

# Why the expansion of the welfare regime has not solved the growing housing affordability crisis in Bhutan

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**UNIVERSITY COLLEGE LONDON**  
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**Why the expansion of the welfare regime has not solved  
the growing housing affordability crisis in Bhutan**

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Being a dissertation submitted to the faculty of The Built Environment as part of the requirements for the award of the MSc International Planning at University College London:  
I declare that this dissertation is entirely my own work and that ideas, data and images, as well as direct quotations, drawn from elsewhere are identified and referenced.

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## TABLE OF CONTENTS

ACKNOWLEDGEMENTS .....	ii
LIST OF TABLES AND FIGURES .....	v
GLOSSARY AND ABBREVIATIONS.....	vi
ABSTRACT .....	1
CHAPTER 1: INTRODUCTION .....	2
1.1 Context .....	2
1.2 Research Aim and Objectives .....	4
1.3 Structure of Dissertation .....	5
CHAPTER 2: LITERATURE REVIEW .....	6
2.1. Housing Affordability.....	6
2.2. Welfare and Housing .....	8
2.3. Housing and Broader Social Context .....	10
CHAPTER 3: RESEARCH METHODOLOGY .....	12
3.1. Case Study .....	12
3.2. Research Design and Framework .....	14
3.2.1 Semi-Structured Interviews and Secondary Data .....	15
3.2.2 Method of Analysis.....	16
3.3. Limitations .....	16
3.4. Ethics and Assessment .....	16
CHAPTER 4: ANALYSIS .....	17
4.1. Setting the context: Trajectory of Housing System and Welfare in Bhutan .....	17
4.1.1. The distribution of land as a form of welfare .....	17
4.1.2. Social constructs within housing provision and tenure .....	18
4.1.3. Housing tenure and supply on the ground .....	19
4.2. The Current State of the Housing System in Bhutan.....	20
4.2.1. Emerging trends.....	20
4.2.2. Expansion of welfare regime and prioritising housing.....	21
4.3. So Why Is It Not Working? .....	25
4.3.1. Known Causes of Unaffordable Housing in Bhutan .....	25
4.3.2. Other challenges and limitations.....	27
4.4. Opportunities Moving Forward .....	32
4.4.1 Exploring public-private partnership.....	32
4.4.2 Modifying governance structure .....	33
4.4.3 Restructuring the housing system in the wake of COVID-19.....	34
CHAPTER 5: CONCLUSION .....	35
5.1. Summary of Key Findings .....	35
5.2. Recommendations.....	35

5.3. Reflections on findings ..... 36  
5.4 Limitation and areas for further research..... 37  
BIBLIOGRAPHY ..... 38  
APPENDICES..... 46  
Appendix A: Interview Questions..... 46  
Appendix B: Interviewee Information Sheet and Consent Form..... 47  
Appendix C: Risk Assessment Form ..... 51

## LIST OF TABLES AND FIGURES

Table 1. Information of multi-sectoral stakeholders interviewed.....	15
Figure 1. Global trajectory based on neoliberalisation theory versus Bhutan .....	3
Figure 2. Map of Bhutan showing 20 districts .....	12
Figure 3. Methodology connecting land, housing system and welfare regime in Bhutan.....	14
Figure 4. Timeline of critical political and planning history that impact the welfare regime and housing system .....	23
Figure 5. Issues and challenges of governance .....	31

## GLOSSARY AND ABBREVIATIONS

### GLOSSARY

Dzongkhag	Geographical district. Bhutan is divided into 20 districts.
Gungtong	Unoccupied houses in rural villages in Bhutan.
Kidu	Welfare system of the King.
Thimphu Thromde	Level of administration in Thimphu after the Federal Government in Bhutan.
Thromde	A geographical, administrative or economical area of Bhutan.

### ABBREVIATIONS

MoWHS	Ministry of Works and Human Settlement
NHDCL	National Housing Development Corporation Limited
NPPF	National Pension and Provident Fund
RICB	Royal Insurance Corporation of Bhutan Limited

## ABSTRACT

Housing affordability crisis around the world has been linked to the neoliberalisation of housing policies, shrinkage of welfare states, credit system, and lack of housing supply. Existing literature shows that the narrative of neoliberal hegemony is converging globally. In contrast the welfare regime in Bhutan is on a divergence trajectory with welfare increasing in proportion to the growing GDP. Additionally, there are strong governmental efforts to prioritise a comprehensive national housing policy that is holistic and in line with its development philosophy of Gross National Happiness. However, Bhutan has been experiencing a growing housing affordability crisis for over two decades. This contradicts housing literature that illustrates the global trend of neoliberalisation of housing policies and the dwindling of welfare states as the cause for housing affordability crisis. Drawing on a qualitative, longitudinal, and historical analysis from 1950 to current the year, 2020, this research investigates the Bhutanese welfare regime “*kidu*” and the housing system as it relates to the growing housing affordability crisis in Bhutan. This research demonstrates the centrality of land in the housing system and subsequently contributes a novel methodological framework for future housing research. It also highlights the importance of understanding the socio-cultural context and the complexities of informal practices such as clientelism that poses a challenge to the implementation of policies. A key finding of this research asserts that without addressing the issue of land and the normative variables that shape it, the housing affordability crisis in Bhutan will continue to recur. The research concludes by presenting opportunities to move forward based on findings from interviews and discussions with key informants coupled with academic literature and national policy documents.

*Key Words:* welfare regime, housing system, housing affordability.



## CHAPTER 1: INTRODUCTION

### 1.1 Context

A plethora of studies expound that the root of the housing affordability crisis around the world is largely due to the neoliberalisation of housing policies, the shrinkage of welfare state, credit systems, liberalisation of rental markets, foreign investment, and the lack of housing supply (Chung and Ngai, 2007; Crouch, 2009; Hedin *et al.*, 2012; Kim and Renaud, 2009; Lee and Zhu, 2006, Pawson, 2006; Ura, 2005). The concurrent process of the abolition of rent control, urban renewal, and privatisation of social rental stock led to the recommodification and shrinking of social rental sector (Arbaci, 2009). While literature shows variance in these trends when delving deeper into the local context, the global narrative follows a similar trajectory wherein the private sector assumes the primary role of housing provision and housing becomes increasingly less affordable (see Figure 1).

Bhutan diverges from this theory and follows a trajectory in which the welfare regime is expanding in relation to its increasing GDP (Shaw, 2015; World Bank, 2020). Data from the World Bank (2020) shows that the Bhutanese economy grew 7.6% on average in the last decade, and the poverty rate has decreased from 23.2% in 2007 to 8.2% in 2017. The diverging trajectory from neoliberal hegemony is an anomaly not just in comparison to countries in the global north but also in comparison to countries in the global south including neighboring countries in Asia (see Figure 1).

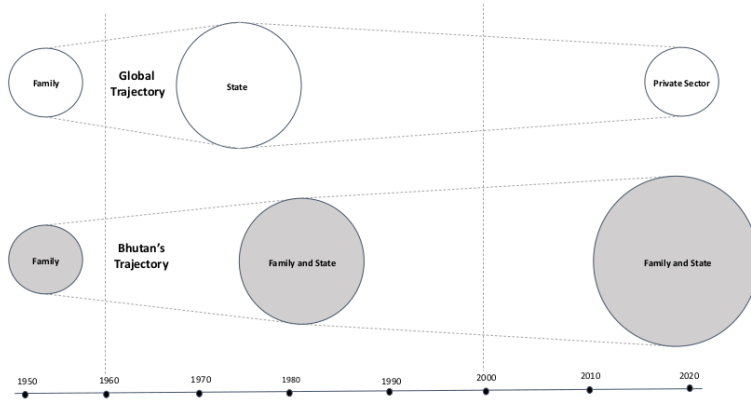


Figure 1: Global trajectory based on neoliberalisation theory versus Bhutan  
(Source: Author)

Bhutan presents a unique case study in the context of the global south since the country possesses rich natural biodiversity and resources that enable hydropower to act as one of the main sources of revenue. This fact combined with a confluence of factors including good governance has enabled Bhutan to rapidly transform in less than a century (Ura, 2005). Despite prioritising the wellbeing of its citizens and advocating housing affordability, Bhutan has unsuccessfully been tackling the growing housing affordability crisis for the past 20 years (Penjore, 2020). So why is it that the country has been witnessing a growing housing affordability crisis? A more holistic interpretative lens is needed to answer this question.

In the past two decades literature based on frameworks and analysis of housing systems in relation to welfare regimes have been growing (Allen, 2004; Arbacı, 2019; Epsing-Andersen, 2019; Lee and Ku, 2017; Matznetter, 2012). Within this discourse key literature exhibits that the role of patrimony and provision of housing by the family emerges in the “deficit of stateness” (Allen, 2004). In the case of Bhutan, the state actively leads welfare efforts for the wellbeing of its citizens and the adoption of a National Housing Policy has now become a priority (RGoB, 2020). Moreover, the welfare regime “*kidu*” has come to underpin Bhutan’s march to modernity wherein the economic growth of the country is balanced with the wellbeing of its citizens (Shaw, 2015).

There is an increasing importance placed on asset-based welfare in the form of land and housing, as it not only provides shelter but serves as the foundation to access other needs in the different life cycles (Groves *et al.*, 2007).

Literature exhibits that planning policies and practices often fail as a result of transplanting success models without regard for the local context (Healey, 2012). A study by Bajaj (2014) argues that in the case of Bhutan the planning designs are not a misfit of the local context. The Plan is well aligned with Gross National Happiness, Bhutan's guiding philosophy of governance. Bajaj goes on to state that the misfit lies in the legal codes and social norms. This builds a case that though a detailed analysis of housing policies is crucial, it cannot be examined in isolation of the complex social systems that it operates within.

Moreover, Hulchanski (1995) urges the need to be more critical in analysing how the international standards to determine housing affordability is being used and what it is supposed to be measuring. In order to understand the growing housing affordability crisis, it is essential to understand the social ideologies and underpinnings that feed into Bhutan's welfare regime "*kidu*". Moreover, the nexus between housing system and *kidu* helps contextualise and dive deeper into understanding the root problems of the growing housing affordability crisis.

## 1.2 Research Aim and Objectives

This is the first research that examines housing affordability and welfare regimes in Bhutan. It sets out to answer the key research question:

***What role does the changing welfare regime play in the housing affordability crisis in Bhutan?***

In answering the question, the following research objectives are addressed in this research

1. Assess the changing welfare system in Bhutan.
  - o What role has the welfare regime played in the housing system?
  - o What is the trajectory of the welfare regime over time?
2. Analyse the housing system as it relates to land, tenure and provision in Bhutan.

- What are the historical patterns of housing tenure and provision in Bhutan?
  - What recent trends have emerged in housing tenure and provision?
  - Who has access to land and housing?
  - What are the other variables that impact housing affordability in Bhutan.
3. Identify challenges and opportunities of the welfare regime's role in housing system.

### 1.3 Structure of Dissertation

Chapter 2 of the dissertation examines key literature on housing affordability and the global discourse on welfare regimes as it relates to housing systems. It briefly touches on the broader context of land, non-compliance of policies and the role of informality in the housing system. Chapter 3 presents a novel framework and methodology for the empirical research. The framework examines the intersection of land, housing system, and welfare regime contributing a new methodological framework to housing discourse. The analysis is historical, and systemic differentiating it from any housing affordability research to date. Chapter 4 reveals the analysis and discusses the findings of the research and concludes that land *kidu* and social context are central to understanding of the growing housing affordability crisis in Bhutan. Finally, Chapter 5 concludes the dissertation by presenting a summary of key findings, reflection, and limitations of the research.

## CHAPTER 2: LITERATURE REVIEW

This chapter offers a critical overview of key authors and literature that frame the theoretical background of this dissertation. The literature brings to light the global discourse on housing affordability, and welfare regimes, and how it has evolved overtime. The purpose is not to conclude convergence or divergence of models, rather to understand key concepts, variables, and identify gaps in the academic discourse. To understand the nuanced relation of welfare states and housing affordability, the latter part of this chapter brings to light broader socio-economic and political dimensions that exist within the housing system including the role of land, policy non-compliance, and informal practices.

### 2.1. Housing Affordability

Housing is said to be affordable when the cost to rent or buy are reasonable in relation to household earnings (Hulchanski, 1995). A considerable amount of literature has been written on housing affordability, and a number of them starting in the 1990's find the term problematic (Bramley, 1994; Hancock, 1993; Stone,1990). The rule of thumb ratio is too simple, and often times not useful as it is based on income and not wealth. Hulchanski (1995) urges the need to be more critical in analysing how this is being used and what it is supposed to be measuring. His work offers a compelling argument that housing expenditure should not be confused with housing need because of the complexity of consumption patterns, and the ways in which they are met (Hulchanski and Michalski, 1994). The one criticism of Hulchanski's research (1995) is his statement that housing researchers need to avoid the term housing affordability as it does not help structure our observations. Rather than avoiding the term, a more nuanced research framework that honours the holistic local context will help shift the narrative forward.

Much of the global debate about housing affordability crisis is linked to neoliberalisation from England to Sweden to China (Chung and Ngai, 2007; Crouch, 2009; Hedin et al, 2012; Lee and Zhu, 2006, Pawson, 2006). With the recommodification of housing, universal housing and subsidies were no longer considered necessary (Arbaci, 2009). Arbaci (2009) adds that the dismantling of this perspective on housing occurred due to the neoliberalisation narrative across Europe (Hedin et al, 2012; Pawson, 2006; Harvey, 2005). Additionally, the global house price boom in the industrialised world from 1997 to 2006 that has been closely tied to the credit expansion, continues to impact affordability and the provision housing credit (Kim and Renaud,

2009). Moreover, the global discourse on housing affordability is centered on policy (Huchzermeyer, 2001; Hulchanski, 1998; Priemus and Dieleman, 2002). While the broader literature concludes that the neoliberalisation of housing systems and the shrinkage of welfare state has led to the housing affordability crisis, Bhutan does not follow the neoliberalisation trajectory and yet the prices of affordable housing has climbed to record levels in both Thimphu and Phentsholing (The Bhutanese, 2018). A more critical analysis of identifying the various lens that is systemic and historical to understand and solve the issue of housing affordability is crucial.

A core argument in housing research is that commodification of housing as well as withdrawal of national housing policies contribute to significant variations of housing prices on a regional scale (Matznetter and Mundt, 2012). Housing crises are a recurring feature of late-industrial economies (Edwards, 2002), and result due to the shift of viewing a house as a home to a financial investment (Aalbers, 2016; Edwards, 2002). Gallent (2019) supports this by stating that the root of the housing crisis is the emphasis of housing's economic function as an asset as opposed to its social purpose as a home. Further, he does not implore a sudden revolution of redistribution or the removal of foreign investments in the context of the UK because he argues that the housing crisis has been created and nurtured internally. In doing so, he challenges mainstream neoclassical interpretations and reveals deeper economic challenges for varying social groups.

Another recurring theme when examining literature on affordable housing is the limitations of planning to increase the provision of affordable housing (Paris, 2005). In the case of Hong Kong, the land and development right ownerships enabled the Government to provide large scale public housing programs without having to resort to planning tools such as regulation of housing prices (Chiu, 2007). While the provision of affordable housing is a fundamental part of the solution, the housing crisis is not due to a shortage in supply alone. Rather there is not enough social rented and affordable housing being built in the right areas (Bowie, 2017; Gallent *et al.*, 2017). In the context of the UK, Bowie (2017) spells out that the country is facing "*a crisis of undersupply, inappropriate supply, unaffordability, and ineffective use of the existing housing stock*" spelling out distinct problems of not only quantity but of quality and access as well. While these authors present critical insight, the intersection of land costs and housing affordability remains under researched. Thus they fail to discern what is a crisis versus what is inherently wrong with the system that is causing an unaffordability crisis. Without addressing the system, cities cannot solve the root problems of the crisis.

## 2.2. Welfare and Housing

This section examines the global welfare clusters and its relation to the formation of varied housing systems. Esping-Anderson (1990) introduced the term welfare-state regimes to classify multiple arrangements between the state, the market and family. This seminal body of work shifted the focus of comparative public policy work and provided three (liberal, conservative, and social democratic), and later four (familistic cluster) multi-dimensional welfare types. Esping-Anderson later distinguished welfare regime from welfare system, the former is an independent variable as opposed to a system that is a dependent variable (Kemeny, 2001). Kemeny (2001) explains that housing is associated closely to wellbeing and security, as such it is one of the four main pillars of the welfare state namely healthcare, education, and social security. Housing differs from the other three in terms of how they are funded due to being capital intensive. Torgersen (1987) coined the term *"the wobbly pillar under welfare state"* to refer to housing because it is the most vulnerable to reduction of public expenditure. During the post-war reconstruction in Europe the housing agenda was placed under welfare states, despite this housing literature largely neglects welfare regimes (Allen *et al.* 2004; Matznetter and Mundt, 2012). One of the gaps of Esping-Anderson's is that in reality the provision of welfare extends beyond state, informal groups and families assume the role of welfare provider. However, the typologies remain foundational to subsequent literature. Amidst housing policy research that centres on systematic application of Esping-Anderson's typologies, Arbaci (2007; 2019) and Barlow and Duncan (1994) offers novel discourse on welfare regimes and housing systems examining it in relation to the structure of housing provision and tenure. However, their research leaves the issue of housing affordability in relation to welfare regimes and land almost untouched.

Within the European context, extensive literature eludes to the convergence towards a liberal regime (Esping-Andersen, 2002; Kuhnle, 2000; Seeleib-Kaiser, 2008; Taylor-Goob, 2006). Schubert *et al.* (2009) refutes this through a comprehensive empirical comparison of European welfare provision, however, the factors used differs from Esping-Andersen's. It is important to note that each welfare cluster forms a distinct housing system. Allen (2004) and Arbaci (2009) elucidate that the familistic cluster in Southern Europe is dominated by owner-occupation and possesses a weak social rented sector. Allen (2006) states that the fundamental differentiator between the Southern European housing system to Northern European is that the extended family assumes the institutional role of organising access to housing for the rest of the family. What is interesting to note is Kemeny's (2005) argument that the increase in home ownership stems from

"systemic discrimination against other forms of tenure", rather than consumer preferences. In her analysis of Southern Europe, Allen (2006) supports Kemeny's (2005) argument that the prioritisation of homeownership by the state leads to a trend of privatisation of welfare services.

During the past 20 years, welfare classifications spread globally to Latin America and Asia (Matznetter and Mundt, 2012). The welfare regime in East Asia places an emphasis on the role of family and community support (Lee and Ku, 2007; Park and Jung, 2008; Walker and Wong, 2006) similar to that of the Southern European cluster (Allen, 2004). Angus, Doling, and Lee's (2002) book offers insight into eight South and East Asian countries' housing policy systems. The post-war housing construction in Japan was placed on the people, resulting in current day "housing poverty" (Angus, Doling and Lee, 2002). In contrast the Singaporean housing system is unprecedented in the Asian housing system for its implementation of large-scale housing programme that provided accommodations for 86% of its population, 81% of them owner occupied. There is a strong cultural emphasis on prioritising owner occupation in the context of Asia. Angus *et al.* (2002) makes the distinction that the with the exception of Japan, the Asian model has greater proportions of homeowners in comparison to the West. This is a flawed conclusion as the Southern European model has always had high owner-occupation as evident in Arbaci's (2019) work.

Evidence from research demonstrates the divergence of welfare regimes as opposed to convergence (Park and Jung, 2008). New welfare clusters have begun to take shape for instance Holliday (2000) proposed three welfare states based on Hong-Kong, Singapore, Korea and Taiwan. More recently, Zhou and Ronald (2017) examined the development of housing systems in China using the welfare regime framework, and their analysis puts forward the emergence of hybrid-housing systems based on the Esping-Andersen's classifications (2002). While these literature and classifications are important to note, the purpose of future research should not be to conclude convergence or divergence, rather use the welfare and housing framework to understand key variables and how they interreact to form a systemic understanding of the housing ecosystem. In the case of Korea, Taiwan, Thailand and Malaysia democratisation in the 1980's increased welfare spending, demonstrating the importance of politics in the second iteration of welfare regimes in Asia (Park and Jung, 2008). This is an intriguing pattern and it is worth exploring how the transition to democracy impacts the welfare regime in a country, and what the subsequent impacts to the housing system might be. Future research could debate how the



housing affordability crisis links to democratisation as opposed to neoliberalisation as it is a gap in the existing literature.

Institutional structures such as the capacity of civil administration, informal labour markets, and welfare regime determine the delivery of welfare and housing (Allen, 2004). Kemeny (2001) highlights the that there is a gap in literature and the need for theoretically informed welfare research showcasing the differences of how housing in specific countries are organised. Rather than analysing welfare regimes and housing in isolation, researchers need to understand the relationship of housing affordability within a complex ecosystem that encompasses the welfare regime including planning, policies, socio-cultural context and governance.

### 2.3. Housing and Broader Social Context

Literature blame planning practices for the failure of housing systems (Cheshire, 2009; Hilber, 2015). While it is important to apply a critical lens to understanding the planning practices, the provision and tenure of housing extends beyond land-use planning. Moreover, there is limited literature on the role of land planning in relation to housing since the 1980's (Ratcliffe, 1975; Rydin, 1986). This highlights a literature gap that neglects the role of land planning and land systems in housing and planning more broadly. Land is a commodified asset with fixed supply (Cheshire, 2014) and needs to be assessed as a key variable in understanding provision and tenure within the housing system. Land is largely missing in the global discourse in relation to housing systems and welfare regime, especially as it relates to housing affordability.

The case for intensification is credited to the bourgeoning of housing as an attractive asset (Cheshire, 2014). Southern European and Asian welfare regimes foster owner-occupation as a key instrument to enable economic growth, political stability, and wellbeing (Allen, 2004; Arbaci, 2019; Lee and Ku, 2007; Park and Jung, 2008; Walker and Wong, 2006). While Federal Governments fund and promote policies to increase homeownership, little financial support is committed at the local level (Basolo, 2007). The literature illuminates a disconnect in housing policies and how it materialises on the ground. Kemeny (2005) argues that large scale private ownership of housing stems from a systemic discrimination against other forms of tenure. Housing then acts as a commodity rather than fulfilling its social function of providing shelter. Therefore, in understanding the structure of housing systems assessing the societal ideologies that forms a tenure bias should also be distinct variable as it impacts supply.

Societal ideologies are key to forming the welfare clusters as highlighted earlier. The familistic welfare cluster in Southern Europe relies on families to be the welfare provider and as a result there is a high volume of owner-occupied housing (Arbaci, 2009). Allen (2004) and Arbaci (2009)'s work moves beyond the welfare typologies that examines a binary idea that welfare and housing is either provided by state or market institutions. The familistic welfare cluster and practices of clientelism are connected (Allen, 2004). While clientelism may be conducive for social mobility for finding job opportunities, it is critical to access how it operates with the broader housing system. Bajaj (2014) wrote about why housing stakeholders do not comply with planning codes in Bhutan, and highlights clientelism as the primary reason for deviation. It is important to note that clientelism and informal practices are evident in both the global south as well as the global north. Roy (2005) exemplifies how it embodies legitimacy in both contexts. This is pertinent to understanding the system and how it operates as a whole in reality.

Rather than having a narrow focus on housing policies to understand the growing housing affordability, a more systemic and historical lens that embodies the societal ideologies and practice is required. No author has analysed land issues in relation to housing affordability and welfare regime to this date. This research aims to fill that gap by examining how the housing system relates to land and welfare more broadly and impact the growing housing affordability crisis.

## CHAPTER 3: RESEARCH METHODOLOGY

### 3.1. Case Study

The *kidu* system in Bhutan is more broadly understood as the welfare system and includes the land system and right to citizenship. It emerged as early as the late 1600's in the form of redistribution of taxes collected from citizens who had political, economic, or religious power (Shaw, 2015; Ura, 2012). It evolved two centuries later to encapsulate the land system with the premise that the distribution of land to the landless would provide material security. As such the *kidu* system as it pertains to land is crucial in researching this case study.

In terms of the geographical boundaries, although the research will examine the historical and systemic trends and trajectories from a national perspective, particular focus will be paid to the capital, Thimphu and Phuentsholing (see Figure 2). This is because Bhutan's growing housing affordability crisis is occurring in the urban centres namely Thimphu, Phuentsholing, Gelephu and Samdrup Jongkhar (CBRED, 2020), with Thimphu and Phuentsholing experiencing record levels of rent (The Bhutanese, 2019).

Figure 2: Map of Bhutan showing 20 districts

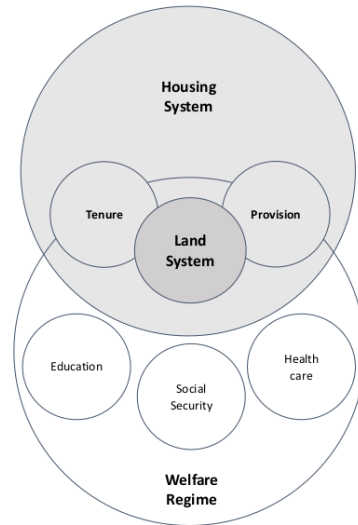


(Source: National Statistics Bureau, 2020)

The key agencies that play a role in the housing system as outlined by the National Housing Policy (2020) include The Ministry of Works and Human Settlement (MoWHS), local governments including the Thimphu Thromde, National Land Commission, Ministry of Finance, Royal Monetary Authority, and the National Housing Development Corporation Limited. Additional stakeholders include the private sector, global infrastructure investors such as the World Bank and Asian Development Bank (Bajaj, 2014), and lastly citizens. Landowners in urban settings in particular play a key role in the housing system in Bhutan. Phuentsoling and Thimphu have some of the lowest percentage of land ownership at 30.5% and 39.9% respectively compared to the highest in the district of Tsirang at 78.9% (National Statistics Bureau of Bhutan, 2018).

Lastly, the timeline explored in this dissertation starts from 1950's to the present year, 2020. The rationale for the timeline is due to critical political and planning conjunctures that occurred in the history of Bhutan that impact the welfare regime and housing system as it relates to the growing housing affordability crisis. The historical timeline will be further expanded in the analysis section of this dissertation and presented in Figure 4.

### 3.2. Research Design and Framework



*Figure 3: Methodology connecting land, housing system and welfare regime in Bhutan  
(Source: Author)*

In order to understand the growing housing affordability crisis in Bhutan, and answer the research question, this research employs a systemic perspective specifically examining the welfare trajectory of Bhutan, and its impact on housing affordability. As already discussed in the literature review housing research narrows the focus on housing policy, and only few scholars look at how housing as a system is organised (Huchzermeyer, 2001; Hulchanski, 1998; Priemus and Dieleman, 2002). Thus, the framework examining the intersection of how land is central, and the intersection of land in the housing system combined with tenure, and supply differentiates this research from any other housing policy research.

This dissertation employs a range of qualitative methods in the form of both primary and secondary data collection. Primary data was collected through hour long qualitative semi-structured interviews with stakeholders. The semi-structured format of the interview allowed for new points of inquiry and information. Secondary data was collected in the form of desk-based data collection through academic literature, reports, policy documents, and newspapers.

The sequencing of the methodology includes gathering secondary data and facts to determine the variables, and finetuning the topic before conducting interviews. Sub-themes were determined as they emerged organically through data analysis and qualitative interviews.

### 3.2.1 Semi-Structured Interviews and Secondary Data

Five hour-long semi-structured interviews were conducted in English and Dzongkha over videoconference. The interviewees consisted of multi-sectoral housing stakeholders including staff from:

Organization	Sector	Interview Code
Ministry of Works and Human Settlement	Federal State	SF1
Thimphu Thromde	Municipal State	SM2
National Housing Development Corporation Limited	Corporation	MC3
Housing Bt	Private Sector	MP4
National Newspaper - Kuensel	National Newspaper	NN5

*Table 1: Information of multi-sectoral stakeholders interviewed (Source: Author)*

In addition to interviews five key informants via e-mail and informal video calls provided additional context and information. Finally, the additional documents used to collect data include policy documents, governmental reports, consultant reports, newspapers, and the census.

### 3.2.2 Method of Analysis

In order to achieve the objectives of this research, the research method employed was qualitative, but the analysis and perspective are longitudinal, historical, and systemic distinguishing it from any other housing policy research to date. The method of analysis was divided into three stages:

- The first stage includes historical and current document analysis to understand the Bhutanese housing system and welfare regime. Open coding analysis was employed to develop themes. The literature also acted as a point of triangulation, and verification for the qualitative interviews.
- The second stage includes axial and selective coding of data gathered from qualitative interviews.
- The final stage includes informal interviews, and e-mail correspondence to verify, and ask feedback on data from interviewees as well as key informers.

### 3.3. Limitations

In the absence of a large R&D sector and large-scale developers in Bhutan, accounts of informality were difficult to document as most of the interviewees comprise of staff from government sector. Independent housing contractors and journalists were contacted to be interviewed to attenuate the limitations. Journalists in Bhutan have a strong presence and historically filled the gap for academics in providing factual information.

### 3.4. Ethics and Assessment

The dissertation possesses low ethical risks as the methodology comprised of desk-based research and semi-formal qualitative interviews. The following strategies were put in place to mitigate any unforeseen risks with the interviewees:

- Data was collected, stored and processed in compliance with General Data Protection Regulation (GDPR 2018).
- Informed consent was obtained from participants who were interviewed, and personal information is not disclosed in the dissertation unless necessary and with consent.

## CHAPTER 4: ANALYSIS

This chapter reports on the findings of the case study. Empirical findings from documents and interviewee responses were analysed and synthesised to answer the research question “what role does the changing welfare regime play in the housing affordability crisis in Bhutan?”. In answering this question, the findings (1) assesses the changing welfare regime in Bhutan, (2) analyses the current state of the housing system, (3) formulates key variables that impact housing affordability and (4) identifies opportunities and recommendations moving forward.

Further the findings challenge existing global literature written on welfare regimes and the provision of affordable housing.

### 4.1. Setting the context: Trajectory of Housing System and Welfare in Bhutan

#### 4.1.1. The distribution of land as a form of welfare

*“When we talk about housing in Bhutan, we are talking about land ownership. Since the 1960’s the government has taken this perspective.”- [NN5]*

*“In His Majesty’s grander vision of looking after the well-being of every citizen, a roof over our head is the basic foundation. That is why under His Majesty’s benevolent kidu program, we see a lot of citizens receiving land not only in the rural areas, but also in the urban areas.” – [SF1]*

The above quotes indicate the importance placed on land ownership, and the centrality of it in the housing system and welfare regime in Bhutan. The Third King of Bhutan abolished the Feudal system in 1958 (Shaw, 2015) and took direct responsibility to distribute land to the landless in the form of land *kidu* under the premise that it would provide citizens material security, self-sufficiency and upward mobility in society. As a result, landlessness is intrinsically bound to the concept of homelessness in Bhutan.

Historically citizens would travel to the capital, Thimphu, to receive land *kidu* from the King. One interviewee noted an expansion of the welfare system as the King of Bhutan has established a *kidu* office in every major district in Bhutan in the last decade. The King continues to champion



the wellbeing of its citizens and in doing so has reframed affordable housing as a national priority by enabling a system that improves opportunities while maintaining Bhutanese cultural and environmental values.

While the welfare regime in Bhutan encapsulates large investments and policies in the provision of free health care and education, this dissertation focuses on aspects of the welfare regime as it pertains to the land and housing system.

#### 4.1.2. Social constructs within housing provision and tenure

The findings show that the housing system in Bhutan comprises of a supply and tenure system, which are bound together by the land system. Interviewees concurred that historically affordable housing was not an issue partially due the *kidu* system, but mainly due to the role of family in providing housing in Bhutan.

The interviewees additionally noted the lack of slums and homelessness in Bhutan as evident in the quote below:

*"Thimphu is the most populated district yet there are no slums, while there may be some forms of housing that is not to the standard. I attribute this largely to our tradition of extended family. Supposing I am a graduate who has migrated to Thimphu for work, until I find a house for myself, I can always live with my relatives. It is the responsibility of each Bhutanese and their family to provide for his family members." – [SF1]*

This exhibits three points, Bhutan mirrors patterns of a familistic welfare regime as it relates to housing provision. While there is no "deficit of stateness" (Allen,2004) in the Bhutanese welfare system, the provision of housing largely remains the responsibility of the extended family. The findings revealed that as high as 90% of housing in Thimphu is provided by private households. Secondly, the findings highlight a discrepancy between rent and salary in Bhutan. Interviewees noted that the entry level salary has remained the same, but rent has been steadily increasing adding to the housing affordability crisis in Bhutan. More specifically data shows that the average income increases by 12% every five years, while inflation occurs by 3% a year, and rent increases by 10% every two years (Rose and Barker, 2019). Finally, a majority of Bhutanese depend on

rental housing in urban areas. 19% of urban households' own homes in contrast to 43% of home ownership in rural areas (MOWHS, 2020). While there may be no slums in Bhutan, there are temporary poor-quality housing that construction workers live in (Bajaj, 2014). The quality and design of housing is an important point of inquiry for future research.

Kemeny (2005) posits that the increase in home ownership stems from systemic discrimination against certain forms of tenure, rather than consumer preferences. The government of Bhutan through the land *kidu* and its objective to promote home ownership under the National Housing Policy (2012) perpetuates a tenure bias towards ownership.

*"Homeownership is prioritised by the government because it provides a sense of security and belonging to the welfare of the people." – [MC3]*

While the above quote demonstrates a holistic lens, it is imperative to maintain a critical lens and assess if the impacts materialise as intended. Matznetter and Mundt (2012) highlights a conundrum based on empirical research that shows while homeowners have higher satisfaction compared to renters (Elsinga and Hoekstra, 2005), countries possessing high rate of homeownership display lower level of housing satisfaction against countries with large rental sector (Czany *et al.*, 2008). He concludes that though the subjective perception of housing explains the difference, the type of tenure also adds to this. Future researchers could explore the level of satisfaction in the context of Bhutan.

#### 4.1.3. Housing tenure and supply on the ground

The Royal Government of Bhutan and state-owned enterprises such as NPPF, NHDCL and Bhutan Power Cooperation have been providing affordable and socially rented housing for civil servants starting from 1960's. A considerable share of the affordable houses are provided to teachers, health care workers, and low-income civil servants. A small portion of housing is reserved for higher-ranking civil servants, but interviewees stated that no major initiative has been undertaken to provide housing for civil servants that fall in the middle-income category, as well as citizens working in the private sector.

An interviewee noted that housing provided by the state has always been heavily subsidised to make it socially rented housing. Civil servants are eligible to different tenures based on their

grade. While this is true, there are loopholes in the application process particularly the process that requires civil servants to apply with one income. It has been noted in a recent report (Rose and Barker, 2020) that two-income households use the lower income to access socially rented housing thereby taking away housing stock that was designed to build equity for low income households. The report also noted that in some cases the rent of socially rented housing increases in direct proportion to rise in income. Moreover, reassessing the target demographic and amending the application process could allow for a more equitable affordable housing system as one interviewee put forward that

*"Though public housing is provided to lower income civil servants, if it is extended to a bigger segment of the population, citizens will largely benefit." - [MC3].*

When asked if social amenities were included in the housing complex. Interviewees noted that the affordable housing built provided social amenities such as recreational space, but the responses on whether the amenities were used and cared for differed with one interviewee noting that it is well utilised, and another stating that the public spaces were bleak and not cared for by households.

## 4.2. The Current State of the Housing System in Bhutan

### 4.2.1. Emerging trends

There has been a significant decrease in owner occupation in the past 20 years and housing affordability in the rental sector has now become beyond reach for many middle and low-income residents. Despite this:

*"Most graduates come to Thimphu looking for jobs because all the government offices, corporations, and the infrastructure such as the national hospital are here."*  
– [SM2]

The ongoing importance placed on ownership and the high price of land has given rise to a new trend of selling apartments in Thimphu. However, the economies of scale, which will be explored in greater detail further into the analysis, does not add up for private developers to produce apartments at an affordable rate. As such, there are clusters of apartments that have been built

by private developers outside of the downtown core, and in highly desirable neighbourhoods such as Motithang that remain unoccupied. This illuminates that the housing crisis does not solely concern undersupply and unaffordability but what Bowie (2017) calls inappropriate supply and “ineffective use of the existing housing stock”.

*“While a significant number of people are living in urban areas with close to 70% of them living in rented accommodation, records show that there were 4800 Gungtongs in 2017.” – [SF1]*

Concurrent to the mismatch of supply and demand of housing provision, unoccupied housing and fallow lands in rural areas “*gungtongs*” are exponentially increasing. The need for a balanced national development plan that will create economic opportunities in the rural areas and decongest the rural-urban migration into Thimphu and Phuentsoling was expressed by three of the interviewees.

Several national newspapers, and two interviewees highlighted another trend where residents living in Phuentsoling are opting to live across the border in India. As of 2018, 3,955 citizens comprising of 1,228 families were living across the Southern border in Jaigaon, India (Kuensel, 2019). In an effort to address this, 506 units of housing were built by the government. As of 2019 hundreds of families still lived in Jaigaon. One interviewee stated that in the wake of COVID-19, the government is implementing projects to provide temporary housing for the families.

#### 4.2.2. Expansion of welfare regime and prioritising housing

*“Housing was not pursued seriously for a long time, so the housing mandate had weakened. The adoption of National Housing Policy has now become a priority for the state” – [SF1]*

As noted earlier in the historical trajectory in the analysis, one interviewee noted the establishment of *kidu* offices in every major district in Bhutan. This coincides with the democratisation of Bhutan in 2008. It is crucial to note that Bhutan’s transition to democracy did not arise from the organic movement of its citizens, rather it was the Fourth King that transitioned the political governance structure while actively educating its citizens on the process of democracy (Tushnet, 2010).

At the same timeframe, urban planning increasingly became a priority resulting in structural changes to governmental administration and key policy and action plans related to the housing system were either amended or created. This includes the 2002-27 Thimphu Structure Plan, 2012 amended Land Act, and the revised 2020 National Housing Policy (see Figure 4 to view list). The first objective of the National Housing Policy (2019) is *“to provide safe, affordable and adequate rental housing for all”*. Concurrently the Ministry of Works and Human Settlement (MoWHS) was established in 2003, and in 2012 departments were bifurcated within the Ministry to prioritise urban planning.

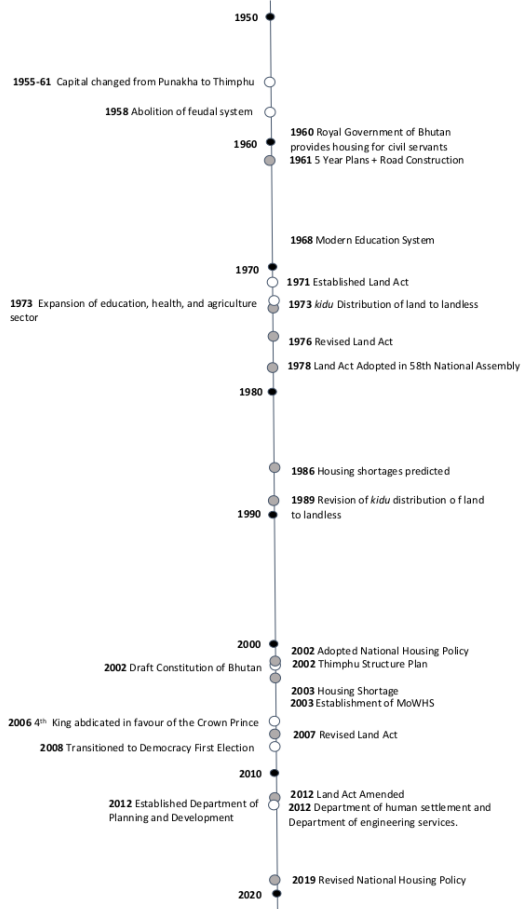


Figure 4: Timeline of critical political and planning history that impact the welfare regime and housing system

(Source: Author)

The Ministry of Works and Human Settlement, and the Thimphu Thromde have made extensive efforts to create new administrative functions and tools to regulate land use and building designs. The interviewees who worked in government explained that rent control policy and land pooling have also been implemented to address the growing housing unaffordability crisis.

*“The Thimphu Thromde pools the land and service it, providing access to road, sewage, water, and drainage, and give back to private owners increasing the land value. We nudge landowners to develop their land by imposing taxes for underdevelopment.” – [SM2]*

This alludes to a multi-dimensional strategy to add density and increase housing stock in the capital city of Thimphu. There was consensus among the interviewees that increasing the housing supply alone would not address the growing housing affordability crisis, and that a more systemic plan needs to be implemented. On a national level, there is a strategy in place to decongest cities by developing rural areas.

*“In the 11<sup>th</sup> Development Plan, The Royal Government of Bhutan has identified a number of growth poles called the original hubs in the Eastern and Central- Eastern region because the maximum outmigration occurs from here.” – [SF1]*

A holistic approach with high level policy frameworks coupled with administrative functions and tools exist in Bhutan exemplifying the growing welfare regime as it relates to land and housing. Furthermore, private developers do not saturate the rental market unlike global counterparts that have neoliberal markets that disrupt housing systems as highlighted in the literature review (Aalbers, 2016; Edwards, 2002). The next sections of the analysis examine why Bhutan continues to have a growing housing affordability crisis despite the expansion of the welfare regime.

### 4.3. So Why Is It Not Working?

#### 4.3.1. Known Causes of Unaffordable Housing in Bhutan

Bajaj (2014) noted that the development plans implemented by the federal government of Bhutan recognised housing shortages and chaotic building patterns as early as 2003. The findings of this dissertation reveal that all interviewees from across the different sectors are aware of the three main issues that is causing unaffordable housing in Bhutan, they include (i) scarcity of land (ii) access to capital, and (iii) the cost of construction and labour.

##### i) Scarcity of Land

*“Housing stock and housing supply could not keep pace with the people moving from rural to urban centers and that is where the housing shortage started. Land in Bhutan is very scarce, 8% of the entire land is arable and out of the 8% less than 1% is used for human settlement.” – [SF1]*

Urbanisation is one of the causes cited for housing affordability crisis in the existing literature. Bhutan does not follow the generalised western trajectory of rural-urban migration that Allen (2004) highlights wherein the economic structure transformed from agriculture sector to industry. She notes that the southern European countries are the exception and have shifted from agriculture to service-based economy. This shift in economic structure matters in understanding the urbanisation process and the formation of housing system (Allen, 2004). In the case of Bhutan, interviewees pointed out that the majority of employment opportunities in both the government and private sectors remain in the cities of Thimphu and Phuentsholing. Additionally, two interviewees quoted that tourism is a growing industry that is increasingly employing more youth drawing them to the urban areas. The citizens immigrate to already dense urban centres and live with extended families.

As the quote elucidates scarcity of land is not only a result of urbanisation, other competing priorities of land exist. A core development principle of Bhutan mandates the preservation of the environment alongside economic growth (Ura, 2005). As per the constitution of Bhutan (2008), a minimum of sixty percent of the land in Bhutan should be maintained under forest cover at all times to ensure the preservation of the natural ecosystem. Bhutan’s “middle way” (Walcott, 2009)



development model aims to put forward a model that helps navigate the consequences of rapid economic development not by halting development altogether but rather formulating development plans and principles that equally prioritise culture and environmental preservation.

In addition to the scarcity of land, the interviewee [SF1] stated that there is no regulated framework and mechanism in place for the release of land and to control speculation on land. Two interviewees noted that a square foot of land in Thimphu is comparable to the price of land in metropolises in the global north, indicating an inflated value in land that the government was unable to control in time.

#### ii) Access to Capital

Access to capital is one of the major constraints for housing provision. An interviewee noted that private developers in Bhutan do not have equity or capital to build houses on their own. The business model in Bhutan is structured in a way that economies of scale does not add up. The interest rate is as high as 13%. One of the interviewees explained that while plans to develop large scale affordable rental housing exists, there is no budget to allow them to come to fruition. Furthermore, an interviewee who works in government stated that the government is not in the position to bring in any fiscal measures to bring down the interest rate on housing loans.

Findings reveal that private developers operate knowing that citizens in Bhutan preferred to purchase land and build their own homes rather than buying apartments. In an effort to mitigate risks, private developers in Bhutan do not initiate the construction of affordable housing. Housing affordability is not only an issue for low-income groups in Bhutan, in some instances the landlords who construct apartment buildings by loaning money from the bank are unable to pay back their loans due to the high interest rate, and cost of living (Dema, 2013).

#### iii) Cost of Construction and Labour

*"The price of construction determines rent." – [MC3]*

Acquiring locally sourced and produced materials for construction is limited in Bhutan, and the majority of it is imported from India, Thailand, and other countries. Due to COVID-19 the import of construction material came to a stop and one interviewee viewed this as an opportunity to build

an industry to produce materials for construction. Contrarily, other interviewees reasoned that Bhutan does not have the mass in terms of materials, labour and demand to become self-sufficient in this regard, therefore it would take a significant amount of time and financial investment to pursue the aforementioned opportunity.

*"Finally, at any given point in time before COVID-19 we would have around 50,000 foreign national recruited in the construction sector." – [SF1]*

The quote reveals that the construction sector in Bhutan is fully reliant on foreign workers. The newspaper *The Bhutanese* reported that in 2020 Bhutan is short of 20,000 construction labourers, with another 28,000 labours set to go back to India once the COVID-19 government lockdown is lifted (Lamsang, 2020). In the wake of this, the government of Bhutan has launched the initiative *Build Bhutan* to address the shortage of labour. The Prime Minister noted that a large portion of government spending was allocated to the construction sector. This spending could now be redirected to the program to upskill citizens who are unemployed or were formally employed by the tourism and entertainment sector prior to COVID-19. While the majority of interviewees were apprehensive about the difficulties in setting up an industry to make Bhutan self-sufficient in terms of producing construction materials, they cited the *Build Bhutan* initiative as an opportunity to restructure the labour market. Moreover, one interviewee noted that the framing of the initiative as "an opportunity for nation building" is critical for changing the mindset of citizens who currently do not view the construction industry as a desirable employment sector.

#### 4.3.2. Other challenges and limitations

Beyond the three causes of the growing housing affordability crisis in Bhutan, the analysis reveals a number of other challenges that were identified as barriers for addressing the growing housing affordability crisis. They include (i) lack of data, (ii) limitations of tools (iii) non-compliance and (iv) governance.

##### (i) Lack of data

A recent report commissioned by the Ministry of Works and Human Settlement "*Housing Market Assessment for Four Thromde*" (CBRED, 2020) was prepared to facilitate housing stakeholders in making informed decisions towards creating affordable and accessible housing across four

thromdes in Bhutan. The document filled various gaps but also highlighted the limitations of the research due to inadequate data on housing units. It made several recommendations including the need for more accurate collection and access to data. Interviewees from across sectors acknowledged the lack of data. One interviewee noted that the data should be publicly accessible in order to create awareness and enable solutions from the ground up. This aligns with Bowie's (2017) view that housing data should be more publicly accessible in order to come up with radical solutions.

A couple of the interviewees mentioned that the collection of data as it relates to ownership and household income in Bhutan is a sensitive issue. The latter was confirmed by a report Rose and Barker (2019) produced for the MoWHS. The report went on to suggest that household income, size, primary occupation, amongst other data should be included. While this is good practice, the disclosure of income does not take into account wealth and assets of citizens. Arbaci (2009), states that patrimony in the form of inherited wealth becomes more important than wages so how a society is organised in terms of welfare structure is critical in understanding housing and land. Therefore, income data should not be the only basis of qualifying access to affordable or socially rented housing.

Lastly, interviewees noted that while GIS and technical data have exponentially grown due to the efforts of the federal government and the National Land Commission, there have been limited investments in the R&D sector. One interviewee noted that the investments in housing research would create a better understanding of the growing crisis and enable a more informed decision-making process.

(ii) Limitations of tools

While rent control policies exist in Bhutan, findings revealed that private homeowners do not comply to them. Additionally, affordable housing provided by the government is set in direct proportion to the income disclosed by one member of the household therefore the rent for government provided housing also fluctuates. The exception are housing cooperations such as NHDL that have fixed rent. An interviewee stated that the housing cooperation adheres to the National Housing Policy where in the rent can be increased by a maximum of 10% every two years.

Secondly, the implementation of land pooling in theory is an excellent tool for creating balance neighbourhoods. However, in line with the *“Towards A Well Tempered Thimphu: Housing Affordability Recommendations”* report (Rose and Barker, 2020) one interviewee noted that the land that has been pooled and serviced are often in dispute and largely remains underdeveloped. Additionally, the report revealed that property taxes in Thimphu were standardised and not based on use or value. This was seen as an area for improvement and as a potential revenue-generating tool that could be redirected towards providing affordable housing in Bhutan.

(iii) Non-compliance

Bajaj (2014) wrote extensively about how and why actors do not comply with planning codes in Bhutan. He challenged the perception that Thimphu could do with better planning system and noted that in the case of Bhutan it was not corruption nor discretionary planning rules that led to non-compliance. Rather the dynamic of the various stakeholders and loopholes in policy design and the enforcement of it were the root causes. Elements of clientelism amongst citizens and housing officials were evident in his research. Literature reveals that familistic welfare clusters exist alongside with clientelism (Arbaci, 2019; Allen, 2005). Interviewees commented on the relatively small size of the country and the strong social bonds that exist, which influence planning practices in Bhutan as indicated below:

*“The rental sector mostly operates word of mouth so it is hard to formalize and institutionalize the tenure system.” – [MP4]*

Public policies have changed over the course of two decades, however the institutions and practice on the ground have not. Findings alludes to the fact that citizens do not have adequate awareness to adapt to or to advocate for structural and policy-level changes. On the other hand, governmental staff operate within the societal context, and favour clientelism in certain cases. However, clientelism is not the only reason for non-compliance, the lack of strong monitoring of construction as it relates to zoning was also emphasized by three interviewees as exhibited in the quote below:

*“Hotels exist within 300 metres of living space in Thimphu. A reason for this is that there is no strong monitoring on how properties are being used. Initially they*

*apply and receive approval to build a residential apartment building, then change it into a hotel at a later stage of the construction.” - [MP4]*

(iv) Governance

*“We try to control the hotel conversions because it affects the housing supply for residents. A way we control this is through the occupancy certificate, which has to be renewed by each building owner every year. We try to ensure that they are complying with the rules through periodic site visits. However, we only have eight building inspectors for the whole of Thimphu, and they have to cover more than 8000 buildings in addition to carrying out their other responsibilities. So it is extremely difficult to visit every building during a certificate inspection.” – SM2.*

While clientelism plays a role in the lack of policy compliance, it is not the only factor, the interviewee's quote above highlights the challenges of ensuring policy compliance without proper staff and resources. The literature review showcased that the global discourse on housing affordability crisis primarily centers on policy (Hulchanski, 1998; Huchzemeyer, 2001; Priemus and Dieleman, 2002), while policy is critical, it does not exist in a vacuum. Understanding the local socio-economic, environmental, and political context is crucial when developing and revising policies. The findings reveal that the governance structure of the local municipalities are overcapacity and under resourced.

From a public perspective there is a lack of clarity on the governance structure. An interviewee from the private sector explained

*“We get inquiries about affordable housing, people at times mistake us for the Thromde or federal government agencies. They will call or message us through Facebook to inquire about the status of their application. Other times people get in touch to lodge a complaint because the owners of the property made a significant rent increase.” – [MP4]*

When asked why the interviewee was being contacted instead of official governing bodies, the interviewee noted that because they are a business entity, they ensure that their website is up to date and navigable, that combined with their active use of social media makes them easily

accessible to residents. While they may be able to clarify who the residents would need to get in touch with or which national policy document the resident should reference, they are unable to address other inquiries.

Additional issues in governance extracted from the recent report “Towards a Well Tempered Thimphu” (2020) is presented in below in Figure 5.



Figure 5: Issues and challenges of governance.

(Source: Towards a Well Tempered Thimphu. Dept of Human Settlement, MoWHS February 2020)

The fifth objective of the National Housing Policy prioritises the establishment of “a robust governance system and institutional framework for housing sector” (2019). In order to do this the issues and challenges of governance as it applies to planning and the housing system needs to be examined within the nuanced cultural context for it to be addressed.

## 4.4. Opportunities Moving Forward

### 4.4.1 Exploring public-private partnership

The findings in the last section is significant as it sheds light on several points. Citizens and private businesses are increasingly becoming tech savvy, while the government has not kept pace. Citizens are leading innovative initiatives that are continually adapting and harnessing the power of technology to address gaps. Two noticeable initiatives include Housing Bt. and Code For Bhutan. While the government of Bhutan should not haphazardly implement smart cities technology in an effort to compete for urban entrepreneurialism on the global stage (Batty et al., 2012). There is an opportunity to explore public-private partnerships not only with regards to companies in the tech sector, but more broadly with stakeholders in the private housing system. This would align with the third policy objective in the National Housing Policy (2019) *“to encourage partnership and cooperation among private, corporate and government entities in the provision of affordable housing”*.

There was a general consensus from the interviewees that interest rates should be lowered to make the financing of affordable housing more feasible. Rose and Barker (2020) recommend creating a separate affordable housing finance division stating that the government can explore this opportunity with international funders such as the World Bank. ). In explaining the rapid progress of development in Bhutan, Ura (2005) attributed its success to five factors, one of which was the ongoing long-term support of international donors, none of whom have quit the country. He notes that this is partially due to the transparent utilization of aid and due to the well formulated intentions of use of funding by the state. Continued careful consideration must be taken as a wide range of scholars have written about numerous complexities and unintended consequences that come with international aid (Cracknell, 2000; Homi, 2007).

More importantly, it would be remiss to discard the issue of land as it is central to the housing and welfare systems in Bhutan. Rose and Barker (2020) noted that it was difficult to develop socially rented housing based on land acquisition as the price of land is based on market rates, which has largely been left unchecked. They suggest that the government should allocate land that is owned by the state to develop affordable housing. Further, these new developments need to be in close proximity to transportation, healthcare, schools, and jobs. In pursuing public-private partnership, there is a need to challenge the conventional role of the state whereby the government “socializes risks in innovation” while “rewards are privatized” (Mazzucato, 2018). The findings have revealed

that the link to the land system is critical in addressing the growing housing affordability crisis, therefore by retaining ownership of the land, the government can play an entrepreneurial role to create long-term economic growth that enables self-sufficiency and a more equitable housing system.

#### 4.4.2 Modifying governance structure

Public-Private Partnership must not be pursued without addressing the urban governance structure. Findings revealed that unless the state authority is properly staffed and resourced, the difficulty of enforcing regulation will remain. A newspaper article attributed the mismatch between policies and practice to a lack of coordination and cooperation. It noted that the agencies operated in silos and displayed a certain level of competition (Penjor, 2020). Without a robust governance structure, the most well formulated policy lands up remaining on paper and it enables a breeding ground for clientelism and non-compliance. Further the BUDP2 Low Income Housing Analysis (2020) report stresses that while the private sector can contribute to policies and play a role in the provision of socially rented housing, the welfare of citizens and the formulation of policies must first and foremost be the priority and role of the Government.

As such, the report on the Thimphu Structure Plan (Nimmo and Rose, 2020) calls for a coherent governance strategy in which public agencies foster genuine collaboration and a shared purpose. They further posit that the lasting legacy of this new vision will be not only create a regenerative, self-sustaining economy but it will also grow the capability the state to continually adapt and evolve with its citizens. Which brings this section to its final finding that civic engagement is crucial to developing a housing system and welfare regime that works for everyone. Ura (2005) brings to light the "*unwritten and internalized rules*" that govern the rural collective life. He emphasises on cultural preservation, and states that technocratic planners have a poor grasp of the cultural settings.

One interviewee revealed that the traditional participatory methods of constructing housing as a community activity in Bhutan is still prevalent in some rural villages. In contrast, the interviewee noted that the community bond in urban areas have deteriorated. In restructuring governance, the model must include Bhutanese citizens but not just in terms of informing them and soliciting feedback. A genuine multi-layered engagement that takes into context the nuanced cultural



dynamics and recognises citizens as a key stakeholder is vital for addressing the housing affordability crisis in Bhutan and ensuring a stop to its recurrence.

#### 4.4.3 Restructuring the housing system in the wake of COVID-19

In addition to the Build Bhutan initiative that focuses on reskilling citizens to join the construction sector, other investments in the economic sector should be made as a part of the larger welfare regime that looks at the general and economic wellbeing of citizens. Although Bhutan does not have mass and volume to become self-sufficient in terms of producing construction materials at a profitable margin, an interviewee suggested that the current limitations on import of materials due to COVID-19 can provide an opportunity to rethink using traditional materials for construction including mud and wood. Entrepreneurial programmes that subsidise and provide capacity building for these industries is vital for creating a self-sufficient construction sector in the longer run. This would align with the fourth policy objective of the national housing policy *"To Preserve and Promote Tradition, Culture, Local Ecosystems and Promote Green and Energy Efficient Housing"* (2019).

Another opportunity for increasing welfare regime in relation to addressing the housing unaffordability crisis is the conversion of hotels in Bhutan. Rose and Barker (2019) noted that new sites for the provision of affordable housing is limited in the case of Thimphu. They recommend purchasing existing buildings and converting them as it would make it more financially feasible than acquiring new land. They note that in the time of recessions, the value of land is lower. Two of the interviewees stated that hotels were vacant across Bhutan during the pandemic, with some landlords struggling to pay off loans. This presents an opportunity for the state to purchase buildings to provide affordable housing in Bhutan.

## CHAPTER 5: CONCLUSION

The research aim of this dissertation was to examine why Bhutan was facing a growing housing affordability crisis despite the expansion of the welfare system. The dissertation provided a historical and systemic framework to understand the growing housing affordability as it relates to the welfare regime and land in Bhutan. In doing so it assessed the changing welfare system, analysed the historical and current trends in housing provision, and identified some of the key challenges and opportunities of the welfare regimes role in housing.

### 5.1. Summary of Key Findings

Planning is a continuum of historical processes. Given the role land plays in the welfare regime and the housing system in Bhutan, land needs to be central to the analysis in addressing the housing crisis in Bhutan. Without addressing the issue of land and the normative variables that shape it, the housing affordability crisis will continue to recur.

Secondly, while public policies related to housing are continuously evolving, institutions and citizens have not kept pace. In order to ensure policy compliance and the implementation of equitable socially rented housing projects reframing the governance structure and resourcing it properly are key to ensuring that the authorities are well equipped. More importantly, high-level policy frameworks need to take into account the societal nuances and work with them in theory and in practice.

### 5.2. Recommendations

The Government of Bhutan has an integrated approach combining social needs principles while providing housing (Royal Government of Bhutan, 2020). While the government has a forward-thinking approach adopting systemic thinking and is continually improving the planning policies and practices on the ground, unless the issue of land is not thoroughly addressed and planned in the future, housing affordability will be a long-lasting issue.

Moreover, the organisation of housing provision by the state determines to what extent housing is a pillar of welfare (Kemeny, 2001), therefore the provision of affordable housing needs to be integrated into the welfare regime *kidu*.

Additionally, coordination amongst multi-sectoral housing stakeholders is crucial. Collaboration is vital not only because it enables multi-dimensional perspectives and solutions (Friedmann, 2005), it occurs because no one actor has the ability to solve the growing housing affordability crisis and the housing system alone.

Lastly, as the interviewees noted, a regionally balanced plan is needed to address the growing housing affordability crisis in Bhutan. Ensuring that the rural population does not get left behind while the urban population marches towards modernity deserves attention otherwise it may lead to regional socio-economic disparity (Shaw, 2015) and exacerbate the housing crisis.

### 5.3. Reflections on findings

In the context of the broader debates that links housing affordability crisis to the neoliberalisation of housing policies and shrinkage of welfare states (Crouch, 2009; Hedin et al, 2012; Lee and Zhu, 2006, Pawson, 2006), this research offers an alternative discourse that diverges from the global trajectory. Moreover, mainstream housing research narrows the focus on housing policy (Huchzermeyer, 2001; Hulchanski, 1998; Priemus and Dieleman, 2002), while very few scholars look at how housing as a system is organised. This research provided a systemic analysis that does not solely assess housing policies because planning policies do not act in a vacuum. The policies were analysed alongside the assessment of urban governance, land, welfare regime, housing system and social nuances because policies are deeply political and path dependent. Therefore, in order to understand the growing affordability crisis, assessing the historical trajectory of the welfare regime and the provision and tenure of housing was critical.

In terms of the contribution of methodology, the methodological framework employed in this research differentiates it from any other housing policy research. As previously discussed in the literature review and methodology sections of this dissertation, the centrality of land in the intersection of housing system is key. Further centering land has allowed to shed light on complexities of the housing affordability crisis in Bhutan.

#### 5.4 Limitation and areas for further research

This study is the first of its kind to unpack the growing housing affordability crisis in Bhutan by examining the housing system and welfare regime. While it contributed to the empirical, theoretical and methodological framework of housing literature, it is not an exhaustive study. Several themes emerged during the process of the research that had limited data, thus future research could examine i) the role of informality and clientelism in the housing system and welfare regime, and ii) the link between housing affordability crisis and democratisation as opposed to neoliberalisation.

Lastly, due to travel restrictions and physical distancing measures placed as a result COVID-19, this dissertation did not conduct interviews with tenants of households in Bhutan. Interviewing residents would enrich the nuanced understanding of the growing housing affordability crisis, and the broader housing system and welfare regime in Bhutan. Perhaps this is a consideration for future research.

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## APPENDICES

### Appendix A: Interview Questions

**Introductory question:** Please can you tell me a bit about the history of your organisation, and your role in the organisation.

#### Bhutan's Housing Affordability

1. How has housing affordability changed in Bhutan?
2. What are the factors that impact housing affordability in Bhutan?

#### Historical and Recent Trends in Housing in Bhutan

3. Who has historically provided housing? How has it changed?
4. What are the historical and current trends of buying and selling real estate in Bhutan?
5. Does the welfare regime impact housing real estate in Bhutan?

#### Housing and Well-being

6. How has the welfare regime impacted housing supply and tenure in Bhutan?
7. What types of subsidies exist for producing or renting affordable housing? Who can access them?

#### Additional questions:

1. What are some of the key challenges your organisation faces addressing housing issues?
2. What major housing programs are currently being implemented?
3. What type of research is being produced on housing?
4. What role has welfare institutions historically played in Bhutan?
5. What are the most pressing social and welfare needs in Bhutan?

**Wrap up question:** What is your organisation's vision for housing in Bhutan?

## Appendix B: Interviewee Information Sheet and Consent Form



### Information and consent form

**Project Title:** Bhutan's Housing Affordability: Impact Analysis of Welfare System

**Researcher:** Lhazin Yangzom Nedup

#### Introduction

You are being invited to take part in a MSc dissertation research project being undertaken by a Masters student from the Bartlett School of Planning, University College London (UCL).

Before you decide whether or not to participate it is important for you to understand why the research is being conducted and what participation will involve. Please read the following information carefully, feel free to discuss it with others if you wish, or ask the research team for clarification or further information. Please take time to decide whether or not you wish to take part.

#### Why is this research being conducted?

As a part of my MSc International Planning I must write a dissertation on a subject of my choice, within the discipline of Planning. I have chosen to research the housing system in Bhutan. The overall aim of this dissertation is to examine Thimphu's housing affordability crisis and its relation to the welfare regime in Bhutan. In order to answer the research question, the dissertation will examine the historical and current production and provision of housing under the welfare regime. It will also identify and analyse variables and patterns within the welfare regime that impact the housing system in Bhutan. I will use the primary data I collect together with a review of existing literature on the subject to write a 10,000 word dissertation, which will be assessed by my supervisor in the Bartlett School of Planning

#### Why am I being invited to take part?

You are being invited to take part because of your organizations work on housing and/or welfare in Bhutan. All interviewees information were found through details listed on the official websites.

**Do I have to participate?**

Participation is entirely voluntary. If you do choose to participate and then change your mind, you may withdraw from the research at any time with no consequences and without having to give a reason.

**What will happen if I choose to take part?**

If you do choose to participate, you will be invited to a face-to-face/audio interview to explore the issues highlighted above. The interview will be conducted remotely using Microsoft teams/Skype. The interview will last approximately 40-60 minutes and will be audio recorded (and transcribed at a later date). You will have the opportunity to see the interview transcript and agree any amendments with the researcher after the interview is concluded. Travel and subsistence expenses are not offered for participation.

**What are the advantages of taking part?**

There are no immediate benefits for participating in this project and no financial incentive or reward is offered, however it is hoped that this research will be a useful addition to the housing literature in Bhutan.

**What are the possible disadvantages of taking part?**

We anticipate no significant disadvantages associated with taking part in this project. If you experience any unexpected adverse consequences as a result of taking part in the project you are encouraged to contact the researcher as soon as possible using the contact details on page 3 of this information and consent sheet. In the event you feel your complaint has not been handled to your satisfaction (by the project researcher or supervisor), you can contact the Chair of the UCL Research Ethics Committee – [ethics@ucl.ac.uk](mailto:ethics@ucl.ac.uk)

**If I choose to take part, what will happen to the data?**

The interview data will be anonymised at the point of transcription and identified by a general identifier (e.g. 'Planning officer A' or 'Project Creator B' or a suitable pseudonym). A record of participant identities and any notes will be kept separately and securely from the anonymised data. All data and information affiliated with this project will be securely stored on an encrypted computer drive and physical documents will be stored securely on University property.

The data will be only used for the purposes of this research and relevant outputs and will not be shared with any third party. The anonymised data may be utilised in the written dissertation produced at the end of this project, and this dissertation may then be made publicly available via the University Library's Open Access Portal, however no identifiable or commercial sensitive information will be accessible in this way.

**What will happen to the results of the research project?**

It is anticipated that the data collected in this project will be included in the dissertation produced at the end of this project, submitted for the award of a master's degree at University College London (UCL). You will not be personally identified in any of the outputs from this work, and attributions and quotations will be anonymised. If you would like to receive an electronic copy of

any outputs stemming from this project, please ask the contact below who will be happy to provide this.

**Contact Details**

If you would like more information or have any questions or concerns about the project or your participation, please use the contact details below:

**Primary contact**           Lhazin Yangzom Nedup  
**Role**                            MSc student  
**Email**                         [lhazin.nedup.19@ucl.ac.uk](mailto:lhazin.nedup.19@ucl.ac.uk)

**Supervisor**                 Dr Sonia Arbaci  
**Role**                            MSc dissertation supervisor  
**Email**                         [s.arbaci@ucl.ac.uk](mailto:s.arbaci@ucl.ac.uk)

**Concerns and / or Complaints**

If you have concerns about any aspect of this research project please contact the MSc student contact the student in the first instance, then escalate to the supervisor.





### Informed Consent Sheet

**If you are happy to participate, please complete this consent form by ticking the boxes to acknowledge the following statements and signing your name at the bottom of the page.**

**Please give the signed form to the researcher conducting your interview at the interview.**  
They will also be able to explain this consent form further with you, if required.

1.	I have read and understood the information sheet.	<input type="checkbox"/>
2.	I agree to participate in the above research by attending a face-to-face interview as described on the Information Sheet.	<input type="checkbox"/>
3.	I understand that my participation is entirely voluntary.	<input type="checkbox"/>
4.	I understand that I may withdraw at any time without giving a reason and with no consequences.	<input type="checkbox"/>
5.	I agree for the interview to be audio recorded.	<input type="checkbox"/>
6.	I understand that I may see a copy of the interview transcript after it has been transcribed and agree any amendments with the researcher.	<input type="checkbox"/>
7.	I understand that the intention is that interviews are anonymised and that if any of my words are used in a research output that they will not be directly attributed to me unless otherwise agreed by all parties.	<input type="checkbox"/>
8.	I understand the data from this project will be considered for repository in the UCL Open Access repository as described on the Information Sheet but that this will be anonymised data only.	<input type="checkbox"/>
9.	I understand that I can contact the student who interviewed me at any time using the email address they contacted me on to arrange the interview, or the dissertation supervisor using the contact details provided on page 3 of the information sheet.	<input type="checkbox"/>

**Participant name:**

**Signature:**

**Date:**

**Researcher name:**

**Signature:**

**Date:**

## RISK ASSESSMENT FORM FIELD / LOCATION WORK



**The Approved Code of Practice - Management of Fieldwork should be referred to when completing this form**

<http://www.ucl.ac.uk/estates/safetynet/guidance/fieldwork/acop.pdf>

**DEPARTMENT/SECTION** PLANNING / INTERNATIONAL PLANNING  
**LOCATION(S)** VIRTUAL (LONDON, UK AND THIMPHU, BHUTAN)  
**PERSONS COVERED BY THE RISK ASSESSMENT** LHAZIN NEDUP

**BRIEF DESCRIPTION OF FIELDWORK** The data will be collected online through desktop research and qualitative semi-structured interviews via Microsoft Teams.

Consider, in turn, each hazard (white on black). If **NO** hazard exists select **NO** and move to next hazard section.

If a hazard does exist select **YES** and assess the risks that could arise from that hazard in the risk assessment box.

**Where risks are identified that are not adequately controlled they must be brought to the attention of your Departmental Management who should put temporary control measures in place or stop the work. Detail such risks in the final section.**

<b>CONTROL MEASURES</b>	<p><b>The environment always represents a safety hazard. Use space below to identify and assess any risks associated with this hazard</b></p> <p>e.g. location, climate, terrain, neighbourhood, in outside organizations, pollution, animals.</p> <p>Examples of risk: adverse weather, illness, hypothermia, assault, getting lost.</p> <p>Is the risk high / medium / low ?</p> <p>Not applicable. Data will be collected through on-line interviews and deskwork</p>
-------------------------	--

**CONTROL MEASURES** Indicate which procedures are in place to control the identified risk

- |                          |  |
|--------------------------|--|
| <input type="checkbox"/> | work abroad incorporates Foreign Office advice   |
| <input type="checkbox"/> | participants have been trained and given all necessary information                     |
| <input type="checkbox"/> | only accredited centres are used for rural field work                                  |
| <input type="checkbox"/> | participants will wear appropriate clothing and footwear for the specified environment |
| <input type="checkbox"/> | trained leaders accompany the trip   |
| <input type="checkbox"/> | refuge is available  |

work in outside organisations is subject to their having satisfactory H&S procedures in place  
 OTHER CONTROL MEASURES: please specify any other control measures you have implemented:

**Where emergencies may arise use space below to identify and assess any risks**

*e.g. fire, accidents* Examples of risk: loss of property, loss of life  
 Not applicable. Data will be collected through on-line interviews and deskwork

**CONTROL MEASURES** Indicate which procedures are in place to control the identified risk

participants have registered with LOCATE at <http://www.fco.gov.uk/en/travel-and-living-abroad/>  
 fire fighting equipment is carried on the trip and participants know how to use it  
 contact numbers for emergency services are known to all participants  
 participants have means of contacting emergency services  
 participants have been trained and given all necessary information  
 a plan for rescue has been formulated, all parties understand the procedure  
 the plan for rescue /emergency has a reciprocal element  
 OTHER CONTROL MEASURES: please specify any other control measures you have implemented:

FIELDWORK 1 May 2010

**Is equipment used?** **NO** **If 'No' move to next hazard**  
**If 'Yes' use space below to identify and assess any risks**

*e.g. clothing, outboard motors.* Examples of risk: inappropriate, failure, insufficient training to use or repair, injury. Is the risk high / medium / low ?  
 Not applicable.

**CONTROL MEASURES** Indicate which procedures are in place to control the identified risk

the departmental written Arrangement for equipment is followed  
 participants have been provided with any necessary equipment appropriate for the work  
 all equipment has been inspected, before issue, by a competent person  
 all users have been advised of correct use

special equipment is only issued to persons trained in its use by a competent person  
 OTHER CONTROL MEASURES: please specify any other control measures you have implemented:

**Is lone working a possibility?**      **NO**      **If 'No' move to next hazard  
If 'Yes' use space below to identify and assess any risks**

*e.g. alone or in isolation  
lone interviews.*      Examples of risk: difficult to summon help. Is the risk high / medium / low?

Not applicable.

**CONTROL MEASURES**      **Indicate which procedures are in place to control the identified risk**

the departmental written Arrangement for lone/out of hours working for field work is followed  
 lone or isolated working is not allowed  
 location, route and expected time of return of lone workers is logged daily before work commences  
 all workers have the means of raising an alarm in the event of an emergency, e.g. phone, flare, whistle  
 all workers are fully familiar with emergency procedures  
 OTHER CONTROL MEASURES: please specify any other control measures you have implemented:

**FIELDWORK 2**      May 2010

**The possibility of ill health always represents a safety hazard. Use space below to identify and assess any risks associated with this Hazard.**

*e.g. accident, illness, personal attack, special personal*      Examples of risk: injury, asthma, allergies. Is the risk high / medium / low?  
 Not applicable. Data will be collected through on-line interviews and deskwork

considerations or vulnerabilities.

**CONTROL MEASURES**

Indicate which procedures are in place to control the identified risk

- an appropriate number of trained first-aiders and first aid kits are present on the field trip
- all participants have had the necessary inoculations/ carry appropriate prophylactics
- participants have been advised of the physical demands of the trip and are deemed to be physically suited
- participants have been adequate advice on harmful plants, animals and substances they may encounter
- participants who require medication have advised the leader of this and carry sufficient medication for their needs
- OTHER CONTROL MEASURES: please specify any other control measures you have implemented:

	<b>Will transport be required</b>	<b>NO</b>	<b>X</b>	<b>Move to next hazard</b>
		<b>YES</b>		<b>Use space below to identify and assess any risks</b>
<i>e.g. hired vehicles</i>	Examples of risk: accidents arising from lack of maintenance, suitability or training			
	Is the risk high / medium / low?			

**CONTROL MEASURES**

Indicate which procedures are in place to control the identified risk

- only public transport will be used
- the vehicle will be hired from a reputable supplier
- transport must be properly maintained in compliance with relevant national regulations
- drivers comply with UCL Policy on Drivers [http://www.ucl.ac.uk/hr/docs/college\\_drivers.php](http://www.ucl.ac.uk/hr/docs/college_drivers.php)
- drivers have been trained and hold the appropriate licence
- there will be more than one driver to prevent driver/operator fatigue, and there will be adequate rest periods
- sufficient spare parts carried to meet foreseeable emergencies
- OTHER CONTROL MEASURES: please specify any other control measures you have implemented:

	<b>Will people be dealing with public</b>	<b>NO</b>	<b>If 'No' move to next hazard</b>
			<b>If 'Yes' use space below to identify and assess any</b>

**risks**

*e.g. interviews, observing*

Examples of risk: personal attack, causing offence, being misinterpreted. Is the risk high / medium / low?

**CONTROL MEASURES**

Indicate which procedures are in place to control the identified risk

- all participants are trained in interviewing techniques
- interviews are contracted out to a third party
- advice and support from local groups has been sought
- participants do not wear clothes that might cause offence or attract unwanted attention
- interviews are conducted at neutral locations or where neither party could be at risk
- OTHER CONTROL MEASURES: please specify any other control measures you have implemented:

**FIELDWORK**

**3**

May 2010

**Will people work on or near water?**

**NO**

**If 'No' move to next hazard**

**If 'Yes' use space below to identify and assess any risks**

*e.g. rivers, marshland, sea.*

Examples of risk: drowning, malaria, hepatitis A, parasites. Is the risk high / medium / low?

Not applicable.

**CONTROL MEASURES**

Indicate which procedures are in place to control the identified risk

- lone working on or near water will not be allowed
- coastguard information is understood; all work takes place outside those times when tides could prove a threat
- all participants are competent swimmers
- participants always wear adequate protective equipment, e.g. buoyancy aids, wellingtons
- boat is operated by a competent person

all boats are equipped with an alternative means of propulsion e.g. oars  
 participants have received any appropriate inoculations  
 OTHER CONTROL MEASURES: please specify any other control measures you have implemented:

<input type="checkbox"/>	<b>Do MH activities</b>	<b>NO</b>	<b>If 'No' move to next hazard</b>
	<b>take place?</b>		<b>If 'Yes' use space below to identify and assess any risks</b>

*e.g. lifting, carrying, moving large or heavy equipment, physical unsuitability for the task.* Examples of risk: strain, cuts, broken bones. Is the risk high / medium / low?

**CONTROL MEASURES** Indicate which procedures are in place to control the identified risk

the departmental written Arrangement for MH is followed  
 the supervisor has attended a MH risk assessment course  
 all tasks are within reasonable limits, persons physically unsuited to the MH task are prohibited from such activities  
 all persons performing MH tasks are adequately trained  
 equipment components will be assembled on site  
 any MH task outside the competence of staff will be done by contractors  
 OTHER CONTROL MEASURES: please specify any other control measures you have implemented:

FIELDWORK 4

May 2010

<input type="checkbox"/>	<b>Will participants work with</b>	<b>NO</b>	<b>If 'No' move to next hazard</b>
	<b>substances</b>		<b>If 'Yes' use space below to identify and assess any risks</b>

*e.g. plants, chemical, biohazard, waste* Examples of risk: ill health - poisoning, infection, illness, burns, cuts. Is the risk high / medium / low?

**CONTROL MEASURES** Indicate which procedures are in place to control the identified risk

- the departmental written Arrangements for dealing with hazardous substances and waste are followed
- all participants are given information, training and protective equipment for hazardous substances they may encounter
- participants who have allergies have advised the leader of this and carry sufficient medication for their needs
- waste is disposed of in a responsible manner
- suitable containers are provided for hazardous waste
- OTHER CONTROL MEASURES: please specify any other control measures you have implemented:

<b>Have you identified any other hazards?</b>	<b>NO</b>	<b>If 'No' move to next section</b>
		<b>If 'Yes' use space below to identify and assess any risks</b>

*i.e. any other hazards must be noted and assessed here.*

Hazard: \_\_\_\_\_

Risk: is the risk

<b>CONTROL MEASURES</b>	<b>Give details of control measures in place to control the identified risks</b>

<b>Have you identified any risks that are not adequately controlled?</b>	<b>NO</b>	<b>X</b>	<b>Move to Declaration</b>
	<b>YES</b>		<b>Use space below to identify the risk and what action was taken</b>

<b>Is this project subject to the UCL requirements on the ethics of Non-NHS Human Research?</b>	<b>NO</b>
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If yes, please state your Project ID Number

For more information, please refer to: <http://ethics.grad.ucl.ac.uk/>

<b>DECLARATION</b>	The work will be reassessed whenever there is a significant change and at least annually. Those participating in the work have read the assessment.
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Select the appropriate statement:

<b>X</b>	I the undersigned have assessed the activity and associated risks and declare that there is no significant residual
----------	---



risk

I the undersigned have assessed the activity and associated risks and declare that the risk will be controlled by the method(s) listed above

NAME OF SUPERVISOR Dr. Sonia Arbaci

**FIELDWORK 5**

May 2010

# Why the expansion of the welfare regime has not solved the growing housing affordability crisis in Bhutan

GRADEMARK REPORT

FINAL GRADE

**/100**

GENERAL COMMENTS

**Instructor**

PAGE 1

PAGE 2

PAGE 3

PAGE 4

PAGE 5

PAGE 6

PAGE 7

PAGE 8

PAGE 9

PAGE 10

PAGE 11

PAGE 12

PAGE 13

PAGE 14

PAGE 15

PAGE 16

PAGE 17

PAGE 18

PAGE 19

PAGE 20

PAGE 21

PAGE 22

PAGE 23

PAGE 24

PAGE 25

PAGE 26

PAGE 27

PAGE 28

PAGE 29

PAGE 30

---

PAGE 31

---

PAGE 32

---

PAGE 33

---

PAGE 34

---

PAGE 35

---

PAGE 36

---

PAGE 37

---

PAGE 38

---

PAGE 39

---

PAGE 40

---

PAGE 41

---

PAGE 42

---

PAGE 43

---

PAGE 44

---

PAGE 45

---

PAGE 46

---

PAGE 47

---

PAGE 48

---

PAGE 49

---

PAGE 50

---

PAGE 51

---

PAGE 52

---

PAGE 53

---

PAGE 54

---

PAGE 55

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PAGE 56

---

PAGE 57

---

PAGE 58

---

PAGE 59

---

PAGE 60

---

PAGE 61

---

PAGE 62

---

PAGE 63

---

PAGE 64

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