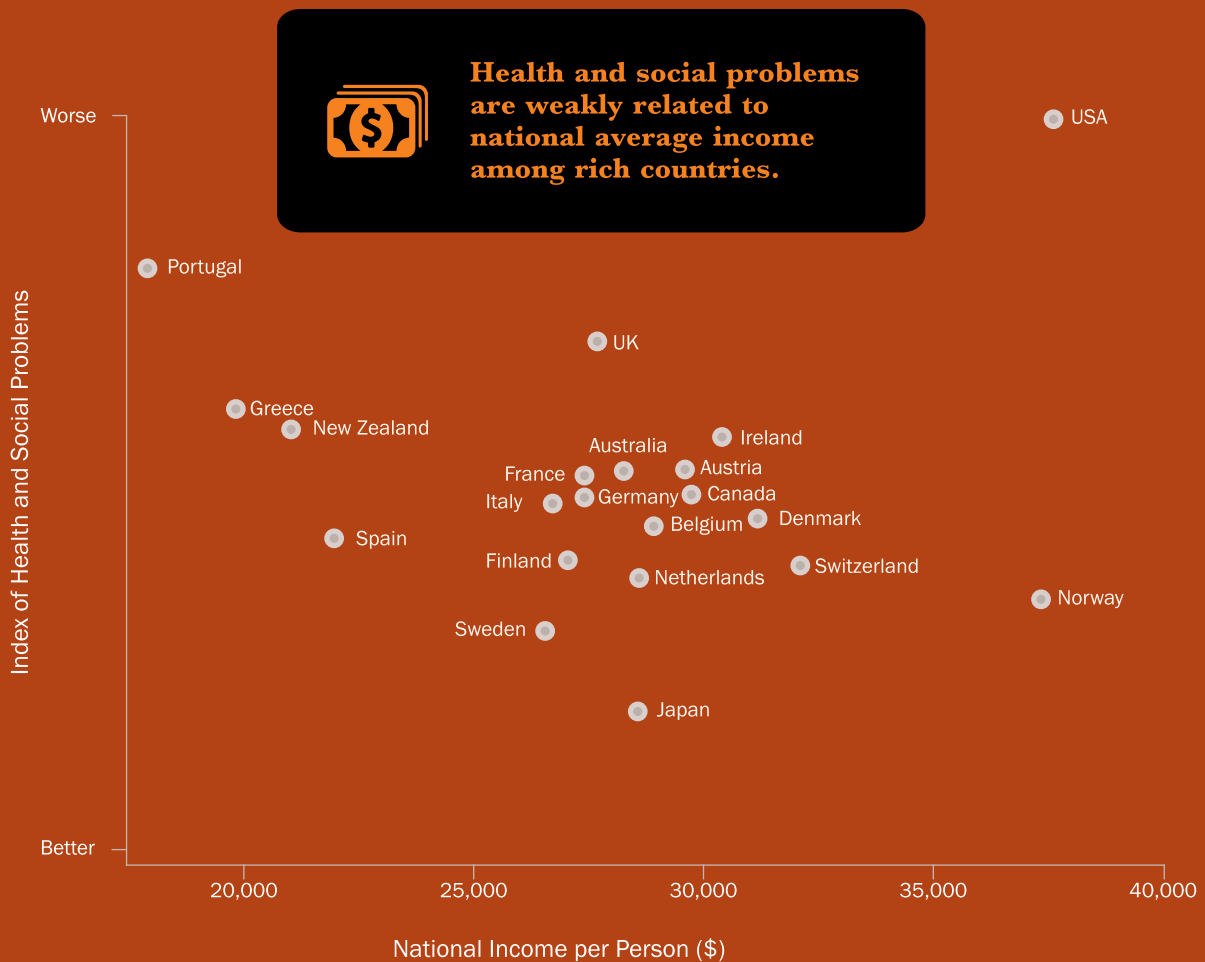
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# Inequality and Healthy Societies

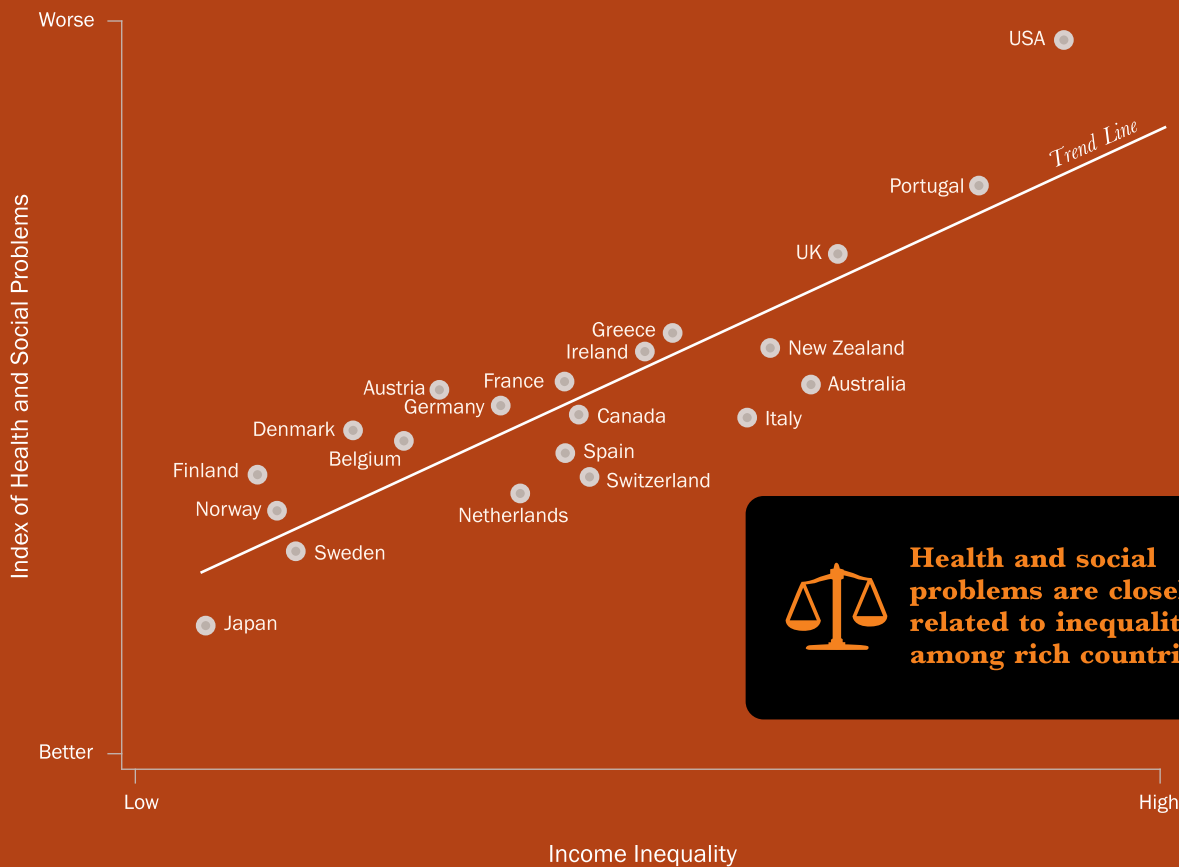
**T**he *Spirit Level* book by **Richard Wilkinson** and **Kate Pickett** is a ground breaking study of the effects of inequality in high income countries. Among 23\* selected countries, the study shows that the trend of health and social problems is greatly affected by the income inequality rather than the average income.



\*Out of first 50 rich countries with more than three million population, according to World Bank's 2002 data.

**The international index used to develop the measure of social and health problems. It has the following 10 components**

-   
Life Expectancy
-   
Teenage Births
-   
Obesity
-   
Mental illness
-   
Homicides
-   
Imprisonment Rates
-   
Mistrusts
-   
Social Mobility
-   
Education
-   
Infant Mortality Rate





Singapore

# Tharman Shanmugaratnam

TOWARDS

EQUITABLE CITIES

**S**ingapore's Deputy Prime Minister **Tharman Shanmugaratnam** is also Minister for Finance and Chairman of the Monetary Authority of Singapore, the nation's central bank. He previously served as Minister for Education and Minister for Manpower. Mr Tharman, who is also Chairman of the International Monetary Fund's policy steering committee, was named Euromoney Finance Minister of the Year 2013, and is a member of the "Group of Thirty", an influential body of global financial leaders. In this interview with Jessica Cheam from the Centre for Liveable Cities in November 2013, he discussed social equity, its relationship with inequality and how cities can become more equitable.

● **There are varying definitions of "social equity" today. How would you define this term, and what are the defining elements of equitable cities?**

There are many dimensions to equity, and societies will feel more strongly about some dimensions than others at different times. But we should avoid reducing equity to just one thing or one statistic.

At its core, everyone must have a real chance to have a good life and be able to contribute to society regardless of where they start at birth; real opportunities, when you are young through education as well as later in life. That's critical for a sense of fairness in a society.

Second, jobs. It used to be seen as a "developing country" problem, and it's still a challenge to create enough jobs in most developing countries, but it's now the most important problem in the advanced world. Youth unemployment threatens to blight a whole generation. But the challenge everywhere goes beyond providing jobs. We must also aspire to be a society where people are respected for their work, no matter how simple the job or the qualifications you need for it. That too is equity, and it has to do with culture.



# IMFC CHAIRMAN

Mr Tharman, as Chairman of the International Monetary and Financial Committee (IMFC), at the IMF-World Bank Spring Meetings 2012 in Washington D.C.

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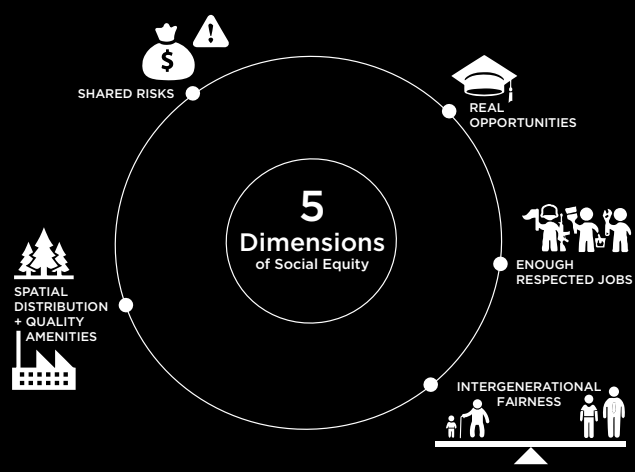
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A third element involves the sharing of risk. People, and the elderly especially, should not have to face life's uncertainties on their own. There are different models internationally of how individual and collective responsibility are balanced, and different models of social insurance. None is perfect, and there is a search for better and more sustainable models.

Which brings us to the fourth element: there has to be equity across generations. It was given little attention in the past, but is now foremost on the public agenda around the world. It's often viewed as an issue of financial sustainability – are public debts built up today sustainable? But at its heart, it's not about what can be sustained in financial markets, but about equity; it's about fairness in the distribution of benefits and payments, between today's generation and tomorrow's. Too many governments have ignored that, and the politics have led to commitments being made to whoever was the majority of the electorate at each point in time. But an equitable society cannot be about what happens for five or 10 years, but whether it can be sustained into our children's generation and beyond.



Finally, a fifth dimension that cities everywhere have to be concerned with – the way public amenities are distributed and the quality of life in a city's neighbourhoods. Where people live; whether they are segregated; how they get around the city; and whether they have access to quality schools, healthcare facilities and recreational amenities – these are critical. Not just the average quality but how it's distributed. Some cities have, on average, a good quality of schools and recreational facilities, but this masks the fact that they've got greatly disadvantaged neighbourhoods where the sense of being an underclass feeds on itself. You can't reduce this to a figure. It's not an unemployment rate or a Gini coefficient. It's about the quality of everyday life and the quality of public spaces that we must want in a fair society.

● **How would you relate social equity to rising income inequality in many cities? Singapore, for example, has been struggling with this in recent years.**

Inequality matters. But it means something quite different in a place where most people are seeing their lives improve compared to a place where incomes are stagnant or declining. There are successful cities – places where the majority of people, including those in the lower-income groups, have opportunities and can see their lives improve from one decade to the next – that have higher inequality than cities where things are stagnant.

It's true not just across countries, but when you compare cities within the same country. If you look at Britain today, Manchester is one of the least equal cities. But it's a thriving city, more so than most in Britain, as far as jobs and income growth are concerned. Then you've got cities like Loughborough and Burnham, which have the lowest levels of inequality but where incomes have been stagnating and fewer jobs are being created.



01

So inequality matters, but it is not the only thing that matters, and surveys in most societies find that it is not at the top of people's concerns. Opportunities for everyone to do well and see their quality of life improve are the key to a fair society – real opportunities to get a good education, a job, a home, and see life improve.

But we must mitigate inequalities where possible, because if it is too unequal a society, something is lost in the sense of cohesion.

Nations mainly try to mitigate income inequality through the tax system, or by distributing revenues to the poor through subsidies. But how we redistribute is just as critical as how much we redistribute.



*Some cities have, on average, a good quality of schools and recreational facilities, but this masks the fact that they've got greatly disadvantaged neighbourhoods where the sense of being an underclass feeds on itself.*



We've got to ensure that we provide collective support for citizens in need, so that they are not left to fend for themselves. But we have to lend support in ways that encourage and reward personal effort and responsibility, and that do not involve the state displacing civic initiative.

That's been one of the big lessons of the last few decades – that public policies, if wrongly designed, can grow the role of the state while eroding the social norms and habits that preserve a strong and cohesive society. That's when redistribution can have almost perverse effects over the long term. The underlying problems go unaddressed or even grow with time, and even more redistribution is called for.



*...we must mitigate inequalities where possible, because if it is too unequal a society, something is lost in the sense of cohesion.*

01 Lively interaction between Mr Tharman and student participants after the 2013 S. Rajaratnam Lecture.

02 Mr Tharman learning about an elderly resident's health at a Taman Jurong Neighbourhood Health Screening Programme.







*Over time, you get a larger problem to deal with, and what starts off as an economic problem of unemployment becomes a social problem of dependence on the state. Resentment builds up amongst those who do work, and you do not get a better or more cohesive society.*

● **Can you give an example of what you mean by redistribution can have “perverse” effects?**

Take job market policies. That’s a complex area, but some policies work better than others in supporting work and personal responsibility. For instance, in the United States, the earned income tax credit scheme encourages work. It’s similar in Singapore, where we have the “Workfare” scheme. There are other examples in the same vein, where the state uses tax revenues to top up the wages of the worker, or to subsidise the employer to employ the worker. We do both in Singapore, through Workfare for the lower-income worker and the Special Employment Credit for the older worker, respectively.

Schemes with extended unemployment benefits do the reverse. Most systems have some form of temporary unemployment benefit for someone who is retrenched and can’t find a job immediately. But the places that have extended unemployment benefits have found, unfortunately, that it changes social norms. Over time, you get a larger problem to deal with, and what starts off as an economic problem of unemployment becomes a social problem of dependence on the state. Resentment builds up amongst those who do work, and you do not get a better or more cohesive society. We are seeing both the dependence and this pushback from the rest of society, in several countries.

● **Can you give some examples of what you think has been most effective in ensuring social equity in Singapore? And how does it compare with cities around the world?**

We are not doing something wholly original. We keep studying what other nations and cities do, learn what works well and what doesn’t, and adopt what we consider relevant to our own circumstances. And other cities likewise find some of our approaches interesting.

It starts with education. A system of meritocracy has enabled enormous social mobility in the last four decades. We haven’t discovered some golden mean in education, but we do somewhat better than most other countries, and the international comparisons show that we do especially well in bringing up students from weaker socio-economic backgrounds. But it will always be work in progress. There is indeed work ahead, for example, in finding effective ways to intervene earlier in children’s lives to help those with weak language skills or confidence.

The other critical feature is our reliance on a solely public school system at the primary level, and very limited private options at the secondary level. The top talents in the academic, sporting, arts and other fields are in the public schools. It creates an ethos that is different from countries where the elite go to private schools, typically from first grade. Even China has private schools. What’s important too is that



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we train and deploy teachers and school principals centrally. Principals and other senior professionals are rotated across schools regularly. It helps level up quality, spreads good ideas and practices across the system, and ensures that there are no bad schools.

The second way we support social equity is through housing and neighbourhood development. It's probably the most distinctive element of Singapore's approach. It started off as a scheme to rehouse people from congested and unsanitary living, and provide them with a much higher quality of basic amenities. But urban planning and housing policy has also had remarkable social consequences.

First, our requirement for an ethnic mix in every public housing block and precinct. It means everyday interaction, in the corridors and the markets. And critically, the majority of kids go to primary schools near their homes that consequently have an ethnic mix as well.

The fact that over 85% of the population live in public housing has also meant it's not about just lower-income housing estates, as in many cities. Everyone from the low- to the upper-middle income groups lives in the same neighbourhoods and often in the same, smaller precincts. There are no fences or gates, and the recreational spaces are for all. You eat at the same coffee-shops or hawker centres, use the



*Everyone from the low- to the upper-middle-income groups live in the same neighbourhoods...*

01 Mr Tharman joining residents in community art, which is a growing activity for the young and old.

same neighbourhood clinics, the same playgrounds and parks. In fact, our urban planning model also ensures that most public housing estates include a segment of private housing.

Through a system of government grants for the lower-income group, we've allowed the vast majority of citizens to own homes, and have a share in economic progress through home equity appreciation over their lifetimes. If you look at families in the lowest quintile of income today, the average home equity that households own is about S\$200,000 (US\$156,723). That's a valuable asset which we want to help them to monetise in their retirement years if they wish.

Our education and housing policies are the lynchpins. They lead to many common spaces, intended and unintended, which everyone participates in. I think that's critical to how we preserve social cohesion and equity. Preserve the everyday interactions and common spaces.

● **What do you foresee as the greatest challenge for Singapore and other cities in addressing social equity in the years ahead?**

It gets more difficult to sustain social mobility as a society settles – it happens all over the world. In the US, the rich are not only giving their kids an advantage through private schools, all kinds of enrichment activities and books at home, they also spend a lot more time with their kids than poorer parents do. You can't stop those who are better off from trying to help their kids do well. It's human nature. But we want to provide every form of support, starting early in life, that could help those who start with less. It requires action on the part of the state as well as community volunteers. We have to



*...it brings a whole new tone to community relationships. It's something we're encouraging in Singapore...*

01



try every means we can to avoid a permanent underclass developing in our society. We've seen what's happened in other mature societies, and have to do all we can to avoid it happening in Singapore.

The other major challenge that we like other societies face is of giving the elderly a sense of assurance, and to do so in a way that is both fair and financially sustainable. We are enhancing healthcare provisions for the elderly, including strengthened medical insurance, so that there is more collective sharing of risk. We have to do it in a way that is fair to the poor but doesn't exert a burden on the middle class, and importantly, that's sustainable over time so that we don't place a growing burden on the young. That's the challenge.

● **You've shared a lot on what the public sector can do, but what do you think is the role of the private and civic sector in complementing government efforts to promote social equity?**

It's absolutely critical, because a good society is one where everyone takes responsibility and cares. Equity is not just about taxes and subsidies. It's different when the civic sector and volunteers get involved, because it is then not transactional but about bonds and relationships. When people know that others care when they are down, they respond differently.

It requires a vibrant voluntary sector, organised so that it can develop capabilities and attract donations. In Singapore, the state provides strong support for private contributions through tax reliefs as well as matching grants.

What's also important is the more spontaneous voluntarism, when individuals come together to do something. For example, in my constituency, volunteers meet with kids from disadvantaged homes daily, talk with them, help them develop confidence in themselves, take them on trips and expeditions and give them experiences they wouldn't normally get. You can really see the difference it makes to the kids, the courage it gives them to do well for themselves.

We need a strong civic society, with both institutionalised and individual volunteerism. You can see this in some cities, and it brings a whole new tone to community relationships. It's something we're encouraging in Singapore and we are seeing it grow.



01 | Volunteers in Taman Jurong taking children from less-advantaged homes on an expedition.



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● **You talk about intergenerational equity and designing policies that are sustainable over decades. What insights can you offer on this issue?**

There are no true leaders in this, and we have to learn from each other's experiences. There are interesting innovations in social security schemes in some places, aimed at ensuring sustainability. For instance, longevity insurance is being explored in some European countries, which involves the automatic adjustment of retirement ages and benefits to changes in expected lifespans in each cohort. There are also mistakes to learn from. I don't think Detroit is going to be the last US city that will go through bankruptcy. And when you trace it back and see how the problems arose, it was basically a matter of politicians making promises to get elected, without


making clear and credible plans to fund what they promised. So the first lesson from experiences around the world is to avoid building up large, unfunded obligations. It is unfair not just to the younger generations, but to the weakest in the younger generation, because when the public cuts come, as we've seen in many cities, they hurt the poor the most.

The underlying point has to do with political culture. It's a risk in every system of democratic elections, the tendency to privilege today's voters over those who are too young to vote. But it's not inevitable, and wherever we are, in developed or developing societies, politicians, the media, public intellectuals and the electorate itself have to strive to avoid that culture. We have to avoid the politics that obscures the consequences of today's policies for the future. It always ends in inequity.

01 Beacon of Life Academy (BOLA), led by a group of volunteers including ex-inmates and supported by the Singapore Sports Council, is helping to transform teenagers through sports and the arts.

Park Won-Soon was elected in October 2011 as the 35<sup>th</sup> Mayor of Seoul, South Korea.





Seoul,  
South Korea

# Park

# Won-Soon

## SOCIAL EQUITY THROUGH SHARING

33

interview

**E**lected in October 2011, **Park Won-Soon** is the 35<sup>th</sup> Mayor of Seoul, the capital city of South Korea. In this interview with **URBAN SOLUTIONS** on 1 December, the winner of the 2006 Ramon Magsaysay Award for Public Service explains how Seoul has pioneered sharing as a low-cost, environmentally friendly solution that can improve social equity, create economic opportunities and “recover the communities and the relationships between people that we lose when we live in a city.”

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Population  
10,442,426

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Land Area  
605.41 square  
kilometres

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● **Seoul is becoming known for its “Sharing City” concept – can you give our readers a brief overview of what it is about?**

The city is now full to overflowing. Too many people are living here, too many cars are running, too many houses are built and too much space is consumed.

In this trend, the city will reach a critical point. But now we can maintain the city, not by possessing more, going higher or moving faster, but by sharing with more people. We started the “Sharing City, Seoul” project with this critical mindset, in order to enhance the city’s sustainability.

So far, the city has built an infrastructure for primary sharing. Roads, parks, libraries and subways, which all citizens use, are typical examples of primary sharing.

The age of secondary sharing has come. We are sharing information and knowledge, as well as goods and space. Urban policies should also adopt secondary sharing. For example, if a metropolitan city has serious parking problems, we need to create a social system that allows one parking lot to be shared between two or more users, rather than building more parking lots. We also need an urban policy that provides software through which many people can share these resources.

When it comes to cars, it is the same. All cars are not running 24/7. Many Seoulites are enjoying the “Sharing Car” system, by which many people can use a car at the time they want.

“Sharing City, Seoul” promotes social values through sharing and making better use of the city’s and individuals’ various resources. Through sharing, public institutions can enrich citizens’ lives at a low cost. They will also be able to



*...we can maintain the city, not by possessing more, going higher or moving faster, but by sharing with more people.*

overcome environmental issues caused by excessive production and consumption in the market economy, and create new economic opportunities for the future. Furthermore, as the sharing culture spreads, we are sure that we will be able to recover the communities and the relationships between people that we lose when we live in a city.

● **What was the impetus for “Sharing City, Seoul”?**

There is a saying that necessity is the mother of success. Seoul is undergoing fast social changes. Single- or two-person households account for up to 50% of the total households in the city. We are already an ageing society and the retirement of the Baby Boomer generation is a serious problem. Seoul has various social issues to tackle, such as higher household debt, high youth unemployment and the collapse of communities. The “Sharing City, Seoul” policy is the only reliable alternative solution to these social problems through civic participation with minimum financial input.

The administrative agencies should now work together with the citizens. It is time for the citizens to also participate in the sharing activities to create the necessary services on their own, rather than just consuming available urban services. Seoul City supports citizens’ voluntary sharing activities and aims to implement various public-private cooperative projects through communication and cooperation.

● **What gives Seoul an advantage in becoming a sharing city?**

Sharing goods or using cars together incurs trading expenses and someone is needed to connect the people who want to take part in the sharing. In all of these processes, costs are incurred and if the added value of sharing is lower than the costs, it is difficult to boost sharing. What significantly lowers the costs of sharing is the IT environment, represented by the Internet and mobile services.

South Korea has been ranked first in the world for high-speed wireless Internet penetration rate, as almost all Koreans have Internet access. It is nearly two times higher than 54.3%, which is OECD member countries’ average Internet penetration rate. In addition, South Korea also has the highest smartphone penetration rate in the world, significantly higher than those of the major advanced countries such as the US, UK and Australia. Most sharing activities and sharing economy-related businesses are based on the Internet or mobile services. Seoul has highly advantageous circumstances as a sharing city in terms of IT infrastructure so we can lead the other cities in the world in this.

● **Tell us briefly about the policies of “Sharing City, Seoul”.**

“Sharing City, Seoul” policies can be largely divided into two. First, the city supports spontaneous sharing activities in the private sector and creates an ecosystem for

<sup>01</sup> A participant at the “Sharing City, Seoul” EXPO and Conference in August 2013, which drew 8,500 citizens.





*It is time for the citizens to also participate in the sharing activities to create the necessary services on their own, rather than just consuming available urban services.*

sharing, as a key player in the establishment of a foundation for sharing. Second, the city opens its resources to the citizens and, in providing a model for sharing, acts as a participant in the sharing.

In order to lay the foundation for “Sharing City, Seoul”, the city enacted the Seoul Metropolitan City Sharing Promotion Ordinance, and has organised and managed the Seoul Metropolitan City Sharing Promotion Committee – comprising members from the city council and various experts from the academia, economic circles, civil groups, IT, CSR (corporate social responsibility), press and legal circles – as part of public-private governance. We opened a Web portal named “Sharing Hub”, which provides information about sharing and sharing platforms, on 26 June 2013, in cooperation with Creative Commons Korea Co., Ltd., a company that has been working to spread sharing in South Korea.

Seoul City also shares 736 public offices (33 offices in the city, 703 offices in 25 boroughs) with citizens to let them use the offices for meetings, education and conferences.

We have also opened to the public our useful 96 public data systems and 1,099 datasets for free so that private companies can use them for their marketing, schools can use them in their research and programmers can use them to develop new applications. Furthermore, the documents approved by Seoul City are automatically made available to the public on the “Online information communication plaza” open for more proactive sharing of information with citizens.

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● **What is the key factor in the success of “Sharing City, Seoul”?**

The key to the policy’s success is citizens’ participation. That’s why Seoul City has concentrated its efforts on informing the residents of the benefits of sharing and lowering their mental barriers to sharing since September 2012.

The city minimised city-owned sharing projects and its intervention in citizens’ sharing activities, and has put emphasis on supporting the creation of a private sharing ecosystem in order to secure citizens’ participation. One of the core points of the “Sharing City, Seoul” policy is designating sharing organisations and enterprises. We have already selected 37 sharing enterprises this year. Youth business start-ups are increasing because of an extended period of economic recession and higher youth unemployment. The sharing economy is a new field where people can establish businesses with little capital if they have a good idea. Sharing economy-related new enterprises are increasing and citizens’ participation in and demands for new sharing services are also rising. We are gradually moving towards a sharing city, not by means of administrative agencies but with the help of citizens.



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*The sharing economy is a new field where people can establish businesses with little capital if they have a good idea.*



● **What else did Seoul do to raise the profile of sharing?**

Of course, Seoul City also directly increased awareness of sharing among residents to attract their participation. We held the “Sharing City, Seoul” EXPO and Conference in August 2013. The exhibition, which attracted 8,500 citizens, introduced Seoul’s policies, the activities of the sharing enterprises and organisations designated by the city, and the current states of the world sharing economy. It also provided citizens with the opportunity to experience sharing activities in person. We also continue to promote the concepts and values of sharing through various city-owned promotional media such as subways and buses.

● **What are some of the main positive outcomes that you have observed so far?**

The city has selected 37 private entities, which carry out sharing activities in various fields such as goods, space, talent, experience and information, as “sharing groups” or “sharing enterprises” in order to enhance citizens’ confidence in them and in sharing activities. Besides allowing them to use our “Sharing City, Seoul” brand identity and supporting their promotions, we also give them grants for working expenses.

The sharing enterprises designated by Seoul City include Open Closet, which receives business suit donations and lends them to young job seekers; WOOZOO, which runs house-sharing by remodelling old houses and lending them to people who share the same interests; and Church Plus, which connects local residents to churches in order to help them use the churches as a wedding hall or meeting room.

01 WOOZOO is a house-sharing enterprise that remodels old houses and lends them to people with the same interests.



01 Mayor Park Won-Soon speaking in November at the Global Social Economy Forum 2013, held in Seoul.

02 Open Closet receives business suit donations and lends them to young job seekers.



*...the city is trying to pursue “growth for happiness of all” rather than growth of wealth.*

As mentioned, we also actively support the “Sharing Car” service – its number of members increased to 123,920 in eight months since it started.

The lives of Seoulites are changing as we promote Seoul e-Pumatyi (communal sharing of labour), which helps people share labour and goods with their neighbours using local currency; Sharing Bookshelves, where citizens can share books with neighbours; and the Inter-generation Sympathy under the Same Roof project, which links youths in need of a home with the elderly who have rooms and space in their houses.

We have also selected 20 start-ups in the area of sharing economy and provided them with offices, consulting services and grants. Through the Sharing Economy Starting School Program, we support the commercialisation of citizens’ sharing ideas.

● This issue of **URBAN SOLUTIONS** has a special focus on social equity. What does social equity mean to you, and how would you define an equitable city?

Seoul is a dynamic city, having tradition and high-tech industry at the same time, while developing into one of the leading world cities after recovering from the ruins of the Korean War. However, we have suffered various social problems such as social and economic polarisation, weakened communities and high youth unemployment in the process of growth. To tackle these problems, the city is trying to pursue “growth for happiness of all” rather than growth of wealth.

After my inauguration as mayor, I decided to set up a vision of a cooperative association city and to establish a social economy centre in order to build a city for co-growth. We started to build village communities, formed a social investment fund and declared the start of “Sharing City, Seoul”.

Seoul is a fast-changing city where people can get access to various information in real time and actively communicate with each other with smartphones and tablet PCs. We try to minimise the information gap between generations and classes,





*...sharing helps both those who have resources and those who don't to contribute to build an equitable city in terms of both production and consumption.*



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remove the sense of alienation and prevent an information-deprived minority group by providing the elderly and the physically challenged with training programmes on smartphone utilisation.

**● How do you think the “Sharing City, Seoul” policy can contribute to making Seoul a more equitable city for its residents?**

In terms of economic activities, sharing provides opportunities for someone without much capital to earn an income by using resources that everybody has. For example, if you have a vacant room now, you can earn extra money by lending the room to foreign visitors; while in the past, this option was available only to hotel owners or guesthouse

hosts with much capital. In addition, as it is possible to connect people to idle resources with a small capital, anyone can start a business if they have a good idea, and the risk of failure is not high.

In terms of consumption, we can reduce unnecessary consumption through sharing. People don't need to purchase expensive commodities because they can borrow as many goods as they need at a reasonable price. For example, people who don't have their own cars can use a car for the period of time they need through the “Sharing Car” service.

Therefore, sharing helps both those who have resources and those who don't to contribute to building an equitable city in terms of both production and consumption.

01 Open Closet is a sharing enterprise designated by Seoul City.

# Hawker Centres

Singapore 

*LEVELLING  
THE PLAYING FIELD  
WITH FOOD*

**H**awker centres are a defining part of Singapore life. First built by the government to improve public hygiene in the 1970s, hawker centres have since become important social spaces that offer a wide selection of affordable food for all. A major policy shift in 2011 led to the restarting of the government's Hawker Centre Building programme after a 26-year hiatus and the removal of reserve rents. As a result, hawker stall rents have dropped, giving aspiring entrepreneurs – no matter their financial background – an equal stab at success, while keeping hawker food affordable.



*01* Archival photo of itinerant street hawkers in the 1960s-1970s.

## The Challenge

Providing affordable food to the masses was not a consideration when the Singapore government decided to build hawker centres in the early 1970s. Rather, they were created as part of a public health programme to resite street and itinerant hawkers so as to raise hygiene standards.

In the 1950s and 1960s, unemployment was rife in Singapore. Many people took up hawking as a means of livelihood. It was a lucrative trade as it required little capital and yet generated good income.



However, the proliferation of street hawkers brought about a host of social and public health problems. Lack of direct potable water supply for the preparation of street food and the washing of utensils gave rise to food hygiene concerns. Food wastes were also indiscriminately disposed of onto streets and into watercourses. Parts of the city resembled slums with dilapidated makeshift sheds and structures put up by hawkers.

The Hawkers Inquiry Commission set up by the then British colonial government in 1950 had the following to report: “There is undeniably a disposition among officials... to regard the hawkers as primarily a public nuisance to be removed from the streets.”

Clearly, a new set of policies and measures was needed to tackle these issues.



## The Solution

When Singapore gained independence in 1965, one of the very first things the fledgling government did was to decide on a long-term approach to solving the street hawking problem once and for all. It eventually embarked on a programme to construct hawker centres with proper amenities from 1971 to 1985. All 18,000 street hawkers were progressively resited into these newly built hawker centres and the resettlement work was completed by February 1986.



All in all, 135 hawker centres were built. Today, the National Environment Agency (NEA) manages 107 hawker centres, housing about 15,000 cooked food stalls and market stalls.

Over the years, these hawker centres became a fundamental part of Singapore life. In a 2005 government survey, 37% of respondents said they were “very frequent” customers of hawker centres, eating in these places as often as eight times or more per month, or an average of at least twice a week.

The Ministry of the Environment and Water Resources, the NEA’s parent ministry, has committed to provide a range of eating options, including Halal-certified food stalls, to serve Singapore’s multi-ethnic communities. Hawker centres are thus places where people of different races, religions and cultures mingle.

Furthermore, the affordable and delectable food sold in hawker centres attracts both the rich and poor to queue together for their favourite fare. Hawker centres also constitute an important source of employment for Singaporeans and Permanent Residents.

When some of the relocated first-generation street hawkers left the trade because of old age or death, vacant stalls became available in the hawker centres. Faced with public requests for stalls, the government introduced a tender scheme in 1993. Under this scheme, stalls were tendered out on a three-year basis at reserve rents, or the minimum rent set, of 85% of prevailing market rents for all cooked food stalls, and 80% of prevailing market rents for market produce and lock-up stalls.

While there was no cap on the tender bids, tendered rents in our hawker centres by and large remained affordable, as compared to the higher prices paid by those who operate in privately run food establishments like coffee shops and food courts.

To a large extent, it can be argued that there was an unexpected and unintended evolution in the role of the hawker centres over time. From serving the original objective of raising public hygiene standards, hawker centres began to perform a social role. Not only could people with few or no educational qualifications find employment in hawker stalls, those who work hard to earn a good livelihood even have the chance of elevating their social status.

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**01** As inclusive places that provide affordable, hygienic, diverse and often delicious food, hawker centres have become cultural icons of Singapore.

An example of such success is the hawker behind Ya Kun Kaya Toast, which started as a humble stall selling toast with coconut egg jam in the Telok Ayer Food Centre in the 1960s. Today it is a well-known chain of franchises.

With the street food vendors resettled into hawker centres, the government accomplished its objective and hence stopped building new hawker centres in 1985, after which the construction of similar premises was left to the private sector.

In 2011 this policy changed, when Minister for the Environment and Water Resources Vivian Balakrishnan announced the government would restart the Hawker Centre Building programme and build 10 new hawker centres by 2017 in areas that are relatively under-served.

He said: “My objective of restarting this programme and injecting supply was to put downward pressure on rentals. In addition to the fact that there is new supply coming on, we also changed policies. For instance, we removed reserve rents and this has led to falling tender prices.”

This major policy shift was largely motivated by the rising costs of living faced by many Singaporeans, especially those residing in housing estates built after 1985 that do not have hawker centres.

While the government could not step in to control the prices of food sold by hawkers, they could, however, intervene by increasing the supply of hawker stalls so that more hawkers could ply their trade paying relatively cheaper rents, with consumers likely to benefit from these lower costs.

The government made further enhancements to push down rental costs by making changes to the tender scheme in March 2012, removing the reserve rent requirement for tenderers. This meant that vacant stalls can now be allocated to the highest bids, whatever the bid prices may be, as long as there are competitive bids.

In summary, hawker centres, being effective social tools, have been the focus of the abovementioned policy changes in a bid by the government to create more business opportunities and maintain the availability of affordable meals for the population.





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01 From students to office executives to taxi drivers, diverse people eat, mingle and sometimes share a table in hawker centres.

02 Rojak Stall at Tanglin Halt

## The Outcome

The recent policy changes have started to bear fruit. The removal of the reserve rent requirement was only implemented in 2012, but in the one year after its announcement and implementation, 55% of the stalls awarded in the tender exercises were awarded at below the previous reserve rents. Successful tenders, of as low as S\$21 (US\$17) per month for a cooked food stall at Taman Jurong and S\$5 per month (US\$4) for a market stall at Changi Village, have emerged.



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According to a 2009 Lifestyle Survey by Singapore's Urban Redevelopment Authority released in 2010, food and beverage outlets, such as hawker centres, constitute an important factor in the quality of life in Singapore. The positive public feedback on the building of new hawker centres, as well as current bidders' reactions to the changes in the tender scheme, reaffirm the continued importance of and demand for hawker centres. Furthermore, hawker centres are central to the identity of a neighbourhood, and are a unique feature of what makes Singapore special to its people.

Moving forward, the NEA recognises that hawker centres should continue to be run on a not-for-profit basis and will ensure

that they provide convenient, accessible and affordable food to the general public. We have planned and initiated the building of a new generation of hawker centres, which will be attractive, practical, cost-effective and environmentally sustainable, and will encourage social bonding. These 10 new centres will be progressively completed by 2017.



**Ronnie Tay** became CEO of Singapore's National Environment Agency in July 2013. He was previously CEO of the Infocomm Development Authority. Mr Tay began his career with the Singapore Armed Forces in 1982, and was Chief of Navy from 2003 to 2007. He graduated with First Class Honours in Engineering Science from Oxford University, and holds a M.Sc. (Management) from the Massachusetts Institute of Technology. Mr Tay received the Public Administration Medal (Gold) (Military) in 2005.

<sup>01</sup> Minister for the Environment and Water Resources Vivian Balakrishnan (third from right) announced in 2011 that the government will build 10 new hawker centres by 2017.

Cleveland, Ohio

# Evergreen Cooperative Initiative

## ANCHOR-BASED STRATEGY FOR INNER CITY REGENERATION

**F**aced with high unemployment, growing inequality and economic insecurity in their city, the Cleveland Foundation, City of Cleveland and local anchor institutions, such as Cleveland Clinic, University Hospitals and Case Western Reserve University, collaborated to develop the Evergreen Cooperative Initiative in 2005. Residents in economically distressed communities are engaged as worker-owners in cooperative enterprises under the Evergreen initiative, which channels the significant purchasing power of these anchor institutions, totalling over US\$3 billion annually, to generate green business and market development opportunities. This “Cleveland Model” has inspired similar anchor-based wealth-creation efforts in other cities.

### The Challenge

As Cleveland, Ohio, entered the 21<sup>st</sup> century, the city’s gleaming downtown office towers, entertainment complex, and cluster of cultural, educational, health and arts institutions in “University Circle” stood in stark contrast to the disinvestment and poverty marking some of its inner-city neighbourhoods.



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In particular, six neighbourhoods immediately surrounding University Circle had some of the highest foreclosure and unemployment rates in the United States, along with a lack of retail and service outlets and public amenities. Disproportionately low-income and African-American, the neighbourhoods were once home to diverse ethnic commercial enclaves and working-class communities employed by the city's booming mass production industries. However, as economic globalisation and capital flight destabilised the local economy from the 1960s, post-war urban renewal, highway and road construction, suburbanisation and depopulation weakened the spatial and social fabric of these inner-city neighbourhoods.

Over time, unionised, middle-income jobs with career pathways were replaced by highly skilled managerial and professional jobs on one end and a plethora of low-wage, dead-end service sector jobs on the other. The federal government's retreat from urban and social programmes beginning in the late 1970s and the local governments' subsequent diversion of scarce public resources from neighbourhood improvements to tax abatements, public subsidies and other incentives to attract private sector investment further fuelled income and wealth inequality, social insecurity and geographically uneven development in Cleveland.

01 Empty storefronts in Greater University Circle, Cleveland.



01

01 Worker-owners of Green City Growers

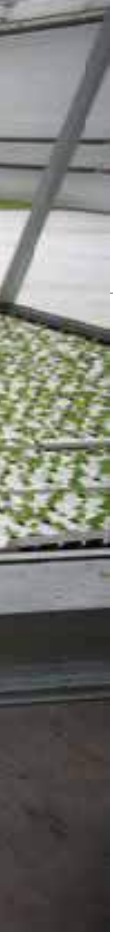
02 Evergreen Cooperative Laundry serves several hospitals, nursing homes and hotels.

## The Solution

In 2005, such historical and local circumstances bore unlikely fruit in the form of the Evergreen Cooperative Initiative, a network of multi-stakeholder cooperatives partly owned and operated by residents of Cleveland's most economically distressed neighbourhoods.

Growing out of a partnership between the Cleveland Foundation, City of Cleveland and local anchor institutions (including Cleveland Clinic, University Hospitals and Case Western Reserve University), the initiative channelled the extensive purchasing power of the anchor institutions (totalling over US\$3 billion per year) to generate green business and market development opportunities on which to build the neighbourhood-based cooperative enterprises.





Appearing almost consummate in hindsight, the idea iteratively emerged from chance encounters and roundtable conversations among foundation staff, leadership of the respective anchor institutions and social entrepreneurs like Ted Howard of the Democracy Collaborative at the University of Maryland. The initiative became more focused and actionable as the Cleveland Foundation invited experienced business professionals to spearhead feasibility studies, business planning, capitalisation and operations management.

Among the Evergreen companies, Evergreen Cooperative Laundry, the greenest industrial laundry in Northeast Ohio, contracts with a number of hospitals, nursing homes

and hotels to handle their linens. Ohio Cooperative Solar (OCS) takes advantage of tax credits and incentives at the state and federal levels to deploy solar panels on the rooftops of local anchor institutions to generate clean energy and realise cost savings. OCS also performs building energy retrofit services as a sub-contractor for the federal low-income Weatherization Assistance Program and other utility-funded building energy efficiency programmes. The most recent undertaking, Green City Growers, comprises a 10-acre (0.04-square-kilometre) hydroponic greenhouse that will supply grocery store chains, wholesalers and food service companies within a 150-mile (241.4-kilometre) radius.

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Besides receiving living wages and claiming a portion of the firm's profits (expected to total US\$65,000 per person in about seven to eight years), Evergreen worker-owners also partake in operations management and organisational governance.

Inspired by the Mondragon Cooperatives in the Basque region of Spain, the long-term objective of Evergreen is to not only create shared wealth among its worker-owners, but additionally to expand into a network of 100 businesses that employ up to 5,000 worker-owners so as to ultimately stabilise and revitalise the targeted neighbourhoods. Hence, the Evergreen Cooperative Corporation operates as a holding company that provides direction for the broader Evergreen initiative in conjunction with a cooperative development bank, R&D entity, land trust and community engagement strategy.

Beyond the critical elements of collaborative partnership, multi-scale planning and learning-in-action, Evergreen draws upon a shared sense of rootedness in place and social justice among its different stakeholders. According to Mr Howard, architect of the green jobs and community wealth building strategy at the heart of Evergreen, "We all ascribe to the transformation of community and the importance of rebuilding a community for the lives of the people there, rebuilding the [city] as a whole, and so forth. We also share a general commitment to a sort of justice. [The dominant local economic development model is] just not working, to exclude so many of us... we can see the impacts it's having on the lives of this community." Reflecting on the fact that Evergreen, like any start-up, has had its share of hiccups, including personnel issues, workplace conflicts and cancelled procurement contracts, he emphasises, "It's the vision of what we're doing that keeps people in the game instead of throwing up their hands in frustration... I think it's something about that vision."

01 Ohio Cooperative Solar installs solar panels and retrofits buildings for energy efficiency.



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## The Outcome

Given that half of start-up businesses fail within the first five years and almost 90% of American firms have fewer than 20 employees, Evergreen's continued viability and expansion (in terms of revenues, jobs and enterprises), particularly amidst a global economic recession that hit particularly hard in Cleveland, offers a hopeful message to the countless communities, cities, and regions left behind by global market trends. Urban inhabitants are not beholden to unencumbered market forces to deliver higher standards of living and quality-of-life improvements. Rather, they can directly harness existing local

assets and partner with civil society organisations, public agencies and private sector entities to conduct economic, business and workforce planning and create shared wealth.

In the case of Evergreen, advocates resourcefully and creatively connected firm-level employee-ownership efforts with coalition building, alternative local economic and workforce development, neighbourhood regeneration, racial justice and urban sustainability. They also recast the responsibility and role of anchor institutions, many of them beneficiaries of public funding, with respect to their surrounding communities.



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Consequently, the “Cleveland Model” has inspired similar efforts at anchor-based shared wealth creation in Pittsburgh, Pennsylvania; Washington D.C.; Atlanta, Georgia; Richmond, California; and Amarillo, Texas. While recognising that each locale has distinct historical and contextual attributes, Mr Howard points out, “What people know around the world that’s needed to address persistent poverty and lack of opportunities, and the ways they’ve gone about doing it, [can inform local strategies]. It’s about opening ourselves up and learning some of the wisdom of the world that’s out there and bringing it home.”

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01 Worker-owners of the Green City Growers initiative.



**Lily Song** is a Provost Fellow at the University College London Department of Science, Technology, Engineering and Public Policy; Research Affiliate at the Massachusetts Institute of Technology Community Innovators Lab; and Adjunct Researcher at the Centre for Liveable Cities. An urban planning researcher and practitioner with a background in community organising and policy advocacy, her areas of focus include urban justice, sustainability, and liveability; alternative local economic and workforce development; and shared value creation efforts among civil society, public sector, and private sector actors. Dr Song received her Ph.D. in Urban and Regional Planning from MIT and M.A. in Urban Planning from UCLA.

# Housing for All

AFFORDABLE HOMES

THROUGH HYBRID

VALUE CHAINS



India

**W**ith millions of Indians still without a roof over their heads, Ashoka, a global non-profit organisation that supports social innovation, is catalysing the creation of large-scale, market-based affordable housing. Its Housing for All programme brings together a "hybrid value chain" of real estate developers, housing mortgage providers and citizen sector organisations to help low-income citizens own homes costing less than US\$16,000.



## The Challenge

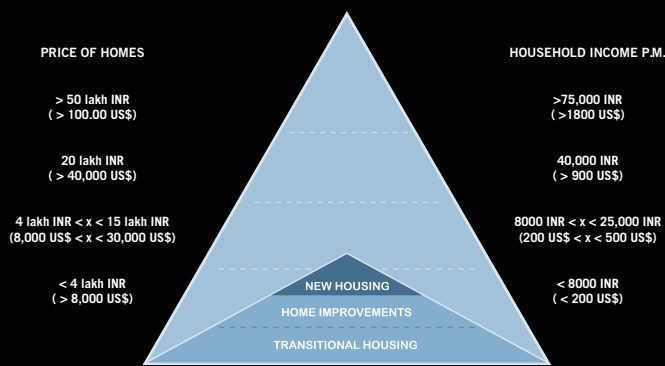
In India, as per the 2001 Government Census estimate, nearly 24.7 million households do not own their own home. This estimate covers both urban and rural housing. From our findings, the primary understanding we were presented with was that “The urban poor is not just one class.” In fact, those in India who earn US\$50–500 per month as household income are all classified as one class of urban poor. But through data collected from more than 10,000 households, and interviews with potential customers and our Ashoka fellows, we arrived at our first biggest discovery, which we have called “The pyramid within the bottom of the pyramid”. As depicted in the diagram, there are three classes of urban poor that need different housing solutions ranging from temporary housing for the poorest of the poor, to home improvements

for the poor who have occupied illegal land and built a structure they now call home.

However, there is also a class of people who earn US\$200–500 per month (as household income) who are capable and also very willing to move to a newly built home. These are residents of slums in various Indian cities who earn a reasonably high income, but have no way to prove their income. All of their income is undocumented and thus they are not eligible for formal loans or a mortgage.

For example, 94% of the Indian urban population today cannot afford what is available in the market as new housing. It is directly related to the fact that only 3% of Indians pay income tax and so those who do not pay income tax are not eligible for a mortgage as financial companies demand to see tax returns as proof of income.

Also 95% of the Indian urban population today are informally employed. Auto rickshaw (*tuk-tuk*) drivers, taxi drivers, maids, construction workers and small grocery shop owners all come under this category.



The Pyramid at the Bottom of the Pyramid

01 Children playing in a slum area in the Indian city of Ahmedabad (2011)

## The Solution

The demand for affordable housing in India translated to market value is around US\$250 billion. This figure covers only the actual bare housing units, and does not include items, which are needed for living in these houses, such as furniture, electrical and electronics equipment, etc. As there was a readily available market, Ashoka's Housing for All (HFA) programme looked at a small, but definitively large-impact intervention that could increase the supply of such housing today. It arrived at the following guiding principles to catalyse housing creation in urban areas:

- Housing must cost less than one million Indian Rupees (US\$16,048)
- Size of such housing must be of 250–550 square feet (23–51 square metres)
- Must be produced without any government subsidies (be market-driven)
- To focus only on informal sector customers

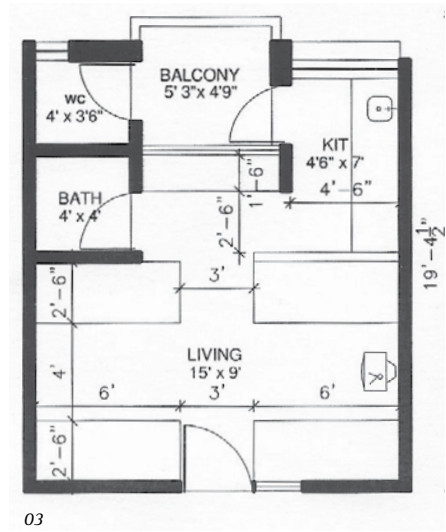




02

Ashoka was never intending to build these houses itself. Ashoka saw its role as a catalyst to bring together various stakeholders. Real estate developers were happy to identify land, get the required government permits and deliver housing based on the above specifications. The fundamental question was, where were the buyers and who would provide their loans?

A common profile of buyers would be someone like Tulsi-ben (name changed), who lives in the city of Ahmedabad and makes tea at a small non-governmental organisation (NGO). Her husband is a *tuk-tuk* driver. Together they could make enough money to afford a 15-year mortgage of 400,000 Indian rupees (US\$6,423), at 13% interest per annum, by paying an Equated Monthly Instalment (EMI) of 4,500 rupees (US\$72.4) per month.



03

- 01 Potential home buyers at a property launch.
- 02 The Umang Lambha housing project in Ahmedabad.
- 03 Sample floor plan of a 262 square foot home.



But the real estate developer had never dealt with the Tulsi-ben's of Ahmedabad before. Neither had such customers ever thought of buying their own property.

Ashoka roped in social entrepreneurs who are familiar with these communities to act as a middleman between the developer and the buyers. Tulsi-ben, for instance, deals with SAATH, an NGO founded by Ashoka fellow Rajendra Joshi, for her community needs. Mr Joshi was happy to bring together such buyers whom he knew were capable and willing to buy such houses built by the developer, DBS Affordable Housing Strategy Pvt Ltd. Hence, the developer's first question of who the buyers were was answered.

There were a small number of mortgage providers in 2009, when the HFA programme started.

Typically in India, home owners have to show proof of income, but informal workers like Tulsi-ben and her husband do not have income slips or tax returns to show. To overcome this, Ashoka persuaded the financial companies to think differently by accepting other means of income proofs, such as petrol receipts or daily mileage clocked by the *tuk-tuk* drivers, as an approximation of their income. At the same time, Ashoka worked with the informal workers to keep better records of their work.

Eventually, the companies were willing to provide finance for such informal sector workers at a slightly higher than market rate of interest. Ashoka catalysed the coming together of such providers with the project of DBS Affordable Housing and SAATH as the demand aggregator. SAATH not only brought in the customers to buy these units, but also ensured that they got their mortgage in time.

By linking the various stakeholders who were already in their businesses of supporting such communities, Ashoka made the right pieces fit together so that affordable housing could take the right scale. By the Hybrid Value Chain model – where commercial entities work closely with NGOs or social enterprises – that Ashoka propagated, every single stakeholder was benefiting from their contribution. The developer was happy to build more houses and also give a small fee to the citizen sector organisation (CSO)/NGO to bring in the customers, while the mortgage providers got pre-qualified customers from the CSO/NGO and were willing to pay a small processing fee to them.





Significantly, the developer did not build homes without first consulting the communities to understand what they wanted. They found out that the poor aspired to own refrigerators (even if they did not own one yet) and thus wanted a home that had a space allocated for this future purchase. This led to a change in their designs.

**01** Many home buyers are workers in the informal sector.

**02** Laxman Singh Rajput and his family in their new Umang Lambha flat.



**02**

## The Outcome

By 2012, nearly 10,000 homes were built across India using the Hybrid Value Chain model. Several other thousands of houses were created even without the intervention of Ashoka as the market saw the demand and developers started projects. Nearly 10 additional mortgage providers for the informal sector have emerged and all of this ensures that the supply of affordable housing increases.

However, the challenges are different once the model scales up. HFA stopped catalysing new projects, but asked a larger question: How do we ensure that all such housing meets the basic quality standards?

In India, unfortunately, housing is the only product that does not come with a warranty or guarantee. Since then the HFA team has formulated India's first affordable housing rating system called CASA and is now creating an independent body called the Housing Council of India to own and operate this voluntary, project-based rating system. The HFA project case is unique to India, but there is still plenty of room to learn from other countries, such as Singapore, which has built affordable public housing since the '70s.

From what we have learnt, it is very evident that housing is not only about four walls and a roof. It is also about building a liveable environment for the community, from good quality, well-designed units, to the availability of sanitation and clean drinking water, as well as common spaces for neighbours to interact and build bonds. These will motivate the buyers to sink roots and build their future. In the end, it is not just providing housing, but a dignified life.



**Vishnu Swaminathan** is the Country Director of Ashoka Innovators for the Public in India. Vishnu is a social entrepreneur, who has done significant work in the area of affordable housing in India through the "Housing for All" initiative. Earlier, he was a for-profit entrepreneur creating two innovative start-ups in the field of financial inclusion and animation technology.



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01 Children playing in front of their new homes at Umang Lambha.

# *Promoting Social Equity*

## *THROUGH PUBLIC HOUSING*

**S**ingapore's public housing authority, the Housing & Development Board, has won numerous accolades for its work in providing high-quality yet affordable housing. This case study elaborates on the policies and subsidies that have encouraged Singaporeans, including low-income families, to own their homes, contributing towards greater social equity in the country.

### The Challenge

When Singapore attained self-governance in 1959, the new administration was confronted with a rapidly growing post-war population, high unemployment and a critical shortage of sanitary housing. Overcrowded slums with no sanitation, water or basic facilities were home to more than half a million people. These squatter colonies were breeding grounds for disease and crime, and were vulnerable to fires. Such dismal living environments fuelled social disharmony and frustration among the different communities.

Something had to be done quickly, and so the Housing & Development Board (HDB) was set up in February 1960 with the formidable task of providing sanitary and affordable housing for the population. Within 10 years of the HDB's formation, we managed to resolve the severe housing shortage. But

01





housing a nation was a long-term challenge, with various social and economic objectives.

HDB flats began as rental units let out to low-income families at affordable rates. However, in 1964, the government started encouraging citizens to purchase their flats instead to promote a sense of ownership not just for their homes, but also for their country. With nation-building, community development and racial harmony in mind, the government introduced leasehold ownership flats with the Home Ownership for the People Scheme.

At that time, many of the lower-income households were unable to obtain bank loans to finance the purchase of their flats because of their poor credit standing. To address this, the HDB took on the role of mortgage financier. Still for many, owning an HDB flat seemed to be just out of their reach until a watershed policy in 1968 allowed Singaporeans to use monies from their Central Provident Fund (CPF) – a comprehensive social security savings plan introduced by the government for all Singaporeans – to make the downpayment and service their loan instalments. This enabled them to own homes with minimal impact on their disposable income, and home ownership in Singapore took off.

In the early 2000s, Singapore's economy was hit by the global downturn and the outbreak of the deadly SARS virus. Gradually, the global markets recovered in 2004 to 2006, restoring Singapore's economy.

While 2006 data showed that continual growth offered some respite with more people finding jobs and household incomes rising, the wages for the lowest 10<sup>th</sup> to 20<sup>th</sup> percentile saw little improvement.

Singapore needed an effective way to remain competitive amidst globalisation while ensuring that its people benefited from the country's progress. Home ownership offered a tangible way of sharing in Singapore's prosperity. Besides being a home, HDB flats had also come to serve as a store of value that could be used to build a better life for Singaporeans. Owning a home is a means of social mobility, giving lower-income households a helping hand to rise above their circumstances. Hence, the HDB needed to explore how to enhance its allocation of housing subsidies to give everyone a more equitable chance of owning a home.

<sup>01</sup> Squatter settlements in Singapore's earlier days.

## More Help to Buy 3- and 4-Room Flats

“ A family today, if you are earning \$1,000, you should be able to afford a 2-room flat. If you are earning \$2,000, you should be able to afford a 3-room flat. If you are earning \$4,000, you should be able to afford a 4-room flat and that is completely possible. ”

Prime Minister Lee Hsien Loong,  
National Day Rally 2013

### How is this possible?

Take a look at the example of 3- and 4- room flats  
at Fernvale Riverwalk in Sengkang

3-Room Flat		4-Room Flat	
\$2,000	Household Income	\$4,000	
\$170,000	Selling Price	\$285,000	
\$17,000	10% Down Payment from CPF/Cash Savings	\$28,500	
AHG: \$35,000 SHG*: \$10,000	Existing Grants	AHG: \$15,000	
\$10,000	Extra Grant*	\$20,000	
\$4,000	NS Recognition Award	\$4,000	
\$59,000	Total Grants and Awards	\$39,000	
\$94,000	HDB Loan Granted (less 10% down payment of selling price, grants and awards)	\$217,500	

### What about monthly instalments?

This would be the monthly instalments payable over 25 years for an HDB loan

Monthly Instalments			
<b>\$427</b>		<b>\$987</b>	
CPF contribution	Cash outlay	CPF contribution	Cash outlay
<b>\$427</b>	<b>\$0</b>	<b>\$920</b>	<b>\$67</b>

\* SHG will be applicable for premium and standard 2-, 3- and 4-room BTO flats in non-mature estates.

## The Solution

In 2005, Prime Minister Lee Hsien Loong set up the Inter-Ministerial Committee on Low Wage Workers to address these challenges. This resulted in a package of workfare measures introduced in 2006. The new Additional CPF Housing Grant (AHG) was among these measures and aimed to level the playing field so that low-wage Singaporean workers could purchase their first HDB flat as a tangible and lasting reward for their hard work.

The AHG would be given on top of an already generous level of existing housing subsidies available for first-timer buyers of HDB flats, and is calibrated to give lower-income households a larger subsidy.

Prior to the AHG, there was no specific subsidy scheme targeted at assisting the lower-income groups. The AHG was enhanced twice, in 2007 as well as 2009, and is now offering higher subsidies to an expanded income range, and a larger pool of residents such as young middle-income couples looking to own their first homes.

To further help low-income families buy their first HDB flat, the HDB introduced the Special CPF Housing Grant (SHG) in 2011. Unlike the AHG (which is applicable across all HDB flat types), the SHG could only be used to purchase new two-room and three-room standard flats in the non-mature estates.



02

The SHG was also tiered such that those with lower household incomes received a larger subsidy. One in four citizen households were expected to benefit from the SHG, which was disbursed on top of the regular housing subsidy for new flats and the AHG. The SHG was enhanced twice, in 2012 as well as 2013.

In 2013, the HDB revised the eligibility criteria such that the SHG would also benefit middle-income households earning not more than S\$6,500 (US\$5,097) per month buying flats that are no larger than the four-room flats in the non-mature estates. Today, the AHG and SHG are also extended to eligible Singaporean singles wanting to buy an HDB flat as their first home.

As with any official subsidy, it is natural that those affected would desire more and feel that they deserve the most they can get. However, the government has limited resources which are shared among other programmes/schemes and agencies. Hence, the HDB has a responsibility to ensure that our programmes are financially sustainable in the long term.

At the same time, we recognise that there is also a small percentage of the population who are not yet able to own a home at the moment. Currently, public rental flats make up about 5% of the public housing in Singapore. For these families, the HDB gives them a helping hand through our heavily subsidised public rental housing, while they work at improving their financial circumstances. Monthly rents are from as low as S\$26 (US\$20) for a one-room flat.

With the generous subsidies that encourage home ownership, we are happy to have seen about 1,100 former tenants progress to become HDB flat owners in the last three years.

01 More help for Singaporeans to buy flats (information current as of Sep 2013, from [www.hdbspeaks.sg](http://www.hdbspeaks.sg))

02 Home ownership is the mainstay of the HDB's public housing programme. This year, the HDB commemorates 50 years of the Home Ownership for the People Scheme.

03 Those who are not financially ready to own a home may rent a flat from the HDB. Photo of Rental flat at Teck Whye Cres.

03



## The Outcome

The HDB is committed to making home ownership affordable to the vast majority of citizen households, especially first-time buyers and low-income families.

Today, the numbers speak for themselves. Since its introduction, the AHG has benefited over 60,000 households while the SHG has benefited over 1,500 households. Besides giving subsidies, the HDB also offers a wide range of flats of different sizes and locations to cater to buyers with varying needs and budgets.

To further help low-income families, the HDB maintains a lower income ceiling for eligible buyers of new two- and three-room flats to prevent competition from higher-income households. In this way, although some may take a longer route, virtually everyone has a more equitable chance at home ownership.

Indeed, the HDB has a highly successful home ownership programme. More than 80% of the country's resident population live in HDB flats, and nine in 10 HDB dwellers own the flat they live in.



As CEO of HDB, **Dr Cheong Koon Hean** oversees the development and management of some one million public housing flats. She is concurrently a Deputy Secretary at the Ministry of National Development. As CEO of the Urban Redevelopment Authority (2004 - 2010), she spearheaded the transformation of areas like Marina Bay. Dr Cheong sits on the boards of HDB, Jurong Port, National University of Singapore, Civil Service College and the International Federation of Housing and Planning, and served in various international expert panels. She was conferred Singapore's silver, gold and meritorious public service medals, and a Doctor of Architecture honoris causa and Convocation Medal for Professional Excellence from the University of Newcastle.

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01 The HDB is committed to making home ownership affordable to the vast majority of citizen households. Photo of Punggol Breeze Build-to-Order (BTO) Development.



# *Social Equity*

## *THROUGH COMMUNITY EVENTS*

**C**ities often address social equity using high-impact but resource-intensive tools, such as social infrastructure, city planning, and fiscal or other policies. However, pop-up community events featuring unconventional venues or activities have now emerged as innovative ways to effect tangible change more quickly and cheaply. These events also serve as test beds for new ideas, raise awareness and engage diverse groups, sometimes complementing more traditional measures. This photo essay, compiled by **Elyssa Kaur Ludher** and **Joanna Yong** from the Centre for Liveable Cities, profiles four initiatives from around the world, which aim to make their cities more inclusive, accessible, liveable and equitable for everyone.





Paris  
Plages



Every year, Parisians traditionally escape to the countryside to flee the summer heat and humidity. However, many are obliged by their circumstances to remain in the city. In 2002, Mayor Bertrand Delanoë initiated Paris Plages (Paris Beaches) as a haven for these residents. For one month in the summer, the Georges Pompidou Expressway along the city's right bank becomes a pedestrian refuge complete with three kilometres of sandy beaches, floating pools, outdoor activities and free concerts. Beach chairs, misting fountains and palm trees create a convivial atmosphere humming with activity throughout the day and well into the summer evening.

The project has grown to become a flagship Paris celebration, and its success is attributed to strong management and innovative programming. Maintaining a welcoming atmosphere for everyone is a primary objective – admission is free, water sports and classes are open to the public at no charge, all access points incorporate universal design, and corporate acknowledgements are kept modest to avoid a commercial atmosphere.

Ciclovías (“see-klo-vee-as”) is about opening the city’s streets to all. On designated days, kilometres of streets are closed to cars and opened to pedestrians, joggers, rollerbladers and cyclists, thereby also encouraging a healthier lifestyle. The original concept was born in Bogota, Colombia, in 1976. From just a few kilometres of streets initially, it is now held every Sunday and public holiday, covering 120 kilometres across the city. Average participation is approximately one to two million (in a city of seven million).

Ciclovías has since been adopted in more than 100 cities all over the world, including Santiago, Guadalajara, Lima, Winnipeg, Jakarta, Los Angeles, and New York City. The event frequencies range from weekly to annual. Aside from the health benefits, Ciclovías encourages social inclusion and interaction, revitalisation of public spaces, job generation, as well as environmental improvements through lower carbon emissions and noise levels.





Ciclovías





## Park(ing) Day



Conceived in 2005 by ReBar, a San Francisco art and design studio, Park(ing) Day is now a worldwide event celebrated annually in more than 160 cities in 35 countries. Single parking lots are temporarily reimagined by individuals and organisations to create public spaces to be enjoyed by all. Created spaces have included parks, pools, clinics, libraries and even mini golf courses.

An open-source event, the mission of Park(ing) Day is to “to call attention to the need for more urban open space, to generate critical debate around how public space is created and allocated, and to improve the quality of urban human habitat... at least until the meter runs out!”



**Singapore  
Really Really  
Free Market**



The Singapore Really Really Free Market is a temporary market where all goods and services are shared for free and nothing is for sale. Adapted from The Really, Really Free Market (RRFM) movement, this initiative aims to build a community through sharing resources, caring for one another and improving the collective lives of all.

Held once every month in various locations in Singapore, the market is organised by Post-Museum, an independent cultural and social space in Singapore which aims to encourage and support a thinking and pro-active community.

# Water

## A VITAL INGREDIENT IN LIVEABLE CITIES

**C**entre for Liveable Cities researcher **Lau Ying Shan** writes about the importance of water in urban environments, and why urban planners, like the best chefs, need to consider how they can push the boundaries to better integrate water and its related infrastructure into the heart of cities.

Urban planning and development is like cooking. For great food, skill is needed. Renowned chefs are able to use a combination of good ingredients, cooking temperature and time to produce delicious food. Similarly, good urban planners are able to create the right mixture of infrastructural and architectural elements to build a liveable city within geographical and socio-economic planning parameters.

It is without question that the quality of the ingredients is very important. Your chilli crab from a famous restaurant could be below par, just because the crab tasted stale. A good chef sources for the best ingredients. For this, the availability of a range of good ingredients in the market is essential.

Water – our drainage infrastructure, waterways, water bodies – is one such ingredient in urban planning. If used poorly, the urban landscape could be scarred with utilitarian-looking concrete channels. If used well, it has phenomenal potential in enhancing the cityscape. Water can help soften the city's appearance, cool the city, and provide nodes of habitat for urban biodiversity. Importantly, water connects emotionally with the people: peaceful waters bring calm, while choppy or rushing waters instil fear and anxiety.

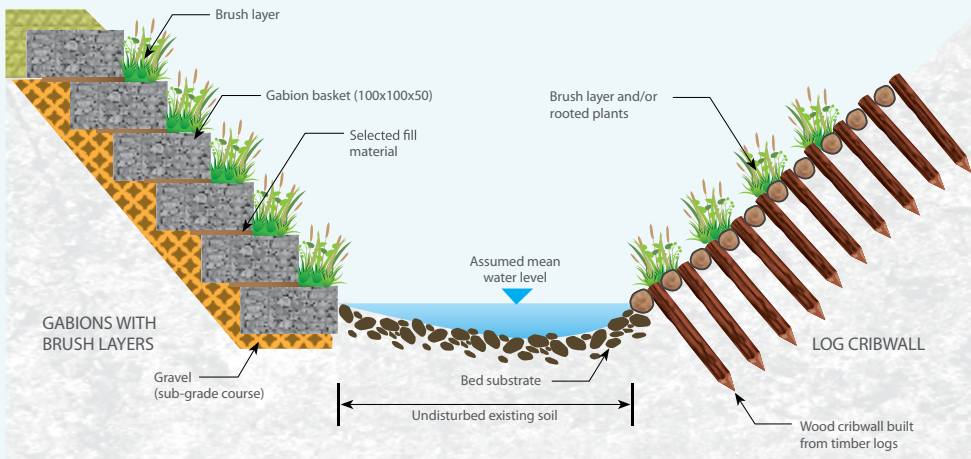








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01 Bioengineering techniques are applied to the banks of Kallang River at Bishan-Ang Mo Kio Park.

02 Cross-sectional diagram to illustrate how bioengineering techniques are applied.

03 The enhanced section of Alexandra Canal gives students an opportunity to be exposed to some aquatic flora and fauna.



*Water can help soften the city's appearance, cool the city, and provide nodes of habitat for urban biodiversity. Importantly, water connects emotionally with the people...*



In Singapore, planners have recognised the role of water in enhancing the cityscape. In the 1990s, the Waterbodies Design Panel was set up to improve the aesthetics of our drainage infrastructure – a legacy of an era of rapid urban development – and the Active, Beautiful, Clean Waters (ABC Waters) programme in the 2000s sought to magnify the role of water in our lives, whether in recreational activities, relaxation or in building a relationship with water.

Just like chefs, urban planners will be able to push their boundaries if there is a larger market for them to source their ingredients from. Drainage infrastructure comes in a variety of forms: concrete drains can be U-shaped or trapezoidal; waterways can be constructed using a variety of methods such as gabion walls or bioengineering techniques; and ABC Waters design features can be employed for stormwater management. However, the supplier of the ingredients must be able to guarantee the quality of his products. Similarly, it is the role of the water or drainage agency, to ensure that their stormwater management solutions work.

Each solution is accompanied by a set of application caveats – for example, employing bioengineering techniques means increasing the roughness or resistance of the waterway with more bends in the waterway or reed beds. While this leads to better flood management and biodiversity and improves the aesthetics of the waterway, it requires a trade-off: more land compared to a straight concrete canal. Today PUB, Singapore’s water agency, is carefully promoting a variety of stormwater management solutions in addition to conventional drains, such as detention tanks, bioretention ponds, and bioswales.

However, the relationship between the buyer and seller is reciprocal. If the supplier offers a wider range of ingredients, the chef has more to choose from. But if the chef requests for a certain type of ingredient, the supplier is inclined to meet the demand. It would be helpful if there is someone in a city’s urban planning agency who is well versed in ideas at the forefront of drainage planning, and who then can provide the demand for the water or drainage agency to come up with innovative drainage solutions which not only meet the function of stormwater management, but which also help to enhance the city.



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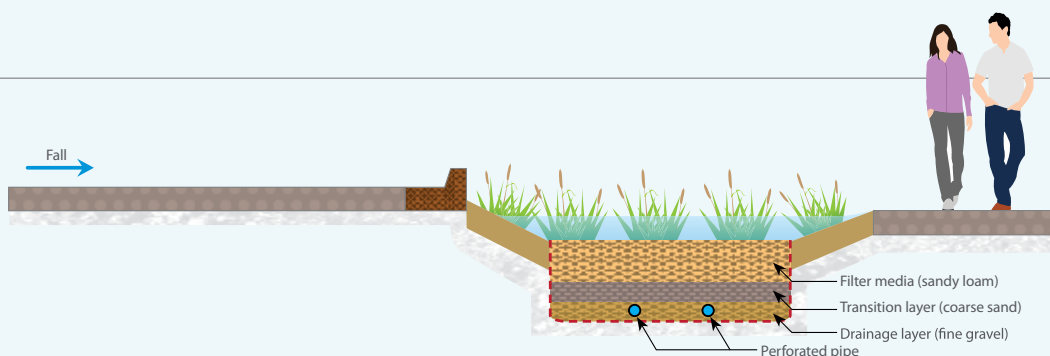
*It would be helpful if there is someone in a city’s urban planning agency who is well versed in ideas at the forefront of drainage planning, and who then can provide the demand for the water or drainage agency to come up with innovative drainage solutions...*

Furthermore, great cuisines have many flavours embedded, and these flavours are tasted sequentially: for example, sour, then spicy, then sweet. One way a good chef utilises his ingredients is to create a melody of flavours that tickles the taste buds over time. In a similar manner, the urban planner should also consider the fourth dimension – time – when thinking about infrastructure. In a tropical city like Singapore, this is particularly pertinent for drains and waterways that have the greatest utility during or just after a downpour, but are otherwise dry or low-value – a severe opportunity cost in the space-constrained

01 A map showing the extensive network of waterways and waterbodies in Singapore.

02 Typical cross-section of a bioretention swale (vegetated swale with bioretention systems location within the base to filter large sediments and fine particles, and to remove soluble nutrients)

03 A concrete drain has been transformed into a vegetated swale, channels rainwater into the nearby Sungei Ulu Pandan whilst removing large sediments from surface runoff.



02



*Water is a natural ingredient – there is no other ingredient in urban planning, except perhaps greenery, that can connect as emotively with a city’s residents.*

city-state. For example, we can have school fields that detain water when it rains (e.g., in Rotterdam), or pedestrian pavements that are designed to temporarily flood during a heavy rain.

In Singapore, such solutions in stormwater management require a deeper appreciation of the trade-offs. For example, just as how the taste of one ingredient might mask another, having floodable pavements might compromise pedestrian access, albeit during downpour. Just as how the chef plans his meals for different occasions or guests, it is up to the planner to evaluate these trade-offs for the most desired outcomes, in light of constraints of limited land space, a growing population and changing weather patterns.

A natural question might be: why give priority to water, when there are so many other “ingredients” to city planning to choose from? My reply would be twofold. The first is that water is a natural ingredient – there is no other ingredient in urban planning, except perhaps greenery, that can connect as



03



01 Students learning about biodiversity at an ABC Waters site.




**Lau Ying Shan's** interests are in the environment, and how people interact with natural environments. As a researcher at the Centre for Liveable Cities (CLC), on secondment from PUB, the national water agency, she looked into issues such as energy, environmental public health and cleanliness. Ms Lau gratefully acknowledges the inputs of CLC Executive Director Khoo Teng Chye, former PUB Senior Director Yap Kheng Guan, former Urban Redevelopment Authority (URA) Group Director Wong Kai Yeng, and PUB and URA colleagues. Their insights into the evolution of Singapore's drainage policies have helped inspire this essay.

emotively with a city's residents. The second is: when you cook, do you cook with the most exotic ingredients, or do you try to make the most of what is commonly found? Singapore receives an abundant 2.4 metres of rainfall annually and has more than 8,000 kilometres of drains and waterways, so there is no reason to not capitalise on water as an environmental asset.

A skilful chef brings out the best in the ingredients to make the whole greater than the sum of its parts. Likewise, an adept urban planner is one who can create not just a functional city, but a city that supports nature and that tugs at the heartstrings of its residents. Harnessing the value of water is one way to do so.

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As a resource-scarce city-state, Singapore has developed innovative solutions in urban planning, development and governance. Many emerging cities are keen to learn from these experiences, even as Singapore continues to seek fresh solutions to its own evolving challenges.

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# *Promoting Happiness*

## *SERVICE-ORIENTED GOVERNMENT*

### *IN CHINESE CITIES*

**S**tudies suggest that the happiest communities are not necessarily the richest, but those most satisfied with health and environmental conditions, low corruption and high social trust. As part of the **Lien Public Service Index Project**, residents in 38 cities were asked to rate their satisfaction in a 2013 survey. This essay explains the motivations, organisation and content of the project, and its finding that happiness levels are highly correlated to residents' assessment of their city government's performance in public service delivery and management.

Spurred by urban density, cities have become our main sources of innovation, prosperity and progress. But for the same reason, they are also hosts to slums, traffic jams and pollution. As such, country and city leaders, especially those in developing regions like China, face the challenge of managing urban development and driving it forward in a smart way.

In China, whether or not clearly stated in national plans or policies, urbanisation has been the government's main strategy to revitalise or upgrade economic development since 1949, and has proceeded at a rapid rate over the last three decades. According to a study by Buibo and Linna published in 2013, while China's urbanisation rate was just 18% in the mid-1970s, it had doubled by the year 2000, and reached the worldwide average of 50% in 2010. The astonishing expansion of both the number and population of cities has, however, raised concerns about the sustainable development of urban areas and the whole country.

Recognising that economic growth by itself and urban sprawl are not helpful in improving citizens' quality of life, China's leadership has shifted its focus towards a comprehensive goal that embraces sustainable development in economic, social and environmental terms. Meanwhile, the leadership views the building of a "service-oriented government" that can deliver quality public services to citizens and businesses as the key to achieving such a goal. In July 2012, the State Council of China released its 12<sup>th</sup> Five-Year Plan for the National System of Basic Public Services, providing institutional support and policy guidance for building a service-oriented government.



*Recognising that economic growth by itself and urban sprawl are not helpful in improving citizens' quality of life, China's leadership has shifted its focus towards a comprehensive goal that embraces sustainable development...*

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## The Lien Index Project

Given the importance of building a service-oriented government in China's road towards sustainable and inclusive development, the Nanyang Centre for Public Administration (NCPA) at the Nanyang Technological University in Singapore launched the Lien Public Service Research Program in 2010 to track and assess the performance of the government in public service delivery and public management in urban China. With generous support from the Lien Foundation, a philanthropic organisation in Singapore, a research team in NCPA led by Dr Wu Wei and Dr Yu Wenxuan developed a scientific and comprehensive index for the project.

○○  
*...service-oriented government... is honest, effective, open and transparent, encourages citizen participation, creates a favourable environment for sustainable development, provides quality public goods and services, and enjoys a high level of public trust and support.*

Since 2010, the team has collaborated with key universities in China to modify the index and, based on it, conduct a nationwide, large-scale survey of both residents and businesses in urban China yearly. The results of the survey data are released through annual press conferences and project reports.

Based on a comprehensive review of literature and pertinent government performance rankings worldwide, the research team defined “service-oriented government” in the context of China as “a government that is honest, effective, open and transparent, encourages citizen participation, creates a favourable environment for sustainable development, provides quality public goods and services, and enjoys a high level of public trust and support”.

Following this working definition, the “Lien Public Service Excellence Index for Chinese Cities” was developed in 2010 in collaboration with the School of Public Affairs at Xiamen University, and further modified and renamed as the “Lien Public Service Index Project” in collaboration with the School of International and Public Affairs (SIPA) at Shanghai Jiao Tong University in 2011. Despite minor modifications that were made each year afterwards to capture emerging issues and concerns, the Index remains largely unchanged to maintain its consistency.





01 Residents exercising in a public space at Tiananmen Square, Beijing.

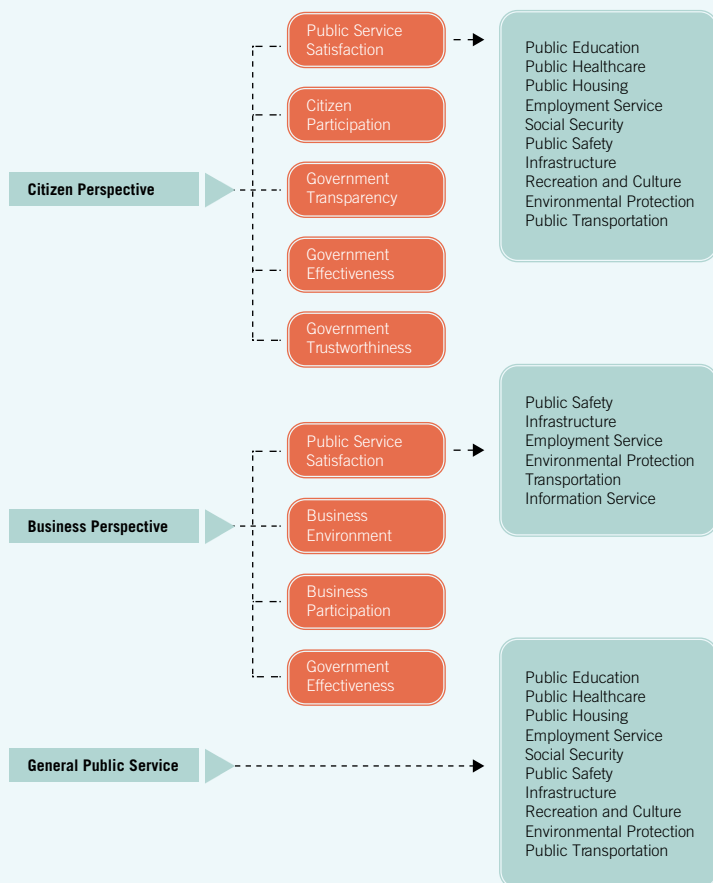


FIGURE 1

Lien Chinese Cities Service-Oriented Government Index

The Index consists of three general dimensions, namely Citizen Perspective, Business Perspective and General Public Service. While the first two are constructs of subjective information from surveys, the last is a construct of objective information from official statistics. Figure 1 provides details on how the Index is structured. Given the people-centred approach at the core of building a service-oriented government, the team adopted a set of weights (4:3:3) and aggregated the scores of the three general dimensions to rank the surveyed cities in Mainland China.

From April to August in 2013, NCPA and SIPA administrated the fourth annual survey in 36 major cities in Mainland China as well as in Hong Kong and Taipei, as marked in the map shown in Figure 2. In each of these cities, at least 700 residents and 150 companies were randomly selected for phone interviews. This essay presents the findings from the 2013 survey regarding the citizens' life satisfaction, or happiness.



**FIGURE 2**  
**Chinese Cities Covered In The Lien Public Service Index Project**

### Happiness and Service-Oriented Government

The significance of citizens' happiness to the building of a service-oriented government in contemporary urban China can be understood from some philosophical traditions and actual surveys of citizens' happiness. Aristotle, in his work, *Politics*, argued that, more important than ensuring the survival of its citizens, a state exists to help them achieve "the good life" (*eudaimonia*). Bentham also asserted that a citizen's happiness can and should be promoted through government actions, although he held a more utilitarian view of happiness. Many other pundits and scholars (e.g., Veenhoven, and Donovan & Halpern) followed by pointing out that the aggregative

level of happiness is correlated with a series of social factors, such as civil rights and economic freedom, over which governments have certain control and influence.

Additionally, the analysis of more than 450,000 responses to a daily survey from 1,000 US residents as cited by Kahneman and Deaton in 2010 has shown that emotional well-being returns to economic status diminish after reaching a certain level, of around US\$75,000 annual family income. Studies also suggest the communities with the highest level of happiness are not those most affluent, but instead those satisfied with their health and environmental conditions, social and institutional arrangements, the level of social trust and inclusion, and low bribery and corruption.



<sup>01</sup> Police in Hangzhou. Public safety is one of the qualities measured by the Lien index.

<sup>02</sup> Panoramic view of Qingdao, the top ranked city in the Lien index.



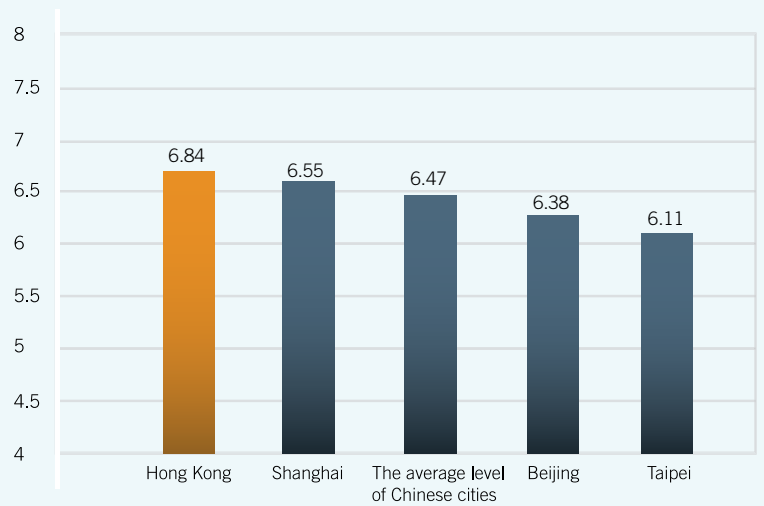
Taken together, while building a service-oriented government is key to accomplishing the comprehensive goal of sustainable development in urban China, devoting substantial attention to citizens and promoting their overall happiness should be put at the core of building a service-oriented government.

In the 2013 survey, we asked citizens in the surveyed cities how satisfied they were with their lives using an 11-point scale ranging from 0 to 10 points. The responses collected across the three dimensions of this study were first analysed at the city level and then summarised in Figure 3. For the comparison, Beijing and Shanghai were selected as individual cities from Mainland China as they are comparable to Hong Kong and Taipei in terms of the level of development and internationalisation; while the average score of the 36 cities in Mainland China was used to cover all information collected from this area.





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**FIGURE 3**  
**The Level of Citizen's Happiness by City**

01 School children in Hong Kong. Public education was one of the qualities tracked in the Lien index.



The figure indicates that citizens in the surveyed cities are generally happy with their lives across the three areas, but at a modest level. Furthermore, the results demonstrate that the level of happiness in Hong Kong is the highest, followed by Shanghai, the average of Chinese cities, Beijing, and lastly Taipei.

Further analyses revealed that the aggregate level of citizens' happiness is significantly correlated with their occupation, marital status and family income. It is not surprising that these variables are highly relevant as they are closely associated with traditional definitions of "success", but what is more informative is that the significant correlation between happiness and family income only appeared in the Mainland China survey data and among citizens with annual income of below US\$25,000. This finding is consistent with previous findings that happiness has a weak relationship with economic status above a certain threshold.

○○  
*...the significant correlation between happiness and family income only appeared in the Mainland China survey data and among citizens with annual income of below US\$25,000.*

**TABLE 1**  
**The Lien Index Top 10 Cities with Service-Oriented Governments and the Level of Their Citizens' Happiness**

The ranking according to the index score	City Name	Citizens' Happiness	
		Mean Score	Ranking
1	Qingdao	6.827	1
2	Hangzhou	6.690	6
3	Xiamen	6.651	8
4	Beijing	6.376	31
5	Chengdu	6.717	4
6	Jinan	6.583	11
7	Dalian	6.744	3
8	Nanjing	6.478	25
9	Ningbo	6.586	10
10	Shanghai	6.549	20
10	Urumqi	6.555	17

Much more importantly, our analyses found that citizens' happiness is significantly related to their assessment of their city government's performance in public service delivery and public management in all surveyed cities, including Hong Kong and Taipei. In fact, the ranking of citizens' happiness shown in the above figure is similar to that of citizens' assessment of city governments' public service and public management performance. Moreover, looking at the happiness score of the Lien Index top 10 cities with service-oriented governments (shown in Table 1), we find six of the 10 happiest cities have also consistently ranked in the Lien Index top 10 cities with service-oriented governments from 2011 to 2013.



*...the level of people's happiness is highly correlated to their assessment of their city government's performance in public service delivery and public management.*

The Lien Public Service Index Project suggests that people in Chinese cities are generally satisfied with their lives in the three dimensions of this study, but at a level that could be much improved. In addition, the level of people's happiness is highly correlated to their assessment of their city government's performance in public service delivery and public management. Although the associations do not mean that promoting public service and public management can automatically increase citizens' happiness, they imply indirect or direct interactions exist between the performance of city governments and their citizens' happiness. Clarifying and managing such interactions for healthy urban development call for greater attention and investigative efforts.

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**Yu Meng** is a Postdoctoral Fellow in the Public Policy and Global Affairs Program at Nanyang Technological University. She received her PhD from Georgia Institute of Technology. Dr Meng was a Visiting Assistant Professor at Rochester Institute of Technology, and a Research Fellow in Fraunhofer Institute for System and Innovation Research. Her research focuses on science, technology, and innovation policy, and government behaviours and performance.



Assoc. Prof. **Wu Wei** is the Director of China Affairs Office at Nanyang Technological University, where he has also served as an associate dean of the College of Humanities, Arts and Social Sciences, director of Nanyang Centre for Public Administration, and associate dean of the School of Humanities and Social Sciences. Prof. Wu received MA degrees from Stanford University and Xiamen University, and his PhD from Indiana University. He specialises in public communications and public management.

# *Inequality and the City*

## *THE SINGAPORE STORY*

**I**ncome inequality is widely acknowledged as a growing challenge in many countries. However, the urban and spatial dimensions of this issue are less well understood. Researchers from the **Centre for Liveable Cities** have studied this topic, focusing on Singapore's experience. This essay carries some of their findings, including possible solutions that urban planners and policymakers could consider adopting.

In recent decades, rising income and wealth inequality has emerged as a widespread source of social and policy concern in both advanced and developing economies. So far, much of the scholarly literature and policy discourse on inequality focuses on the nation state. However, it is also important to examine the patterns of inequality within and between cities.

The trend of rising inequality appears to be an overwhelmingly urban phenomenon. Cities typically have higher levels of inequality compared to rural areas, while larger cities tend to be more unequal than smaller cities. Moreover, urban inequality encompasses deeply spatial dimensions. Not only do economic differences manifest across space, they are further compounded by variations in infrastructure investment and public service provision in different areas.



*Not only do economic differences manifest across space, they are further compounded by variations in infrastructure investment and public service provision in different areas.*

<sup>01</sup> Convenient retail outlets situated within an HDB estate in Toa Payoh.



### **Why do Cities Tend to Be More Unequal?**

By definition, cities have higher concentrations of people and economic activity; and higher flows of capital, goods and services, and information. Consequently, they tend to attract highly educated, higher-earning individuals as well as low-wage workers seeking a better life. By some accounts, the clustering of skilled workers in cities

lowers transaction costs in business services and fuels productivity and technological innovation, which raises upper-tail inequality. Others attribute these outcomes to local assets specific to cities but unrelated to urban agglomeration, such as access to ports and harbours, and good government. Hence, rising inequality in many cities may be an unintended consequence of efforts by aspiring cities to promote the growth of an advanced knowledge and services economy, complete with “superstar” compensation structures on the one hand, and a plethora of low-wage service sector jobs on the other.

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### **How do Urban Policy and Planning Affect Inequality?**

To some extent, there is a natural tendency for people to live in close proximity to others of similar socio-economic status. Over time, this could result in enclaves or “gated communities”, and growing social stratification across different areas. This process can be perpetuated or even exacerbated by urban policy and planning decisions. Such policies often allocate funding and access to housing, public transport, job opportunities, amenities and other public goods. On a more intangible level, this can raise or reduce social and cultural capital, such as valuable contacts, status and prestige, associated with living in particular areas.

Take the specific example of zoning rules limiting the plot ratio or planning density of residential buildings in a popular district. This limits the supply of housing units that can be constructed, keeping their prices high and preventing lower-income households from living there. Over time, residents of these exclusive neighbourhoods might accumulate further socio-economic advantage through attending higher-performing schools, access to expansive parks and green spaces, and informal social networks allowing the sharing of valuable information and contacts. Their close proximity to high-paying work and reduced commute times also yields time savings that can be invested in personal and career development.

In contrast, low-income groups may be subject to various disadvantages as a result of their living environments. In the extreme, spatial inequalities could be the result of deliberate and systematic segregation policies. However, they could also be due to less obvious factors. For instance, market forces could limit the available housing areas for the poor, and minority groups may choose to self-segregate to draw upon common cultural resources, or for greater political empowerment. Regardless of the cause, locational disadvantages exert pernicious effects on low-income groups, as well as society at large. Residents of spatially disadvantaged areas typically pay higher relative housing costs (adjusted for quality and proportion of disposable income), and spend more time commuting to work and to run essential errands. They may lack access to quality public goods, while suffering greater exposure to environmental hazards, including pollution and violence. What’s more, their children may inherit undeserved disadvantages. At the societal level, inequality raises anxiety, stress and other poor health outcomes, and destabilises social cohesion and meritocracy.



*...zoning rules limiting the plot ratio or planning density of residential buildings in a popular district... limit the supply of housing units that can be constructed, keeping their prices high and preventing lower-income households from living there.*



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01 Unlike gated private condominiums, Singapore's public housing blocks typically have open 'void deck' spaces on the ground level, which can be used for communal activities such as this bird singing competition.



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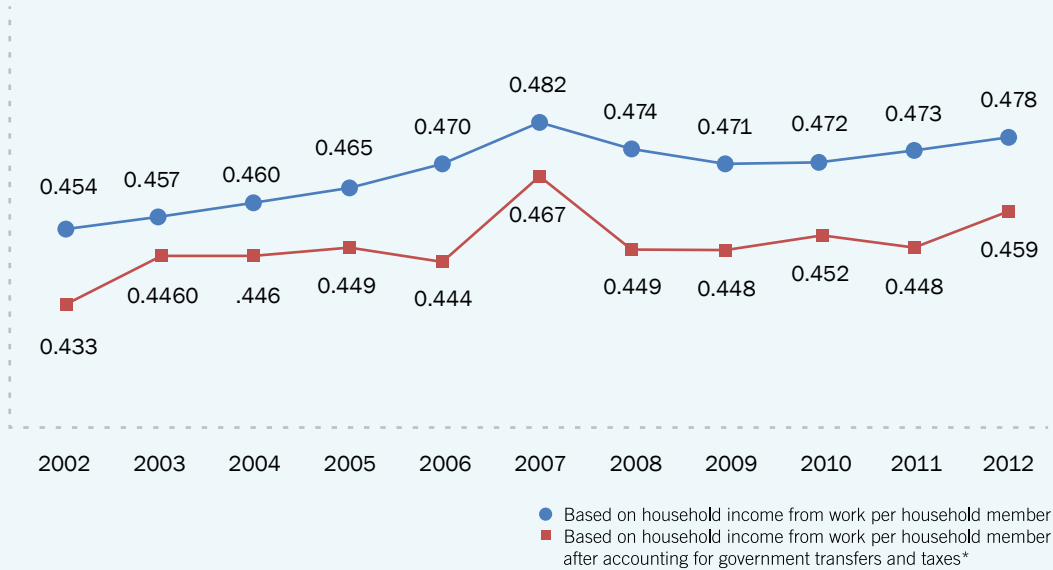


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### Gini Among Resident Employed Household



### The Case of Singapore

Over the past decade, Singapore has seen a sharp rise in income inequality. Its Gini coefficient (a global measure of income inequality) increased from 0.430 in 2000 to 0.478 in 2012. The ratio of incomes between the top and bottom deciles has also increased: in 2012, even after removing imputed rentals from the Consumer Price Index, real household income from work for the bottom 10% of households rose by just 0.8%, compared with 5.6% for households in the top 10%.

Aside from the general increase in income inequality, there has been some concern over wage stagnation and declining social mobility for lower-income groups. As a densely populated city lacking land and other natural resources, Singapore is

vulnerable to the negative impact of inequality. On the other hand, Singapore's unique institutional levers as a city-state have enabled its government to play an activist, redistributive role at both the urban and national levels.

Like most nation states, the government uses fiscal transfers and redistributive policies to narrow the income gap in Singapore. Critically, it tries to do so while preserving the incentives for work and entrepreneurship. Examples include wage top-ups for lower-income jobs; consumption tax rebates; transfers to the individual retirement accounts of lower-income workers; and progressive rebates on utilities, rental and conservancy charges. In recent years, the government has also shifted to



a more progressive property tax structure and raised the administrative charges and tax for purchasers of more expensive cars. Singapore further seeks to address income inequality and increase intergenerational income mobility through human capital and productivity measures such as continuing education and training.

The Singapore government has also addressed income inequality through good urban planning. From independence in 1965, the government undertook rapid public housing and new town development through the Housing & Development Board (HDB).

Enactment of the Land Acquisition Act and Foreshores Act provided the state with broad powers of eminent domain, and limited the scope for private stockpiling and speculation in scarce land. Today, over 80% of Singapore's resident population live in HDB public housing. To prevent the formation of ethnic enclaves or low-income slums, the HDB introduced detailed eligibility criteria based on household income and ethnicity.

Through the design of neighbourhoods and apartment blocks, the HDB has ensured a mix of housing for different income groups in relatively close proximity to each other, including low-income rental housing, a range of owner-occupied public housing, as well as private condominiums. Using similar design themes and colour schemes within HDB precincts and neighbourhoods enhanced continuity while reducing visual markers of wealth and income difference.

When designing new towns, the HDB understood the importance of easy access to jobs, goods and services, amenities and public goods such as parks. Each HDB housing estate includes green spaces and exercise facilities, multiple affordable food options such as open-air cooked food centres (known as hawker centres), traditional fresh

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01 An HDB estate in Sin Ming Avenue features similar design schemes



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*Through the design of neighbourhoods and apartment blocks, the HDB has ensured a mix of housing for different income groups in relatively close proximity to each other...*

01 HDB towns such as Commonwealth are situated close to MRT stations.

food markets (or wet markets) and supermarkets. There is an extensive network of well-maintained and well-stocked libraries open to the public. Finally, the Urban Redevelopment Authority (URA) carefully allocates zoning categories to situate residential neighbourhoods near to regional malls and light industrial parks, while minimising negative externalities from commercial and industrial activities.

The availability and quality of public transport, pedestrian walkways and bicycle paths can reduce time and monetary costs required to reach employment clusters, seek medical treatment and purchase goods and services. This in turn can alleviate the lived experience of urban inequity.



Higher-value residential areas with houses (termed “landed” housing in Singapore, as distinct from apartments) are concentrated in the Central and Northeast regions and Bedok in the east, with the 39 exclusive Good Class Bungalow zones (areas designated for landed homes of at least 1,400-square-metre plot size) clustered in a five-kilometre radius circle near the central city core.

Most private and landed housing residents in these areas have better access to the Central Business District, Marina Bay Financial Centre, major retail and dining areas such as Orchard Road, and large, popular recreational green spaces including the MacRitchie Reservoir and the Singapore Botanic Gardens. In part owing to colonial-era planning decisions and other historical factors, residential areas in Singapore have significant disparities in accessibility to subsidised medical treatment, both in terms of the physical distance to the nearest hospital, as well as the number of hospital beds in each region. New public hospitals are being built or have been planned, but with continuing population growth it is uncertain whether they will be sufficient to correct these inherited disparities.

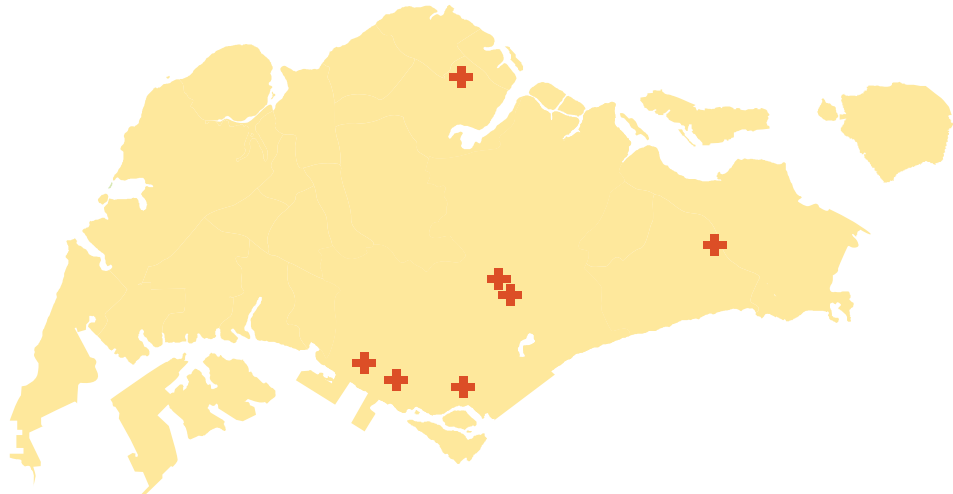
Finally, balloting and admission to primary school is partly determined by a child’s residential proximity to that school, while many popular schools are located near landed housing and Good Class Bungalow zones.

Starting in the early 1970s, the authorities modernised and expanded the public transport system, merging several bus companies and consolidating services, enforcing taxi licensing and eradicating pirate taxi fleets, and investing in a substantial rail transit system. Sheltered pedestrian walkways and dedicated bicycle lanes are also being extended to promote walking and cycling.

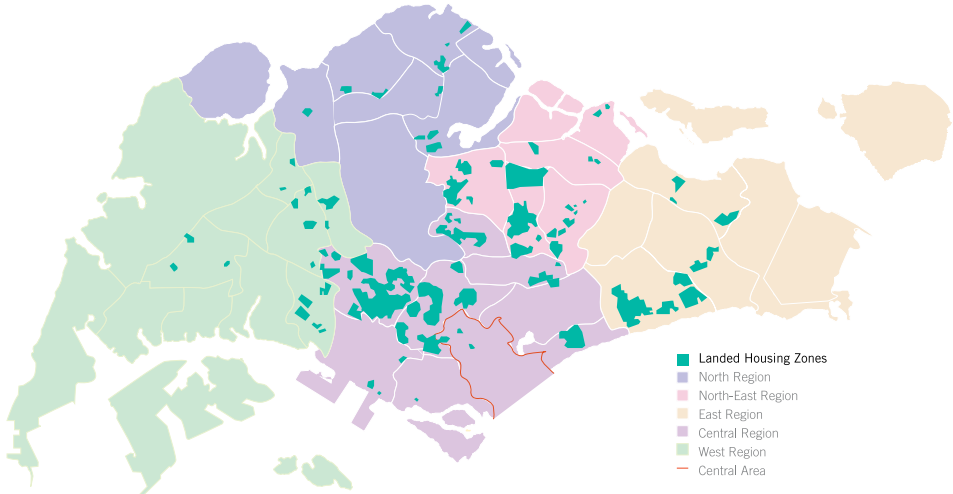
### **Room for Improvement**

Notwithstanding these significant achievements, there appears to be considerable scope for improving spatial equity in Singapore. A detailed spatial analysis is beyond our current scope, but some observations can be made.

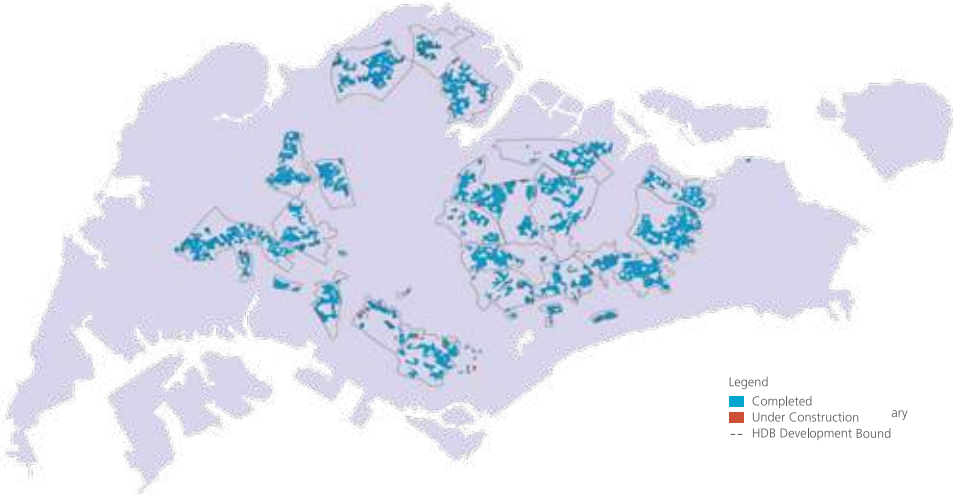
### Location of Public Hospitals in Singapore



### Landed Housing Zoning Areas



### Public Housing Areas in Singapore





○○○  
*Governments should instead focus on removing policies that artificially entrench or perpetuate existing spatial inequality; improving the distribution of various amenities, infrastructure and resources... and maintaining quality shared spaces where urban inhabitants of different socio-economic backgrounds can come together.*

In the early days of HDB construction, public housing estates were often built in central areas, well integrated with retail clusters and complexes, and within a short commute from the city centre. Today, older HDB estates in central areas such as Rochor are being redeveloped for other uses, while new HDB estates are mostly being constructed in the urban periphery (i.e., Bidadari, Punggol, Tampines North and Tengah).

Conversely, new residential and office complexes in central areas, which tend to be more expensive and prestigious (i.e., Marina Bay, Sentosa Cove, Duo@Bugis), are co-located with cosmopolitan dining and entertainment options and feature exceptional connectivity and convenience. For example, the premier housing, office and entertainment areas in the new Marina Bay Financial Centre will be served by six rail stations and a network of water taxis by 2018. This trend looks set to continue. State land parcels in the central area, or those with unique visual or location amenities such as proximity to large parks or beaches, are auctioned to private developers largely on the basis of the highest price. This will change Singapore's urban fabric. While spaces around and between HDB blocks and nearby amenities are open to public access and provide opportunities for diverse interactions and activities, many private housing

condominiums are gated. Aware of these concerns, the URA has promised that private residential developments in the prime Marina South and Kampong Bugis areas will feature public access, but almost no new public housing has been planned within the city centre since the 1980s.

### **Proposals for Policymakers**

In every city, wealthier residents will tend to reside, work and spend leisure time in higher quality, more convenient and desirable locations. As with income inequality, some level of spatial inequality is therefore inevitable. However, growing spatial inequality is cause for policy concern, since a situation in which ethnic, income and wealth disparities manifest across spatial lines potentially increases volatility and instability, and reduces economic competitiveness and the potential for broad-based technocratic policymaking.

With this in mind, governments can focus on three questions. First, to what extent do spatial disparities impinge on the public interest, for instance, through falling social mobility or social cohesion? Second, which public policies (inadvertently or consciously) exacerbate or entrench spatial inequality, and why? Third, what are the opportunities for public policy to mitigate and reduce spatial inequality?

Clearly, policy cannot prevent the functioning of a market-based land market, for instance, by using regulatory measures to prevent high-income households from purchasing larger or more central properties. This would be unrealistic and unproductive. Governments should instead focus on removing policies that artificially entrench or perpetuate existing spatial inequality; improving the distribution of various amenities, infrastructure and resources, such as public hospitals and schools, as new population centres emerge; and maintaining quality shared spaces where urban inhabitants of different socio-economic backgrounds can come together.

Depending on the root causes of spatial inequality, some policy levers include:

- **Improving access** to key urban attractions and amenities by reducing the duration and cost of various transportation modes used by different income groups;
- **Modifying existing land use policies** that create or perpetuate rigidities in the ownership of locational advantage by higher-income groups (e.g., land-use zoning that artificially prices most households out of the zoned areas through prohibiting higher-density developments and sub-division of land lots);



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• **Offsetting locational disadvantages** (e.g., pollution from zoned industrial sites or highways) through appropriate transfers or compensatory mechanisms such as subsidised health checkups for residents in those areas;

• **Generating shared locational benefits**, e.g., zoning central sites for public housing, so that the appreciation of central property values over time will benefit households of different income levels. This proposal is often criticised on the grounds that the lower-income households who successfully ballot for a centrally located HDB apartment would gain an unearned windfall. The implicit suggestion that all lower-income households should therefore reside in peripheral areas to enjoy the same limited level of property appreciation is no more satisfactory. Expanding public housing in central areas improves spatial equality; it is not mutually exclusive with other redistributive or progressive policies.

Ultimately, the causes of spatial inequality are often complex and rooted in history. This means that governments can no longer view income inequality simply as an economic problem, to be addressed by economic agencies. Urban inequality often has spatial causes, as this paper argues. Land use and urban planning agencies must therefore be part of the policy solution, in collaboration with other public and private stakeholders.



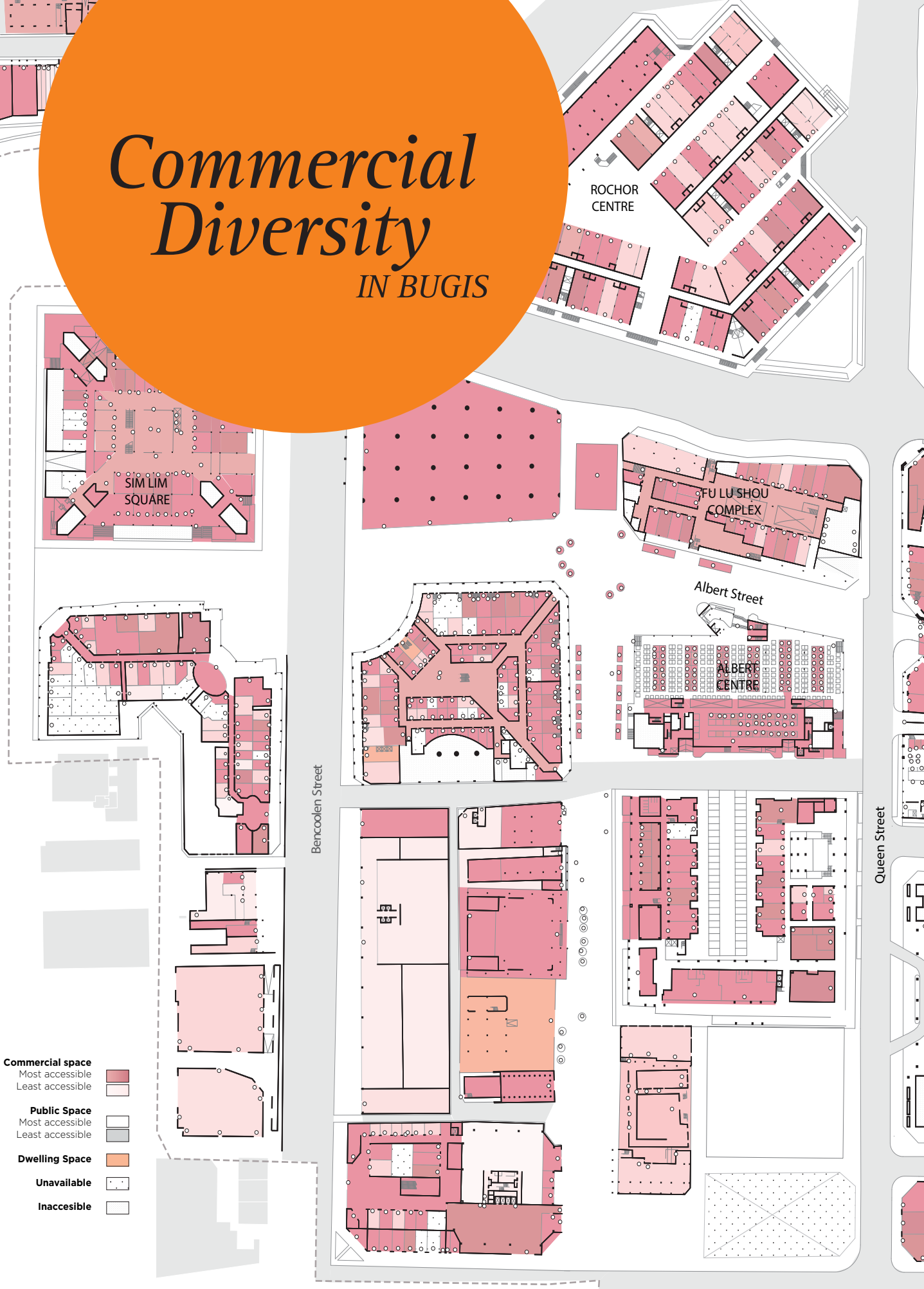
**Lily Song** is a Provost Fellow at the University of London College London Department of Science, Technology, Engineering and Public Policy; Research Affiliate at the Massachusetts Institute of Technology Community Innovators Lab; and Adjunct Researcher at the Centre for Liveable Cities. An urban planning researcher and practitioner with a background in community organising and policy advocacy, her areas of focus include urban justice, sustainability, and liveability; alternative local economic and workforce development; and shared value creation efforts among civil society, public sector, and private sector actors. Dr Song received her Ph.D. in Urban and Regional Planning from MIT and M.A. in Urban Planning from UCLA.



**Wu Wei Neng** is a researcher at the Centre for Liveable Cities. He previously served as Deputy Head of the Centre for Public Economics and Senior Faculty Member of the Civil Service College, and at the Ministries of Trade and Industry, and Defence. He has an MSc from the London School of Economics and an MA from Oxford University.

# Commercial Diversity

## IN BUGIS



ROCHOR CENTRE

SIM LIM SQUARE

FU LU SHOU COMPLEX

Albert Street

ALBERT CENTRE

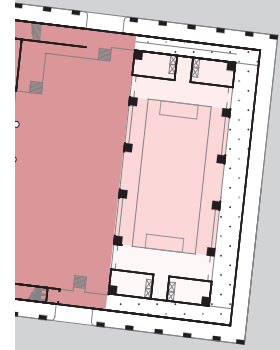
Bencoolen Street

Queen Street

- Commercial space**
  - Most accessible
  - Least accessible
- Public Space**
  - Most accessible
  - Least accessible
- Dwelling Space**
- Unavailable**
- Inaccessible**

T

his map of Bugis – one of Singapore’s most diverse and intense neighbourhoods – is the result of a detailed survey by the Singapore University of Technology and Design (SUTD) **City Form Lab** in 2013. It captures all the outdoor and publicly accessible indoor spaces within a 10-minute walking radius of the Bugis metro station – including 696 buildings, 4,952 ground-floor entrances, 3,435 businesses and 2,500 dwelling units across all floors (shown partially here). The study explored how policy, planning and design can support more diverse, accessible and inclusive urban environments. These ideas are highlighted on the following spread.



# Diverse, Accessible and Inclusive Urban Environments

An equitable high-density urban environment offers something for all, regardless of income, age or ethnicity. Singapore's downtown Bugis district – one of the city's most diverse commercial quarters – offers amenities ranging from eateries, textile traders and small Buddhist paraphernalia stores, to grade “A” office space, banks and modern shopping malls. This illustration of an imaginary area resembling Bugis introduces 10 policy and planning solutions that may be generalised from its structure for achieving diversity, accessibility and inclusiveness elsewhere. (Source: SUTD City Form Lab)

## 1 NEIGHBOURHOOD DENSITY

Who visits stores, how often, and consequently what stores survive, depends on who lives in their catchment area and at what densities. Higher densities can generate enough demand for infrequently bought goods like furniture.

## 2 MUNICIPAL SPACES

Municipally owned commercial spaces (e.g., public housing blocks) tend to produce a different commercial image and rarely attract high-end chain stores. They are well suited to small individually owned enterprises.

## 3 VARIABLE VERTICAL ACCESS

Accessibility also plays out vertically. Singapore's public housing blocks with commercial podiums offer elegant examples. Out of the way and out of sight, upper floors allow non-profit organisations, educational facilities and other businesses to survive in otherwise priced-out areas.

## 4 TENANT COORDINATION

Asking reduced rent from tenants delivering desirable services that add to the character of a place or attract desired clientele is a strategy commonly used by different types of landlords.

## 5 PUBLIC TRANSIT ACCESS

Accessibility not only depends on a district's pedestrian routes, but also on a well-connected transit system that delivers customers from all corners of the larger metropolitan region. This wider clientele is a strong incentive for varied retailers to locate around transit stations.





### 6 ZONING

Zoning guidelines can designate particular businesses or functions in desired locations. Combined with appropriate tax or rent support, zoning can help achieve amenities that the market alone might not produce.

### 7 VARIABLE HORIZONTAL ACCESS

Location and accessibility are key to a storefront's value. Neighbourhoods with a range of accessibilities on different streets are likelier to attract a greater diversity of businesses. Side streets and back alleys often house businesses that cannot afford main street rents.

### 8 CLUSTERING

Clustering of stores attracts more customers by offering complementary goods or a chance to compare prices and products. Environments with small parcels and numerous buildings close to each other tend to enable retail clusters serving diverse needs.

### 9 VARIABLE BUILDING TYPES

Different commercial activities require different spaces. Environments that offer a diverse building stock are more likely to attract more varied tenants.

### 10 FOOD TRUCKS / HAWKERS

Commercial diversity is enhanced by smaller mobile solutions – food trucks, mobile carts, street hawkers, etc. Mobile vendors typically pay less rent than larger fixed tenants, allowing for a greater range of sellers to operate.



# *XIAMEN*







Xiamen, China

**X**iamen is a coastal city in southeast China. It is the second largest city in Fujian province, spanning 1,516 square kilometres. Founded in the mid-14<sup>th</sup> century by the Ming dynasty, the city was established as a major seaport and commercial centre. With its historical roots in trading, the city has earned fame as an industrial powerhouse but continues to attract tourists with its charm. In 2004, the Xiamen Municipal People's Government won the UN-Habitat's Scroll of Honour for its efforts in ensuring that everyone has adequate shelter with its Economy Housing Project. In this issue of **URBAN SOLUTIONS**, **Liu Keqing**, the mayor of Xiamen, writes about the continuing efforts to make Xiamen a liveable city for its residents.



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In 2011 and 2012, Xiamen was ranked the top city in the Lien Chinese Cities Service-Oriented Government Index, which tracks citizens' and businesses' satisfaction with public services in more than 30 Chinese cities. The Nanyang Technological University, which launched the Index in 2010, praised Xiamen as one of the leading liveable cities in China. Being the mayor of Xiamen, I feel greatly honoured.

Xiamen, located on the southeastern coast of China, is known as a popular tourist destination with port scenery among foreign friends. Ten years ago, Xiamen was granted the UN-Habitat Scroll of Honour Award for providing "a decent roof over everybody's head". Since then, numerous awards, such as that of being a garden city, have been conferred upon us. Encouraged by the honours, we place highly on our agenda the goal of promoting a better life for our citizens.



<sup>01</sup> Xiamen Port is the first 100-million-ton port on the west bank of the Taiwan Straits.

<sup>02</sup> A street scene in Gulangyu, which is a car-free islet.



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### **Preserving the Environment**

Xiamen is richly endowed by nature. The government, businesses and organisations invest large amounts of money each year and take firm measures to preserve such an environment. These include banning motorcycles in urban areas, eliminating the use of pollutive honeycomb briquettes (charcoal bricks used for cooking and heating), stepping up city cleaning services and green space planning, and switching from gasoline to natural gas for cars.

Our drinking water is 100% qualified while the non-hazardous treatment rate of domestic garbage has reached 94%. Nearly 50% of the city is covered in green. Our air quality is much higher than the national average as well.

Openness and inclusiveness make up the core spirit of Xiamen. With over 600 foreign organisations of various kinds located here, Xiamen is an important gateway for international exchanges. Traditional culture has merged with modern civilisation, especially on Gulangyu Islet, a small island famous for its piano playing culture and being home to a dozen of consulates general in the past.

01 Beautiful public parks contribute to the high quality of life of Xiamen residents.



Xiamen people are amicable and caring. Deeply attached to this city, each one of them contributes to building a safe and sweet home for all by observing the law and helping the ones in need.

Xiamen will never pursue economic growth at the expense of the environment. To this end, we have replaced energy-consuming and high-polluting industries with high-tech and high-efficiency ones. The industrial businesses are being relocated, making place for the service industry, including tourism.

### **A Better Life for Citizens**

The per capita GDP in Xiamen has exceeded US\$10,000. The economic growth rate ranks among the top in China. The comprehensive energy consumption rate is approaching that of developed countries. Xiamen has realised simultaneous progress in development speed, quality, effectiveness and people's income.

Our people's desire for a better life is what we shall fight for.

Xiamen has taken the lead, among Chinese cities, to establish a universal healthcare system, low-income social security and low-income housing programmes. We also provide a health information system and natural disaster insurance for all. Compulsory education is made free in public schools as a step to balance educational resources. The government is clean and efficient. Its governance is scientific and law-based. All these have made Xiamen an attractive place for foreign talent.

In the future, we will continue to value both economic progress and environmental protection, and develop Xiamen into a model city that demonstrates beautiful China and the Chinese dream. We would like to join hands with other cities in the world in the efforts of building liveable cities.

<sup>01</sup> A panoramic view of Xiamen island.

<sup>02</sup> Education for Xiamen's children is both compulsory and free.



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**Liu Keqing**, born in May 1955 in Zhouning County, Fujian Province, joined the Communist Party of China (CPC) in 1975. He has an on-the-job postgraduate degree. He was previously Vice Head of Zhouning County, Head and Secretary of the Putian County CPC Committee, Assistant to the Mayor of Putian Municipality, Vice Mayor of Putian Municipality, Deputy Director General and then Director General of Fujian Provincial Department of Land Resources, Vice Secretary and then Secretary of Zhangzhou Municipal CPC Committee, and Director General of Standing Committee of Zhangzhou Municipal People's Congress. Mr Liu now serves as Vice Secretary of Xiamen Municipal CPC Committee and Mayor of Xiamen Municipality. Since taking office as Mayor of Xiamen, Mr Liu has been striving to promote balanced development. He proposed to create a green environment for Xiamen, enhance people's living standards, expand Xiamen's international presence and build an international liveable garden city and tourist destination.

VIEWPOINT

# The Consequences of *INEQUALITY*

by Susan S. Fainstein

**S**usan S. Fainstein outlines the impact of worsening income inequality in cities and how it is impeding social mobility. She also argues that wealth does not necessarily trickle down. Professor Fainstein, who has taught at the Harvard Graduate School of Design (GSD) as well as at Columbia and Rutgers universities, focuses on planning theory, urban redevelopment and comparative public policy in her research. In her book, *The Just City*, she argues that urban policy should be valued according to its contribution to justice rather than competitiveness. She is currently a Senior Research Fellow at the Harvard GSD, a visiting professor at the Lee Kuan Yew School of Public Policy at the National University of Singapore, and a visiting fellow at the Centre for Liveable Cities.



In New York's recent mayoral election, the victor, Bill de Blasio, won an overwhelming majority after calling New York's recent history "a tale of two cities". By this he meant that it had become a city marked by extreme inequality, with the rich doing better than ever, the middle class disappearing, and the number of poor growing. His triumph followed on the Occupy Wall Street movement, which began in New York but was taken up in cities around the world. Its slogan, "We are the 99%", responded to the perception that the top 1% were getting a disproportionate amount of income. Protests against increasing urban inequality have also manifested themselves in strikes against fast-food restaurants in the United States, demonstrations in European cities affected by austerity policies, "Right to the City" alliances in South and North American cities, and worker rebellions around factories in Asia.



*...cities that have attained "global city" status show higher levels of inequality... because they have more wealthy people whose assets derive from the financial industry and also because they attract low-income immigrants.*

Inequality manifests itself in the wage structure, in spatial segregation by class and ethnicity, in the quality of and access to housing, in life expectancy, and in educational attainment. The most common measure of income inequality is the Gini coefficient, which is expressed as a number between zero and one; the higher the number, the greater the amount of inequality. In Singapore in 2012, that number was 0.459 after taxes and transfers, about the same as in the United States and nearly twice as high as in the comparably wealthy northern European countries. Since Singapore does not count non-residents in its calculations, the number would undoubtedly be much higher if it included foreign contract workers. Generally those cities that have attained "global city" status show higher levels of inequality than more ordinary cities, in part because they have more wealthy people whose assets derive from the financial industry and also because they attract low-income immigrants.





*...in fact the presence of those with much more disposable income raises the cost of living for everyone.*

Some people argue that the presence of very wealthy people benefits the rest because their income trickles down in the form of expenditures. New York's former Mayor Michael Bloomberg told an interviewer: "Wouldn't it be great if we could get all the Russian billionaires to move here?... That would be a godsend, because that's where the revenue comes to take care of everybody else. The way to help those who are less fortunate is, number one, to attract more very fortunate people. They are the ones that pay the bills."

The reality, however, is that growth in GDP does not always trickle down. To be sure, the expenditures of the well-to-do stimulate employment, but many of the jobs created in the service sector that respond to the needs of the wealthy – kitchen help, nannies, house cleaners, etc. – usually pay very little. Moreover, even while some of the wealthy may support the local tax base, many keep their assets and the income flowing from

them in offshore, low-tax locations. At the same time they produce enormous pressure on the housing sector, as the presence of high-end bidders forces up the cost of space. Even while global cities suffer from housing shortfalls, the oversized apartments of the wealthy often sit empty as their owners spend time in their other domiciles. Thus, while it might be argued that inequality is a relative term and does not necessarily imply that people at the bottom live in poverty, in fact the presence of those with much more disposable income raises the cost of living for everyone. As the very rich take up more and more centrally located space, businesses pay higher rents and raise their prices to compensate, the middle class moves into working-class areas, and low-income households either move far away from places of employment or carry a rent burden that leaves them with little disposable income.

In addition, the presence of households with high levels of income impedes social mobility. Although theoretically in a meritocratic system everyone has an equal chance of gaining an education and competing for desirable jobs, in fact those with wealth and influence seek to monopolise the top of the economic hierarchy for their offspring. Access to elite private schools and to useful social networks is largely restricted to those already at the top. While those with a relatively disadvantaged background can make their way up the economic ladder, the odds in their favour are much lower than for the children of the already well-off, who can afford tutors, can send their children abroad, and can provide helpful connections.

In a famous thought experiment, the philosopher John Rawls asks how people would choose to design a society if they did not know where they would be in it. He argues that rationally they would opt for equality since the odds were much greater that in a pyramidal structure they would find themselves at a disadvantage. This argument reflects the reality that social inequality perpetuates itself and that if you start out at the bottom of the heap, you are likely to remain there.

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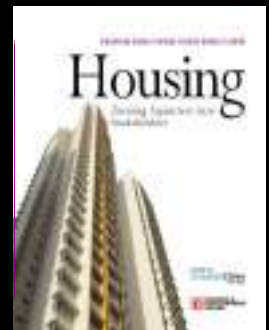
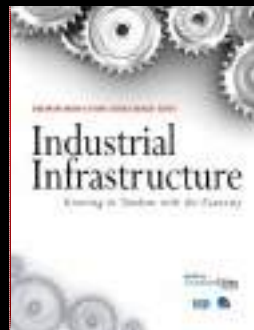
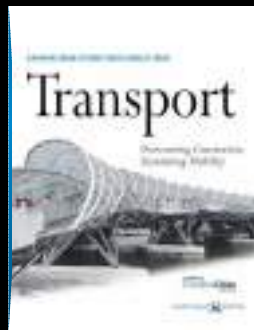
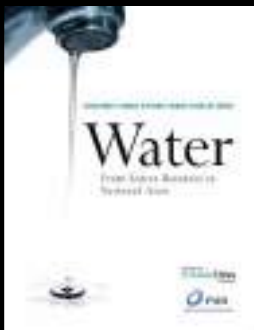
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151 Lorong Chuan #02-08  
New Tech Park (Lobby H)  
Singapore 556741  
**T** (65) 6410 1200  
**F** (65) 6410 1208  
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