

# HOUSING POLICY IMPELMANTATION AND ITS IMPACT ON ECONOMIC DEVELOPMENT IN SRI LANKA

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**Abstract:** *The way we build and use good housing impacts economic growth by influencing jobs, savings, investments, and how productive workers are. People have only recently started to widely accept this idea. Since 1945, experts on housing have had three different opinions about how housing affects economic growth. In the years right after World War II, most experts saw housing as a social cost and something that slowed down economic growth. A few argued that housing could be an important addition to specific development projects, especially in distant areas. Over time, housing has increasingly been seen as something that helps growth, not just because building houses is a major industry with a large ripple effect, but also because housing has social impacts that affect the economy in various ways. This history of how opinions have shifted makes us wonder why the change happened.*

**Keywords:** *House building, Housing, Financial development, Growth, Monetary effects.*

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## Introduction

Housing plays a big role in economic progress. It can boost economic performance and make an area more competitive, but it can also lead to segregation and clusters of poverty in certain areas. Unfortunately, housing investments are often made without fully considering the bigger economic picture. That's why housing is fundamentally linked to economic development.

Having a place to live is one of our most basic needs, right after food and clothes. There are tons of different housing policies out there, but each one has rules to figure out what the housing problems are. We need to understand what causes these housing issues and why and how the government should get involved in the housing market.

Housing policy plays a major part in driving economic growth and rejuvenating areas that aren't doing so well. The proposed Regeneration Framework (CLG, 2008) really highlights the need for housing policy to be better connected to the broader economic goals.

## Methodology

To determine how Sri Lankan real estate developers have advanced over the past five years, a poll has been conducted. Staff members from several companies around the nation have completed the surveys, gathered records, and conducted phone interviews. They were distributed online. The website asiapropertyhq.com lists the top nine real estate firms in Sri Lanka. This is an open access article under the [CC BY-NC](#) license



However, there are more real estate developers, both registered and unregistered. Finding the economic development of the property classification system is the primary goal of this study. Data was gathered through interviews and self-administered questionnaires completed by the respondents.

The researcher is the primary information series instrument in qualitative research, and semi-structured interviews are used for primary information collection on this examiner. The cluster random sampling method is chosen because it is not very time-consuming when gathering data on the housing market in Sri Lanka, and the sample is chosen so that the variance of variables is low and respondents are at ease enough to provide more precise information on their location and work habits.

This study uses member checking to ensure that the personal narratives of real estate development managers are accurately reflected and to lessen researcher subjectivity. The combination of member checks, interviews, documentation, and observations is known as methodological triangulation. Determine the emerging problems once the contributors have confirmed the transcript's accuracy and completeness. The key topics that emerged from the interviews were then connected with the body of existing research.

## Results

It's crucial to take a step back and consider the larger concerns surrounding the reasons why housing has become such a

significant topic of discussion. A lack of housing can result in instability within the larger financial system, as the Barker evaluation of Housing Deliver (2004) demonstrated. Inadequate housing supply can limit market mobility, increase business prices, and worsen inequality, all of which can impede economic growth (ibid).

However, realizing that housing isn't always just a numbers game is also important. At the sub-national level, this is undoubtedly obvious. Although the housing market is frequently perceived as a nationwide issue, it is actually far more closely linked to local supply and demand factors (MacLennan, 1982). The financial well-being of cities and their surrounding areas, and consequently the national financial system, depends on their capacity to provide housing of the right kind, in the right location, and in a form that is acceptable (Gibb, O'Sullivan & Glossop 2008). But far too frequently, housing investment has happened apart from the broader economic environment.

Three broad categories—work markets, infrastructure, and business and enterprise—may be used to outline how housing markets might impact sub-national financial performance. It should be noted that there are still substantial proof gaps even though a strong argument for those connections may be established using contemporary ideas and theories.

The way that housing will affect economic performance relies on the specific city context, as the aforementioned analysis shows. Strong city economies, such as those in London, Cambridge, and Bristol, aim to prevent housing shortages from impeding economic growth. This puts strain on the current infrastructure, drives up enterprise costs, and exacerbates the lack of talent. Given the pressure on local housing markets—new supply is likely to make up such a small portion of the standard stock that changes in residence rates may be minimal—more focus will need to be placed on finding alternative solutions to accommodate different workers' housing needs. Increasing the intermediate markets, utilizing current inventory more effectively, and encouraging better density developments are some options.

Making an investment in the right kind of housing, in terms of pleasant, tenure, and form, as well as a wider nice of location, will be crucial to enabling increase via the appeal of higher professional companies and new enterprise funding. In the context of the authorities' housing objectives, it is crucial that attention isn't always diverted from upgrading current inventory, which caters for 95% of all housing transactions. Housing and the supporting infrastructure have frequently received insufficient investment in weaker economies, such as Hull, Bradford, and Sunderland.

Since financial inclusion does not always equate to monetary increases, housing coverage must also ensure that housing designs take vulnerable groups' demands into account. In order to assist more disadvantaged residents take part in the growing wealth of the larger economy, housing coverage must figure out ways to address residential segregation. Housing's contribution to economic growth and revitalization is interconnected and may no longer be addressed as a stand-alone agenda item.

These issues may be covered in more detail in the report's subsequent sections, which will examine the interconnections between the housing and financial systems by examining the

financial ramifications of unstable housing markets, the opportunities and financial development-demanding circumstances of the government's housing increase program, the relationship between housing and spatial concentrations of poverty, and regeneration initiatives that have linked housing to positive social and economic outcomes.

## Discussion

There are many different housing standards, and it is possible to categorize housing according to certain characteristics. Since there is no definition of the housing concept in any of Sri Lanka's normative rules, the author has created a widely accepted definition that may be used to housing coverage. This is especially important for Sri Lanka. The author has created suggestions for categorizing various home types by grouping them according to distinct attributes. The housing facts in Sri Lanka and the expansion and implementation of the housing policy can both benefit from the addition of new housing classifications. The way the state intervenes in the housing market is connected to housing policy. According to the author, the government must step in to address a portion of the housing market that is not functioning effectively and ensure that enterprises at risk or in social danger receive assistance through unique products or services. Here are the author's additional research findings for this quarter.

The prolonged demand for residential and commercial properties over the past several years has increased the engagement of non-public developers in Sri Lanka. Improvements in belongings are extremely sensitive to the effects of the financial climate and the actions of authorities. By establishing new township improvement programs or special improvement enterprises, the authorities can directly address improvement interests. Asset builders are also further impacted by general and politically supported legislation, planning laws, and financial and financial measures.

The relationship between the belongings zone and the national financial system has been examined in this essay. Previous research has shown that there may be a close relationship between a rustic's productivity and the nation-wide economic system. Aside from two notable contributions of 11% and 6% in 1956 and 1965, respectively, creation has contributed roughly 7-9% to Sri Lanka's GDP for the past 50 years. Construction capital formation growth price and creation cost-added growth price fluctuations follow a similar pattern to the GDP growth rate. Furthermore, it implies that the construction area outside has been spurred by economic measures. According to the literature review, the development zone serves as a stand-in for the real estate sector. This study examined the relationship between Sri Lanka's financial system and assets.

The building and real estate sectors have historically been regarded as a stand-in for sociocultural identification and a gauge of a nation's, society's, or individual's level of wealth. With a growing personal sector engagement, the post-global struggle technology has shown a remarkable increase in the belongings industry.

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