

Second Session of the Open-ended Intergovernmental Expert Working Group on Adequate Housing for All

Agenda item 3. Consideration of the outcomes of the
preparatory intersessional meetings, including draft
recommendations

Housing Finance



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Nairobi

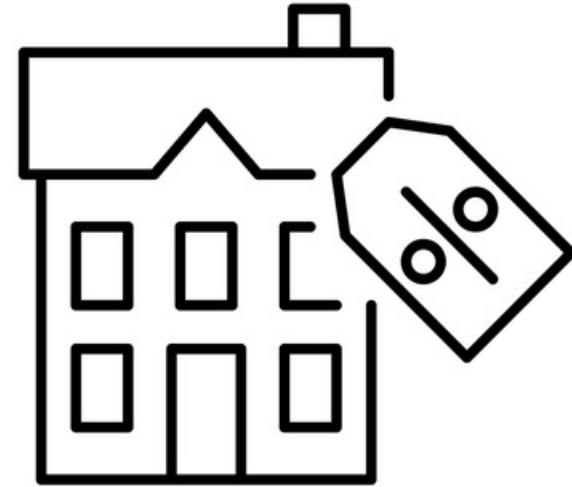


Background

HSP/OEWG-H.2025/INF/2

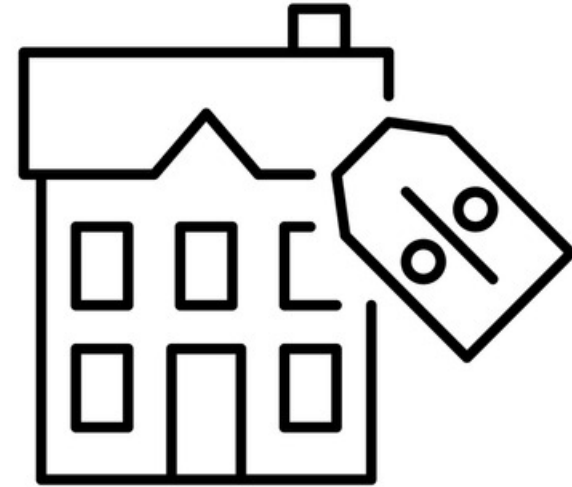
HOUSING FINANCE

- Critical component of the broader housing ecosystem
- Refers to the **systems, instruments** and **institutions** that enable individuals, households and developers to access the capital needed for the construction, purchase, improvement or rental of housing
- Bridges the gap between housing needs and economic capability, turning demand into effective housing access.
- Closely interlinked with housing affordability



HOUSING FINANCE – Revenue sources

1. **Public finance:** from provider to enabler. The strategic shift in public finance for housing
2. **Private finance:** expanding their role in affordable housing
3. **Household finance:** a key source of housing finance through informal systems, investment strategies, and economic resilience
4. **International finance:** an uneven role in housing



HOUSING FINANCE – Regional Differences



SUB-SAHARAN AFRICA AND SOUTH ASIA

- underdeveloped mortgage markets (only 1–5%)
- limited access to formal credit
- restricted access to financial services and long-term finance
- tenure insecurity and weak land registries
- weak property valuation systems
- low liquidity
- informal finance and incremental housing dominate

MIDDLE EAST AND NORTH AFRICA

- region, governments frequently contribute by allocating land for housing development
- limited mortgage markets
- Islamic finance as an alternative mechanism

HOUSING FINANCE – Regional Differences



EAST ASIA

- state-led instruments, such as provident-fund schemes
- state-led housing initiatives, including subsidized loans and public-private partnerships

LATIN AMERICA

- rapid mortgage growth since the early 2000s
- high real interest rates
- short loan tenors that limit long-term tenure security

EUROPE AND NORTH AMERICA

- Affordability crisis and homelessness
- Mortgage rates higher than historical norms
- Slow first-time buyer loan uptake

HOUSING FINANCE – Global Developments

- Climate risks and green financing
- Real Estate Investment Trusts (REITs)
- Infrastructure and social bonds
- Leverage of domestic resources for housing
- Patient capital
- Blended finance
- Alternative financing models
- Land value sharing
- Remittances and diaspora finance
- Housing Finance in crisis contexts





Proposed Recommendations

HSP/OEWG-H.2025/2

HSP/OEWG-H.2025/INF/2

Proposed Recommendations on Housing Finance

1. Enablers for effective and inclusive housing markets

- Establish coherent finance, land, planning and housing policies and institutional frameworks.(par. 42)
- Integrate land governance, inclusive planning and land value sharing into housing policies to promote equity, affordability and efficient land use and to enable the financing of adequate housing for all. (par. 43)
- Develop integrated, digitized and open housing and land data systems to better understand both formal and informal housing markets and to ensure transparency and accessibility. (par. 44)
- Reduce bureaucratic barriers, simplify and digitalize housing and land related permit processes to reduce delays, cut costs and increase transparency. (par. 45)
- Reduce housing costs by lowering services and infrastructure delivery costs, enabling access to affordable, suitably located and serviced land, supporting domestic construction industries and promoting urban densification. (par. 46)

Proposed Recommendations on Housing Finance

2. Private finance

Household finance

- Diversify and make housing finance instruments more inclusive by facilitating access to housing mortgages and enabling complementary housing finance instruments such as microfinance for incremental construction, cooperative schemes, blended finance and rental support schemes. (par. 47)
- Strengthen financial intermediaries and broaden long-term capital access through liquidity facilities, credit guarantees, tailored regulatory support and increased transparency. (par. 48)

Proposed Recommendations on Housing Finance

2. Private finance

Construction finance

- Mobilize finance for construction to accelerate affordable and climate-responsive housing delivery while managing risk. (par. 49)
- Diversify the range of housing finance instruments available to small and emerging developers and contractors across the entire housing value chain by co-designing such instruments with investors, including local communities, and adapting them to national and local context and institutional frameworks. (par. 50)

Proposed Recommendations on Housing Finance

2. Private finance

Investment capital

- Encourage greater private sector participation in affordable and inclusive housing markets by de-risking investments and ensuring long-term market stability. (par. 51)
- Rebalance and regulate housing markets through coherent regulatory frameworks that align housing finance, land use planning, taxation and construction standards, while treating housing as a right and social good, curbing speculation and financialization and regulating short-term rentals. (par. 52)

Proposed Recommendations on Housing Finance

3. Public finance and subsidies

- Deploy targeted government subsidies, reduce housing production costs and expand access for low-income groups. (par. 53)
- Leverage public assets such as land, subsidies and infrastructure to unlock investments in housing and informal settlements upgrading. (par. 54)

4. International finance

- Steer multilateral and bilateral support toward inclusive, adequate and sustainable housing, particularly for low-income and vulnerable populations. (par. 55)

THANK YOU!

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THE NEW
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