

# The Global Housing Crisis

## Pathways to Action





World Cities Report 2026

# **The Global Housing Crisis**

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UN-HABITAT

## World Cities Report 2026

First published in 2026 by United Nations Human Settlements Programme (UN-Habitat)  
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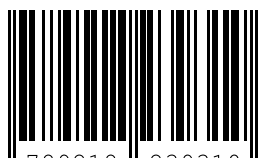
United Nations Human Settlements Programme (UN-Habitat)  
P.O. Box 30030, Nairobi, Kenya  
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HS Number: HS/950/26E  
ISBN Number (Series): 978-92-1-673396-6  
ISBN Number: 978-92-1-823931-0



# Executive Director's Introduction



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Today's global housing crisis is the result of decades of inaction. Limited investment, rapid urbanization, macroeconomic pressures and crises driven loss of homes are among the factors that have contributed to current shortcomings. The latest global estimates now make the situation unmistakably clear. Up to 3.4 billion people worldwide are estimated to be living without secure, safe, and adequate housing, of which over 1 billion reside in informal settlements and slums, facing acute threats daily including insecure tenure, overcrowding, exposure to natural hazards, and the absence of essential services like safely managed sanitation. Given its magnitude, the global housing crisis must be addressed as a matter of critical urgency for the sake of humanity now and in the future.

Yet, notwithstanding the universally recognized right to adequate housing, the world remains far from resolving this crisis. Even during periods of global commitment to action, first under the Millennium Development Goals and later the Sustainable Development Goals, adequate housing shortages have intensified rather than diminished. The global deficit increased from 251 million units in 2010 to 288 million in 2023. Millions of people continue to be forcibly uprooted from their homes each year, with an estimated 133 million people displaced globally in 2024 by conflict, persecution, violence, human rights violations, and natural disasters. Further, urban evictions remain pervasive but are poorly documented and frequently go unreported. New research undertaken by UN-Habitat for this report indicates that approximately 64 million people were evicted between 2003 and 2023. The consequences for affected households are profound, destroying livelihoods and pushing already vulnerable populations into deeper poverty.

**A home encompasses complex social, economic, and psychological dimensions and outcomes. From access to employment and public services to legal recognition and social networks, housing plays a central role in shaping well-being and quality of life for everyone everywhere. This is why housing is the roof of the Sustainable Development Goals, and progress towards its global targets is inextricably linked to our ability to ensure adequate housing for all, and especially the transformation of informal settlements and slums.**

The consequences are wide-ranging and enduring. As this edition of the World Cities Report illustrates, adequate housing is not merely about shelter, but much more. A home encompasses complex social, economic, and psychological dimensions and outcomes. From access to employment and public services to legal recognition and social networks, housing plays a central role in shaping well-being and quality of life for everyone everywhere. This is why housing is the roof of the Sustainable Development Goals, and progress towards its global targets is inextricably linked to our ability to ensure adequate housing for all, and especially the transformation of informal settlements and slums.

Indeed, housing has the potential to be a powerful force for positive change. Well-located, safe, and affordable housing can enhance productivity, improve health outcomes, and contribute to poverty reduction and shared prosperity. At the same time, housing will be central to any meaningful response to climate change. Buildings account for approximately 37 per cent of global greenhouse gas emissions, with housing responsible for an estimated 17 to 21 per cent, presenting a significant opportunity for action to reduce emissions substantially through the retrofitting of existing housing stock and the adoption of energy-efficient, low-carbon construction methods for new developments. Housing is also a critical determinant of urban resilience. As cities face increasing risks from floods, heatwaves, and other climate-related hazards, the provision of well-designed, disaster-resistant housing will be essential to long-term adaptation and risk reduction.

Adequate housing therefore represents one of the most powerful entry points for accelerating sustainable and inclusive development at all levels. Realizing this potential requires placing participation at the centre of housing policy. National and local governments must fundamentally rethink their approach to informality. In many cities, informal settlements are home to a large proportion of urban residents and form an integral part of the urban fabric. Rather than ignoring informality or treating it as a failure of urban development, authorities should deliberately invest in transformative approaches, and recognize and support community-led, incremental approaches to upgrading that have demonstrated their capacity to deliver affordable and appropriate housing solutions.

The actions we take now will determine if housing becomes a foundation for stability and growth, or source of acute vulnerability. This is why this report presents a roadmap for achieving greener, more equitable, and more liveable housing across diverse urban contexts. It combines internationally recognized lessons and best practices with the need for locally tailored, context-specific solutions. From pro-poor financing instruments to innovative participatory mechanisms, the meaningful involvement of communities in the design, construction, and upgrading of housing is essential. As the country and regional examples throughout this report demonstrate, tangible progress is possible when the right policies, resources, and partnerships are in place. This report is therefore not only a warning, but a call to action, to recommit to housing as a human right and to ensure adequate housing for all.

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## Financial Support

Government of Sweden  
Government of Azerbaijan

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# Acronyms and Abbreviations

ACHR	Asian Coalition for Housing Rights
ASCA	Accumulating Savings and Credit Associations
BEC	Building Energy Code
BFH	Bono Familiar Habitacional
BIM	Building Information Modelling
BSUP	Basic Services for the Urban Poor
CAHF	Centre for Affordable Housing Finance in Africa
CBO	Community-Based Organization
CCMT	Community Construction Management Team
CESCR	United Nations Committee on Economic, Social and Cultural Rights
CLH	Community-Led Housing
CLT	Community Land Trust
CO <sub>2</sub>	Carbon Dioxide
CODI	Community Organizations Development Institute
COHAB	São Paulo Metropolitan Housing Company
COP28	Conference of the Parties 28
COP30	Conference of the Parties 30
COVID-19	Coronavirus disease of 2019
CPF	Central Provident Fund (Singapore)
CSO	Civil Society Organizations
DLTs	Distributed Ledger Technologies
DRR	Disaster Risk Reduction
ECOSOC	United Nations Economic and Social Council
EDGAR	Emissions Database for Global Atmospheric Research
EIB	European Investment Bank
ESTIA	EU's Emergency Support to Integration and Accommodation Programme
EU	European Union
EvIA	Eviction Impact Assessment Tool
FEDUP	Federation of the Urban and Rural Poor
FGTS	Fundo de Garantia do Tempo de Serviço (Brazil)
FLISP	FinanceLinked Individual Subsidy Programme
FOGARIM	Fonds de Garantie pour les Revenus Irréguliers et/ou Modestes
FOGAVISF	Fondo de Garantía de Créditos de Vivienda de Interés Social (Bolivia)
FUCVAM	Federación Uruguaya De Cooperativas De Vivienda Por Ayuda Mutua
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GlobalABC	Global Alliance for Building and Construction
GLTN	Global Land Tools Network
GOSP	Global Observatory of Sustainable Proximities
GSEs	Government-Sponsored Enterprises
HBE	Home-Based Enterprise

HCV	Housing Choice Voucher
HDB	Housing and Development Board
HERO	Housing and Empowerment for Roma
HIC	Habitat International Coalition
HLP	Housing, Land and Property Rights
HLRN	Housing and Land Rights Network
HRC	Human Rights Council
IDMCI	Internal Displacement Monitoring Centre
IDPI	Internally displaced person
IEA	International Energy Agency
IFC	International Finance Corporation
IIED	International Institute for Environment and Development
ILO	International Labour Organization
INFONAVIT	Instituto del Fondo Nacional de la Vivienda para los Trabajadores (National Workers' Housing Fund Institute)
IDB Group	Inter-American Development Bank Group
IOMI	International Organization for Migration
IPCC	Intergovernmental Panel on Climate Change
IRC	International Rescue Committee
JNNURM	Jawaharlal Nehru National Urban Renewal Mission, India, 2005-2014
JRC	Joint Research Centre
KENSUP	Kenya Slum Upgrading Programme
KOTAKU	Kota Tanpa Kumuh (City Without Slums Programme)
kWh	Kilowatt-Hour
LG	Local Government
LIHTC	LowIncome Housing Tax Credit
MAHCs	Mutual Aid Housing Cooperatives
MMC	Mayors' Migration Council
NGO	Non-government organization
NFT	Non-fungible token
NHA	National Housing Authority
NHP	National Housing Policy
NHT	National Housing Trust (Jamaica)
NIMBY	Not In My Backyard
NUA	New Urban Agenda
OCHCR	United Nations Office of the High Commissioner for Human Rights
OECD	Organisation for Economic Cooperation and Development
OEWG-H	Open-ended Intergovernmental Expert Working Group on Adequate Housing for All
OHCHR	Office of the United Nations High Commissioner for Human Rights
OICT	Office of Information and Communications Technology
PAC	Growth Acceleration Program
PMAY	Pradhan Mantri Awas Yojana
PMRC	Pakistan Mortgage Refinance Company
PSUP	Participatory Slum Upgrading Programme
PV	Photovoltaic
RA	Republic Act

REIT	Real Estate Investment Trust
RSRI	Refugee Self-Reliance Initiative
SDG	Sustainable Development Goal
SDI	Slum/Shack Dwellers International
SPARC	Society for the Promotion of Area Resource Centres
SRI	Self-Reliance Index
TOD	Transit-Oriented Development
TOKi	Türkiye's Mass Housing Administration
UAE	United Arab Emirates
UCLG	United Cities and Local Governments
UK	United Kingdom
UN	United Nations
UN-Habitat	United Nations Human Settlements Programme
UNDP	United Nations Development Programme
UNDRR	United Nations Office for Disaster Risk Reduction
UNEP	United Nations Environment Programme
UNHCR	Office of United Nations High Commissioner for Refugees
UNICEF	United Nations International Children's Emergency Fund
URA	Urban Renaissance Agency
US	United States
UTOPIAS	Transformative and Organizational Hubs for Social Inclusion and Harmony
WHO	World Health Organization
WIEGO	Women in Informal Employment: Globalizing and Organizing
WSW	Waarborgfonds Sociale Woningbouw
ZEIS	Special Zones of Social Interest

# Key Findings and Messages

## Chapter 1:

### The Global Housing Crisis

The world is facing an unprecedented housing crisis driven by rising costs, limited supply, widespread displacement, inadequate upgrading of existing homes and informal settlements. These pressures have made access to affordable and adequate housing one of the most persistent and complex global challenges of the 21st century. Although the crisis is universal, it appears differently across regions and income levels. Five interconnected issues define the crisis: affordability, displacement, informality, sustainability and liveability. Together they create a multidimensional problem with persistent gaps in policy and implementation. Despite its importance, housing has often been overlooked as a strategic priority in international development agendas. Yet adequate housing is essential for broader social and economic progress, supporting health, education, well-being, mobility and social inclusion. It is both a social good and a critical economic asset. Addressing the crisis requires coordinated, multisectoral action by all levels of government, the private sector, civil society, development partners and local communities. Only integrated, sustained and inclusive approaches can drive progress toward universal access to adequate, affordable and resilient housing.

### Key Findings

***The scale of global housing inadequacy is unprecedented.*** Up to 3.4 billion people worldwide lack access to adequate housing, reflecting deep and long-standing structural challenges in cities and human settlements. This figure encompasses more than 1.1 billion people living in informal settlements – the highest level on record – as well as unprecedented numbers of internally displaced persons and refugees, many of them living precariously in urban areas. At the same time, housing affordability pressures continue to intensify, with 44 per cent of households globally spending more than 30 per cent of their income on rent – a burden that rises sharply to 55 per cent in Sub-Saharan Africa, where affordability constraints are most acute.

***The global housing crisis is shaped by five interlinked and mutually reinforcing challenges.*** Affordability constraints, rising displacement, pervasive informality, increasing climate-related risks, and declining neighbourhood liveability collectively define the contemporary housing landscape. These challenges intersect across regions and income groups, producing diverse and context-specific expressions of housing deprivation. Together, they highlight the need for integrated, multisectoral approaches that address structural inequalities while strengthening the resilience and inclusiveness of urban housing systems.

***Structural drivers continue to deepen housing deficits.*** Rapid urbanization, rising land values, widening inequality, the increasing treatment of housing as an investment asset, and intensifying climate impacts are outpacing the capacity of national and local governments to deliver adequate and affordable housing. By 2050, urban areas are projected to absorb an additional 2 billion residents, further straining already constrained housing systems and exacerbating existing shortages.

***Climate change poses a significant and escalating threat to housing systems.*** Climate-related hazards are projected to destroy 167 million homes by 2040, and in 2023 alone, natural catastrophes generated US\$280 billion in global economic losses, most of which were uninsured. The risks to cities, settlements and key infrastructure will intensify without accelerated adaptation, especially in fast-growing, vulnerable urban areas. The impacts will not be evenly distributed: informal settlements and low-income communities face disproportionately high exposure to climate risks and have limited adaptive capacity, amplifying existing vulnerabilities and deepening housing inequalities.

***Housing is a major economic sector with transformative potential.*** Accounting for approximately 13 per cent of global GDP and employing more than 280 million people, the construction sector drives significant economic activity through extensive backward and forward linkages. In many developing regions, the predominance of informal housing, which accounts for up to 80 per cent of residential building, underscores the sector's central role in local economies and its potential to drive inclusive, sustainable urban development.



## Key Messages

**Strengthen the social function of housing while harnessing its economic value.** In many contexts, the social function of housing – its role in supporting well-being, equity and the common good – has increasingly been overshadowed by its treatment as a financial asset. This imbalance risks reducing housing to a speculative investment while also creating market conditions that may deter responsible private sector participation. A more balanced approach is needed to safeguard social function of housing while harnessing its economic contributions to sustainable development.

**Position adequate housing as a strategic pillar of sustainable development:** Governments should integrate housing into national development frameworks, recognizing its central role in improving health and education outcomes, expanding economic inclusion, strengthening climate resilience and fostering social cohesion. Adequate housing also underpins progress across multiple Sustainable Development Goals. Investing in adequate housing therefore generates wide-ranging and mutually reinforcing benefits, advancing social well-being, economic opportunity and urban resilience.

**Adopt holistic and multidimensional housing approaches.** Instead of addressing only one aspect of the housing crisis in isolation, such as meeting a numerical target for new housing units, policy frameworks should encompass all elements of housing adequacy. These include secure tenure, affordability, access to services, habitability, accessibility, location, cultural adequacy and environmental sustainability. Considering these dimensions together leads to more inclusive, resilient and enduring housing outcomes.

**Advance comprehensive affordability strategies.** Countries should simultaneously pursue balanced demand- and supply-side measures to address persistent affordability gaps. This includes strengthening land governance, expanding rental and non-market housing options, streamlining regulatory processes and deploying targeted financing instruments that effectively support low-income and vulnerable households. Collectively, these interventions can create more equitable and sustainable housing markets.

**Recognize and strengthen informal and community-led housing solutions.** Priority actions include securing diverse forms of tenure, upgrading informal settlements, and expanding investment in essential infrastructure. Supporting community-driven and incremental housing models as legitimate and scalable pathways to adequacy is also critical, particularly in contexts where informal construction constitutes a major share of housing provision. These approaches can significantly enhance resilience, inclusion, and long-term housing outcomes.

## Chapter 2:

### What Have We Learnt from 50 Years of Housing Policy?

Over the past five decades, housing policies have shaped urban development, yet persistent gaps in affordability, adequacy and access continue to affect billions worldwide. Despite housing being long recognized as a welfare and development issue, essential for poverty reduction and social stability, its prominence in national agendas has declined over the years and has only recently re-emerged as a priority within international development frameworks. Experience over the years shows that market-led, ownership-centred approaches have not sufficiently addressed the housing crisis and have often deepened inequalities. In cities, where housing needs are most acute, low-income and vulnerable groups are disproportionately affected. Addressing the global housing crisis requires integrated, people-centred and rights-based approaches that reflect diverse tenure systems, socio-cultural practices and local realities, supported by strong coordination across all levels of government and stakeholders. At present, national governments typically lead housing policy development, while implementation falls to local authorities that often operate with limited mandates, resources, and institutional capacity. This division of responsibilities continues to impede progress toward inclusive housing systems.

### Key Findings

**The state is essential to deliver affordable housing for all.** Five decades of experience show that market-led, ownership-centric models alone have not met growing adequate housing needs especially for the vulnerable. In contrast, countries that retained strong public stewardship over land, finance, and regulation achieved more inclusive and stable outcomes. Reinforcing the central role of the state in ensuring affordability, resilience, and housing rights, an imperative underscored by Habitat III and global shocks such as COVID-19.





**National Housing Policies are widespread but lack comprehensive integration.** Many policy instruments – whether standalone housing policies, legislation or integrated sectoral frameworks – do not fully incorporate key dimensions of adequacy such as affordability, tenure security, accessibility, cultural adequacy and sustainability. Limited coordination with related sectors and uneven alignment with international frameworks such as the Sustainable Development Goals, the New Urban Agenda and the right to adequate housing contribute to persistent inadequacy and widening affordability gaps.

**Weak multilevel coordination undermines the implementation of housing policy.** While housing policies are typically formulated at the national level, local governments bear responsibility for delivery but often lack the mandate, resources and ability to implement them effectively. These governance gaps lead to poorly planned developments, inadequate access to services and spatial inequalities. Local governments can play a fundamental role in ensuring access to adequate housing with the necessary financial, institutional and political capacities in place. Yet in practice many remain confined to implementation roles, with minimal influence over strategic decisions.

**Non-state actors shape housing far more than policy reflects.** Community organizations, civil society groups and private sector actors all play a central role in housing production and upgrading, yet remain marginal in policy formulation, contributing to persistent mismatches between policy design and lived realities. In many contexts, the majority of housing – especially for low-income groups – is produced incrementally by households, communities and informal markets. However, planning, regulatory and financial systems rarely recognize or support these actors. Their exclusion limits the adaptability, feasibility and social responsiveness of national housing strategies.

**Human rights violations are deeply intertwined with the global housing crisis.** Despite widespread ratification of human rights treaties, many states continue to permit or fail to prevent forced evictions, insecure tenure, homelessness and other precarious living conditions. Weak protections for low-income households and the persistent dominance of financial markets undermine obligations to respect, protect and fulfil the right to adequate housing. The COVID-19 pandemic and climate-related

disasters further exposed systemic vulnerabilities, such as overcrowding, homelessness and inadequate housing, intensifying preventable harm.

## Key Messages

**Governments should re-establish housing as a public priority.** To respond to the housing crisis, governments should reclaim leadership in regulating land and financial markets, strengthen oversight to curb speculation, and maintain steady investment in affordable, well-located housing. Effective housing policies should go beyond an ownership-centric, property-oriented approach to housing development to embrace the diversity in tenure types – from informal settlements and rental housing to collective and community arrangements – while prioritizing in situ upgrading and the enhancement of existing stock through adaptive reuse and stronger rental frameworks.

**Housing policy should operate within a coherent, integrated framework.** Linking National Housing Policies with National Urban Policies, clarifying legal mandates, and harmonizing standards across sectors such as infrastructure, finance, and legislation help ensure that policy objectives are aligned rather than fragmented. Embedding housing within broader, citywide and cross-sectoral investment strategies supports more coherent interventions and strengthens implementation. Aligning national policies with global commitments, including the Sustainable Development Goals, the New Urban Agenda, and the right to adequate housing, further promotes consistency and more inclusive outcomes.

**Stronger multilevel coordination is essential for effective housing delivery.** For housing programmes to be successful, there should be a close alignment between the formulation of policy and the key actors supporting implementation on the ground. A multilevel governance structure capable of coordinating across all government levels is essential to ensure effective housing policies. Local governments should play a stronger role in decision-making, especially in financing and resource redistribution, and hold broader mandates for integrated housing provision.

**An effective housing policy needs to involve a wide range of stakeholders.** Effective housing policy requires collaboration with a wide range of stakeholders throughout the policy cycle. Embedding public participation and co-production allows civil society to shape decisions and safeguard rights, strengthening policy legitimacy, improving feasibility, and ensuring that housing solutions respond to lived realities rather than remaining disconnected from everyday housing practices.

**Housing law, policy and finance should align with human rights obligations.** States should strengthen legal safeguards to prevent forced evictions and ensure viable alternatives, recognize and protect all legitimate forms of tenure, and embed the social function of land and housing in policy frameworks. Strengthening rights-based monitoring and accountability mechanisms, access to justice, and participatory processes, including meaningful engagement with civil society organizations, is essential to ensure that policies reflect the experiences and needs of vulnerable groups and effectively protect housing rights.

## Chapter 3:

### The Housing Affordability Crisis

The rising cost of housing has become a defining feature of the global housing crisis, with cities facing the greatest pressures. Housing is less affordable today than two decades ago, though the drivers and impacts vary widely across regions. Escalating prices reflect a complex interaction of local, national and global forces, and the burden falls disproportionately on younger people, female-headed households, migrants, visible minorities and other vulnerable groups. The crisis also raises concerns of intergenerational equity: high housing prices have increased the wealth of older homeowners, while rapidly rising rents limit younger households' ability to save and enter homeownership. On the demand side, rapid urbanization, population growth and new household formation intensify pressures, particularly in developing countries. On the supply side, escalating land costs combined with restrictive regulations impede affordable housing delivery. Global dynamics, including cross-border capital inflows and low interest rates, further shape affordability challenges.



#### Key Findings

**Housing prices have risen sharply in recent years, with average price-to-income ratios increasing from 9.5 in 2010 to 11.7 in 2023 globally.** Housing prices have risen far faster than incomes, particularly for low-income households. Price-to-income ratios have increased in all regions except Europe and Northern America, with Central and Southern Asia experiencing the steepest rise, from 9.7 to 16.8. This trend reflects rapid urbanization and sustained demographic growth, which have intensified competition for serviced land, alongside rising construction costs driven by higher material prices and infrastructure bottlenecks.

**Rental households face severe economic strain, with 44 per cent globally spending more than 30 per cent of their income on housing.** Although global levels of housing unaffordability have declined slightly since 2010, trends differ markedly across regions, with many experiencing increases over the same period. Rental unaffordability is most acute in Sub-Saharan Africa, largely due to low and irregular

incomes, limited formal rental supply, widespread informality, and rapid urban population growth.

**Acute housing supply gaps are deepening the affordability crisis.** Housing shortages have continued to expand worldwide, rising from 251 million units in 2010 to 288 million in 2023. Delivery is constrained by limited serviced land, high construction costs, and regulatory bottlenecks, while subsidized housing reaches only a limited share of households, leaving most to rely on increasingly unaffordable market options.

**Inequality magnifies affordability pressures:** Higher inequality is closely associated with deeper affordability challenges, reflected in higher rents, greater overcrowding and sharper declines in access to adequate housing for low-income households. These disparities widen gaps between renters and owners and intensify vulnerability among disadvantaged groups.

**Housing unaffordability is driving insecurity of tenure for millions worldwide.** Nearly one quarter of adults in 108 countries report concerns about losing their land or housing rights, with insecurity increasing most rapidly among renters, young adults, and urban residents. Rising housing costs and growing difficulties in meeting rent or mortgage payments have become leading sources of displacement anxiety, signalling a shift away from traditional drivers such as weak legal frameworks or land disputes.

#### Key Messages

**Ensure that housing policy is aligned with broader urban and national development strategies.** Housing affordability is shaped by broad social and economic forces beyond sector-specific policies, including wage stagnation, insecure labour markets, population ageing, and smaller household sizes. As a result, housing policies that are not aligned with employment, social protection, and spatial planning have limited impact, especially for low-income households facing multiple challenges. Coordinating housing with transport, basic services, and social programmes can improve housing outcomes and reduce the wider disadvantages caused by high housing costs.

**Reforming housing supply systems is essential for affordability.** Persistent supply-demand gaps call for reforms in land management, planning, infrastructure, and delivery systems to accelerate the provision of well-located, affordable housing for low-income households. In many regions, supply has lagged behind population growth amid high construction costs, rigid planning rules, slow approvals, and weak land-use management. Countries combining sustained investment with stronger planning institutions and more efficient regulation have been more successful in expanding housing supply.

**Targeting affordable housing finance to vulnerable and low-income groups.** Affordable housing finance should prioritize vulnerable and low-income groups, including young adults, migrants, informal workers, and female-headed households. High levels of inequality exacerbate affordability pressures, resulting in rising rents, overcrowding, and

restricted access to adequate housing. Addressing these challenges requires pro-poor measures such as public housing, rental subsidies, and accessible credit for informal workers. However, demand-side support should be matched with strong supply-side action, as assistance to renters and first-time buyers can inflate prices if housing supply remains constrained.

***Governments need stronger safeguards to manage the growing influence of institutional and corporate investment in housing markets.*** When poorly regulated, speculative activity and large-scale corporate investment can undermine affordability and housing security for low-income households. If investment growth outpaces local incomes or housing supply, prices rise beyond what households can afford. Policymakers should recognize the limits of finance-led approaches and adopt balanced measures, including monitoring investor activity and supporting long-term affordability through social, rental, and non-profit housing.

***Strong institutions are critical to achieving lasting improvements in housing affordability.*** Progress in expanding affordable housing depends on sustained political commitment, predictable financing, and accountable governance to strengthen housing systems over time. Effective strategies therefore rely on capable institutions, coherent planning frameworks, integrated infrastructure decisions, and active resident participation. Evidence from community-based upgrading, mixed-income developments, and public-private-community partnerships shows that outcomes improve when local knowledge informs planning and delivery.



## Chapter 4:

### Beyond Displacement: Mitigating the Loss of Home

Displacement and loss of housing are most effectively addressed through a city-wide approach that recognizes displaced people as urban residents with equal claims to the city. In practice, however, displaced populations often face unequal access to protection and services. Local governments therefore play a critical role in ensuring that displaced people have the same opportunities as other urban residents to access adequate housing. When displacement is addressed solely through short-term humanitarian assistance, funding rarely contributes to the long-term capacity of cities to deliver services for both displaced populations and host communities. What is needed instead is stronger alignment between humanitarian and development assistance, focused on place-based approaches that strengthen service delivery and land access, with local governments and communities at the centre of this process.

#### Key Findings

***The number of people forcibly displaced by conflict, disaster or development worldwide is growing, with the majority now concentrated in cities.*** As of the end of 2024, 123.2 million people were forcibly displaced by persecution, conflict, violence or human rights violations – double the total a decade before – with a further 9.8 million displaced by disaster. Many of these people end up moving as refugees or IDPs (internally displaced persons) to cities, often into insecure or substandard housing where they face the risk of further displacement. However, in addition to these global figures, there is also a hidden epidemic of urban evictions. Though the data on evictions is partial and incomplete, analysis by UN-Habitat for this report estimates that at least 64 million people were displaced from informal settlement by urban development processes between 2003 and 2023.

***Refugees, IDPs, evictees and other groups of the urban displaced fall under very different protection regimes, leaving many with little no support.*** The term “urban displaced” encompasses refugees, internally displaced persons, evictees living in cities, and others in displacement-like conditions, such as returnees or some homeless populations. While these groups often overlap, they are subject to very different rights frameworks and levels of support. Although international agreements exist to protect refugees and prohibit forced evictions, not all UN Member States are party to these instruments, and their provisions are frequently weakly reflected or enforced in national and local law. In practice, those most at risk of exclusion include unregistered refugees and people with insecure tenure, such as tenants and residents of informal settlements.

***Displacement management should be a central issue for local government, but is often overlooked.*** Local governments are best equipped to meet the needs of refugees, IDPs and evictees, but often lack the capacity or the mandate to support them; meanwhile resources and decision-making are often concentrated with national governments and multilateral organizations. At the same time, local governments may



view displaced populations as transient and without political influence, giving them few incentives to support them. With many cities lacking a dedicated multi-sectoral agency to respond to displacement, in practice the response is often split between different departments, resulting in a haphazard and poorly integrated response.

***Secure shelter is critical to well-being and fundamental to the right to adequate housing, but is beyond the reach of many displaced people in cities.*** The impacts of displacement are severe, debilitating and generational. They include, besides the immediate impacts of loss of home and destruction of property, destroyed livelihoods, shattered families, disrupted social networks and lasting psychological impacts from the violence of eviction. Many displaced people end up renting housing in exploitative markets. Women and girls face specific vulnerabilities from lack of a safe home, and are at acute risk of gender-based violence. Displacement often affects those with other vulnerabilities, including unaccompanied children, people with disabilities or minorities.

***Many displaced people in cities need an income to survive, but punitive regulations, discrimination and hazardous informal work leave them vulnerable.*** Discrimination in the labour market leaves displaced people vulnerable to harassment and exploitation. Evictees forced into cheap housing in peripheral locations, far from their original place of work, may lose their livelihoods. Refugees often have restrictions on their rights to work and to open an enterprise, forcing them into informal income-generating arrangements. Overall, the positive impacts of the initiative and enterprise of displaced people remain under-recognized, to the detriment of both the urban displaced and the cities they live in.

## Key Messages

***Local and regional governments urgently require clear mandates and adequate resources to lead city-wide responses to displacement.*** Local and regional governments are central to

effective displacement responses, given their frontline role in supporting affected populations. Channeling humanitarian funding through local governments can strengthen long-term service capacity for all urban residents. While many essential services are already in place, additional technical support may be needed to address specific displacement-related needs. Systematically documenting what works is critical to inform future policy, preparedness, and response.

***Housing support for displaced people should move away from top-down provision toward self-reliant, community-led approaches.*** Housing provided by humanitarian actors, NGOs, or governments cannot meet the full range of displaced people's needs. Instead, governments can enable access to diverse housing options, including private rentals, through targeted assistance and the removal of discriminatory regulations. Cash-for-shelter programmes have proved effective in helping some households secure housing and meet basic needs. Urban development should prioritize the prevention of forced evictions and ensure adequate compensation. There is also significant potential in community-led and participatory solutions driven by urban displaced groups themselves.

***There is an urgent need to prevent and address forced evictions and the loss of displaced people's livelihoods.*** Homes and livelihoods are far easier to destroy than to rebuild, so the demolition of housing, whether self-built, informal, or formal, should be avoided wherever possible. Many low-income workers, including displaced people, depend on hazardous, underpaid, and informal work, and eviction deepens these vulnerabilities. Home-based work is especially common among women. Incremental upgrading and area-based approaches can reduce risks and support livelihoods. Women should be supported in income generation, and refugees granted full rights to work and establish businesses.

***A spatial, place-based approach can address urban deprivation while recognizing and valuing the cultural and economic diversity that displaced people contribute to cities.*** Applying a spatial lens to displacement involves mapping where displaced people live across the city and understanding the broader vulnerabilities affecting these neighbourhoods. This allows resources to be directed to priority areas through targeted programmes that benefit both displaced people and host communities. When designed with community participation, investments in public spaces can strengthen social inclusion, celebrate diversity, and create opportunities for jobs and livelihoods.

***Bridging the humanitarian–development divide is essential to rebuilding cities and managing the transition from short-term crisis relief to longer-term development financing.*** While there is extensive international experience in post-disaster recovery, a persistent challenge is managing the transition from short-term emergency relief to long-term development and stable governance. Community-driven reconstruction can address urgent housing needs while helping rebuild cities and restore trust in local institutions. The “build back better” principle, when combined with participatory planning, has demonstrated strong potential to support inclusive and durable recovery for displaced populations and their cities.

## Chapter 5:

### Leveraging Informality For Affordable and Adequate Housing

Informality is a defining dimension of contemporary urbanization, and in many cities informal housing is now the norm rather than the exception. Given its scale, approaches that ignore or stigmatize informality are no longer viable. This chapter reframes informality not as a deviation, but as a distinct and deeply interconnected mode of urbanization linked to formal planning systems. While informal development can generate slum-like conditions, it is also an incremental process with significant potential to advance inclusive and sustainable city-making. The central challenge lies not in informality itself, but in the deprivations that can accompany it. Policy responses should therefore move from eradication toward leveraging informality to expand access to housing and livelihoods, while addressing structural constraints. These efforts should be integrated with broader housing and planning policies, including measures to strengthen formal housing delivery.

#### Key Findings

***Informal settlements continue to expand in absolute terms.***

Although the share of urban residents living in informal settlements has declined, absolute numbers have risen from 895 million in 2000 to about 1.13 billion in 2024. This increase reflects unplanned urbanization, growing inequality, insufficient affordable housing, limited access to serviced land, and bureaucratic regulatory frameworks that restrict formal housing delivery. Demographic growth, displacement, and weak planning capacity are expected to sustain this trend, with the largest increases projected in Sub-Saharan Africa, particularly in secondary cities.

***Despite better understanding, evictions remain the dominant response to informal urbanization in many countries.***

This persistence is closely linked to the continued stigmatization of urban informality. In many cases, slum demolitions have been justified by efforts to host large-scale international events, such as the Olympics, or to project an image of “world-class” urban modernity. More recently, evictions have also been driven by inadequate responses to climate change, particularly in highly exposed coastal cities, resulting in large-scale displacement, deepening poverty, and heightened vulnerability.

***While informal settlements are often discussed in terms of deprivation, they also hold significant potential to contribute to more inclusive and sustainable urban development.***

Informal urbanization is a dynamic and context-specific process that produces very different outcomes. In many cities, informal settlements provide vital access to affordable housing and land for low-income households, while supporting economic activities and strengthening social networks. Their inherent flexibility also enables residents to adapt quickly to changing needs and emerging challenges, including those posed by climate change.

***Progress in informal settlement upgrading remains constrained by policy bottlenecks and trade-offs.***

Interventions have often focused on physical improvements while giving insufficient attention to other critical dimensions, particularly informal livelihoods. When land regularization through individual titling is poorly designed or implemented, it can trigger rent increases and eventually displace lower-income residents. Similarly, conventional participation approaches are frequently rigid and outcome-driven, limiting meaningful engagement. This is especially problematic when upgrading initiatives assume uniform priorities among residents, overlooking the diverse needs of vulnerable groups, including women, youth, and older people.

#### Key Messages

***Effectively harnessing informal urbanization requires a collaborative approach based on shared knowledge and genuine partnerships between residents, civil society, and governments.***

Effective policies should respond to the complexity of informality by recognizing unequal power relations within settlements and the diverse needs and vulnerabilities of residents. Rather than relying on rigid frameworks, public action should be flexible and adaptive to local dynamics and aspirations. Central to this collaborative approach is the co-production of data and knowledge, which helps challenge stigmatizing narratives and empowers stakeholders to reshape understanding of informal settlements. Digital technologies play a key enabling role by supporting participatory data collection and analysis.

***Adapting legal and planning frameworks to the realities of informal urbanization.***

Informal urbanization is often portrayed as undermining formal systems, yet it is frequently shaped or even driven by outdated and inappropriate planning and regulatory frameworks that fail to meet the needs of today’s urban poor. These rigid rules can push people toward informal access to land and housing. Regulatory reform is therefore urgently needed, consistent with the Right to the City, to ensure that all residents can collectively inhabit, shape, and benefit from inclusive cities. This requires more flexible frameworks that work with, rather than against, informal urbanization.



**Housing and infrastructure improvements that address climate risks should be grounded in local practices and knowledge and designed to avoid displacing affected communities.** Housing and infrastructure interventions should align with informal systems to reduce marginalization and extend legal protection to the workforce. The expansion of basic infrastructure should prioritize participatory in situ upgrading through re-blocking or similar methods to create space for infrastructure while preserving social and economic networks. In the context of climate change, these interventions should adopt hybrid solutions, integrating grey and green/blue infrastructure.

**Housing and infrastructure interventions should support mixed use, home-based work, and local livelihoods.** These policies and interventions should strategically harness the construction sector and its value chains to maximize long-term impact. Institutionalizing maintenance is essential and can be effectively achieved through community-based models that promote resident ownership, ensure follow-up, and generate local livelihood opportunities. Integrating gender mainstreaming and intersectional perspectives is critical to ensure inclusion and equitable outcomes.

**Enhancing land tenure security is critical to addressing the housing crisis.** Policies should move beyond a narrow emphasis on freehold titling toward a pluralistic approach to tenure that recognizes diverse arrangements, including customary rights and communal or cooperative models based on collective stewardship. Acknowledging this diversity enables governments to design context-specific interventions that strengthen tenure security while supporting long-term affordability, social cohesion, and resilience. Land tenure schemes should also integrate a gender perspective to address inequalities in land rights and ensure secure tenure for historically excluded groups, including women and youth.

## Chapter 6:

### Building Climate Resilient Housing

In recent years, governments, agencies, and other actors have mobilized growing political and economic momentum around climate-resilient housing. Evidence shows that all elements of housing systems, from land tenure to financing, influence resilience outcomes. At the same time, housing sits at the centre of the climate challenge, both as a major source of greenhouse gas emissions and as a critical entry point for strengthening resilience. Investment in socially inclusive, climate-resilient housing therefore delivers multiple benefits, including emissions reduction and enhanced security for the most vulnerable urban populations. This chapter examines how climate-resilient housing can be advanced through coordinated action across scales, from individuals and communities to cities and national systems. This approach aligns with the concept of negotiated resilience, shaped through multiple decisions and interventions, helping to reduce unintended impacts and advance climate justice.



### Key Findings

**Housing is both a significant source of emissions and at the frontline of climate impacts.** Buildings account for around 34 per cent of global energy use and 37 per cent of CO<sub>2</sub> emissions, with housing alone responsible for an estimated 17 to 21 per cent of total emissions. Climate impacts on housing are widespread, driving displacement, long-term insecurity, and rising unaffordability, particularly in informal settlements with limited capacity to adapt. These intersecting challenges make climate-resilient housing a high-impact investment, capable of significantly cutting emissions while protecting the most vulnerable from climate-related disasters.

**Climate impacts are accelerating housing insecurity and displacement, exacerbating the housing affordability crisis.** In 2024, an estimated 45.8 million people worldwide were displaced by weather-related hazards, including storms (25.2 million), floods (19.1 million), wildfires (425,000), and droughts (387,000). Although not all such events can be directly attributed to climate change, its impacts are intensifying their frequency and severity. Displacement, in turn, generates new housing demand, often extending well beyond the short term, alongside pressing needs for access to services and sustainable livelihoods.

**Emission reduction targets from housing are not being met; thereby, undermining international climate commitments.** Progress in reducing housing-related emissions is substantially off track. Between 2015 and 2023, CO<sub>2</sub> emissions from building operations increased by 5.4 per cent, even though a reduction of 28.1 per cent was required over the same period to align with the Paris Agreement. While rising global demand for housing partly explains this trend, it nonetheless represents a significant missed opportunity to reduce emissions in a sector with well-established mitigation potential.

**Community-led housing is a highly effective strategy to deliver climate resilience.** There are now decades of experience demonstrating the potential of this approach in different contexts. Community-led housing models consistently strengthen social, human, economic and physical capital, effectively equipping residents to respond to crises through adaptable housing systems. Furthermore, the direct involvement of the community promotes the use of local, sustainable building techniques and materials, such as bamboo and adobe, significantly reducing both costs and emissions.

**The next 25 years represent a pivotal opportunity to reduce emissions from housing.** The coming 25 years represent a decisive window for reducing emissions from housing. Estimates suggest that around 60 per cent of the buildings expected to exist in 2050 have yet to be constructed, creating a unique opportunity to embed low-carbon and climate-resilient design at scale. Seizing this opportunity will require coordinated action across multiple levels, from individual buildings and neighbourhood planning to national policy, regulation, and investment frameworks.

## Key Messages

**Housing is a cornerstone of climate mitigation, adaptation, and just transitions.** Housing plays a critical role in climate action, both as a major source of emissions and as a frontline asset exposed to climate risks. This makes the housing sector a powerful entry point for reducing emissions while strengthening resilience at scale and advancing just transitions. Progress begins with improving the existing housing stock, where relatively low-cost measures, such as better ventilation, energy efficiency, and the use of local building materials, can simultaneously enhance comfort, safety, sustainability, and affordability. Housing policy should therefore be fully integrated into climate policy as a core pillar of mitigation, adaptation, and equity-focused transitions.

**A whole-system national approach is essential to reducing housing emissions at scale:** Reducing housing emissions at scale requires a national, whole-system approach that addresses emissions across the entire housing lifecycle, from design and construction to operation and end-of-life. While energy efficiency standards and building codes have lowered operational emissions in many countries, greater progress depends on expanding regulations to incorporate whole-life carbon accounting. This shift can enable low-carbon construction supply chains, circular economy practices in building design and materials, and other innovations necessary to deliver more sustainable housing outcomes.

**Multilevel governance is critical to delivering climate-resilient housing:** Delivering climate-resilient housing requires coordinated action across governance levels, as no single actor controls all the necessary levers. Effective responses depend on alignment between global, national, and local agendas, alongside collaboration across sectors. National governments set enabling frameworks for decarbonization, risk reduction, and disaster management, while local governments implement them through planning, land-use regulation, infrastructure provision, and social housing management, in collaboration with civil society and the private sector.



### **Empower communities to lead resilience-building strategies.**

Communities should be empowered to play a central role in resilience-building efforts. They are vital in mobilizing residents, bringing forward the perspectives of groups often excluded, including people with disabilities, migrants, Indigenous Peoples, and older persons, and sharing local knowledge essential for effective place-based action. Community-led housing has demonstrated strong results in delivering climate-resilient housing at lower cost while generating local benefits. Sustained national support and international financing can strengthen these capacities and enable resilient upgrading at scale.

### **Climate-resilient housing policies should embed justice safeguards to ensure resilience does not deepen inequality.**

Climate resilience measures often generate unequal distributions of benefits and burdens, especially in cities, where low-income and informal settlements already face the highest climate risks and have lower adaptive capacity. Policies should therefore prioritize vulnerable populations and protect the right to housing, preventing exclusionary outcomes such as green gentrification and green grabbing. Thus, integrating climate risk into housing planning with explicit attention to the needs of vulnerable populations – including affordability, tenure security and access to services – is a policy priority. Urban resilience demands a citywide, equity-centred perspective because a city that works for the most vulnerable is a city that works for all.

### **Embedding equity and justice in climate-resilient housing.**

Climate-resilient housing policies should include justice safeguards to ensure that resilience efforts do not worsen inequality. Climate interventions often distribute costs and benefits unevenly, especially in cities where low-income and informal settlements face the greatest risks and limited capacity to adapt. Policies should therefore prioritize vulnerable groups and protect the right to adequate housing, preventing exclusionary outcomes such as green gentrification and green grabbing. Integrating climate risk into housing planning with a clear focus on affordability, tenure security, and access to services is essential to achieving equitable, city-wide resilience.

## Chapter 7:

### Housing and the City: Delivering Equitable, Liveable and Inclusive Housing

Making cities equitable, liveable, and inclusive remains one of the central challenges of the 21st century, and housing plays a decisive role in meeting it. Yet housing is too often delivered as an isolated product, with insufficient attention to its neighbourhood context, environmental conditions, location, and cultural setting. In practice, the success of housing depends on how well it is integrated into the wider city, including access to services, infrastructure, mobility, and employment. Without such integration, households face heightened risks of social and economic marginalization. Urban liveability and inclusion are therefore not neutral technical objectives but deeply political outcomes, shaped by contested planning processes in which the interests of capital, middle-class residents, and vulnerable groups frequently collide. Addressing the housing crisis requires explicitly pro-poor planning and governance approaches that protect low-income households, informal settlement residents, and other marginalized groups, ensuring that liveability is realized as a universal right rather than a privilege of the affluent



### Key Findings

***Rising housing costs, poorly coordinated planning, and persistent discrimination have contributed to growing residential segregation and spatial fragmentation in cities.*** This segregation limits access to economic opportunities, services, and safe living environments, disproportionately affecting women, migrants, and residents of informal settlements. Place-based approaches that focus narrowly on physical upgrading or introducing higher-income residents to promote social mix have delivered mixed results, as they often overlook underlying social, cultural, and power dynamics. More integrated strategies are needed to address both spatial inequalities and the structural drivers of exclusion.

***With only 19 per cent of cities showing strong civil society participation in urban planning, limited engagement remains a major obstacle to effective housing responses.*** Limited civic engagement in housing planning, construction, and maintenance undermines urban equity, effective service delivery, and trust in public institutions, with disproportionate impacts on vulnerable groups such as women, persons with disabilities, migrants, and residents of informal settlements. The exclusion of urban residents, particularly low-income communities, from decision-making has also contributed to poorly located and unsuitable housing that fails to respond to the social, economic, and cultural needs of its residents.

***Limited access to housing and land is a key driver of increasing inequality.*** Across both developed and developing countries, shortages of well-serviced urban land are driving land scarcity, pushing up prices, and reinforcing residential segregation. In many cities, the social function of land has been eclipsed by its treatment as a financial asset. This imbalance is reflected in the paradoxical persistence of vacant land and housing alongside unmet need. While some vacancy is normal in functioning markets, large-scale vacancies reduce urban vitality, inflate costs, and undermine overall liveability.

***Urban sprawl entrenches inefficiency, inequality, and fiscal strain.*** Between 1975 and 2025, urban areas expanded at nearly twice the rate of population growth, producing low-density development patterns that raise per-capita infrastructure costs and push low-income workers into long, costly commutes. This form of growth strains municipal budgets, degrades natural ecosystems, and deepens spatial inequality by concentrating affordable housing in peripheral areas far from jobs and services. These compounding inefficiencies and inequities underscore the urgent need for more integrated urban planning and coordinated governance.

***Neighbourhoods are essential to social connection, safety, and urban resilience.*** Housing does not function in isolation; neighbourhoods play a vital social role by providing care, security, social interaction, and a sense of collective life. These benefits depend on inclusive and participatory land use, as well as urban design that prioritizes mixed-use development, small urban blocks, and active streets. Dense, mixed-use environments enhance visibility and public safety, strengthen human connections, and reduce social isolation, forming a critical foundation for vibrant, resilient, and inclusive cities.

## Key Messages

### ***People-centred housing is essential for inclusive urban development.***

People-based social housing programmes are vital for reducing housing inequality, promoting social inclusion, and supporting vulnerable groups. To be effective, these programmes should be integrated with infrastructure and transport planning to create connected communities. Concentrating affordable housing in peripheral areas far from jobs and services should be avoided. Instead, well-located urban areas and transit corridors should systematically include affordable housing, supported through inclusionary zoning, the strategic use of public land for mixed-income development, and land-value capture mechanisms that redirect speculative gains toward long-term affordability.

### ***Community-led housing delivers scale when residents control resources and decisions.***

Housing-centred participation achieves meaningful scale when residents have real control over resources and decision-making. Programmes that provide direct financing to community organizations and grant residents authority over the design, construction, and management of their homes have consistently improved housing outcomes. This requires moving beyond consultation toward genuine power-sharing, including community-controlled funds, collective land tenure arrangements, resident-led capacity building, and flexible implementation frameworks that reflect locally defined priorities. Success depends on communities managing resources directly, assessing their own needs, and negotiating tenure security collectively with government authorities.

### ***Culturally appropriate, gender-responsive, and participatory urban planning should be a core requirement for all housing and neighbourhood development.***

People-centred policies should address the differentiated needs of vulnerable groups and commit to inclusion in both process and outcomes. Understanding how gender, ethnicity, age, disability, and legal status shape access to housing is critical to ensuring safety, mobility, and dignity for all. User-centred, participatory design approaches help ensure that housing and public spaces respond to diverse needs, benefiting women, children, older persons, persons with disabilities, Indigenous Peoples, migrants, and people experiencing homelessness. Designs that meet the needs of the most vulnerable often enhance liveability and accessibility for everyone.

### ***Collaborative land and housing practices that grant communities legal authority over planning decisions are key to fostering greater inclusion and reducing the impacts of speculation and gentrification.***

Embracing the social function of land means transforming participation from consultative processes to legally binding co-governance. This can be done by collective tenure arrangements that transfer land ownership and development rights from state control or speculative markets to organized resident communities. Governments should legally recognize community-based organizations as legitimate planning authorities with statutory powers to negotiate land use, allocate housing units, establish community-controlled development funds and enforce affordability covenants in perpetuity.

### ***Granting communities legal authority over land and housing decisions is critical to inclusion and to curbing speculation and gentrification.***

Recognizing the social function of land requires moving beyond consultative participation toward legally binding co-governance arrangements. This includes collective tenure models that transfer land ownership or development rights from the state or speculative markets to organized resident communities. Governments should formally recognize community-based organizations as legitimate planning actors, with statutory powers to negotiate land use, allocate housing, manage community-controlled development funds, and enforce long-term affordability requirements.

### ***Equity safeguards are essential in neighbourhood liveability investments.***

Investments in neighbourhood liveability, including transit-oriented and proximity-based development, can reduce transport costs and improve access to services and amenities. However, without strong protection, these improvements often increase land values and displace vulnerable residents. Effective implementation requires securing collective tenure before infrastructure upgrades, embedding affordable housing requirements in all transit-corridor developments, and prioritizing the upgrading of existing communities over clearance and relocation. Without such safeguards from the outset, improved connectivity can unintentionally price low-income households out of newly accessible neighbourhoods..



## Chapter 8:

### Beyond the Conventionality of Housing Finance

Global financing needs for adequate and affordable housing are estimated at US\$ 3–4 trillion per year through 2030, in addition to substantial investment required to maintain and upgrade existing housing stock. With national and local governments facing severe fiscal constraints, scaling a broader range of inclusive, resilient, and context-appropriate housing finance solutions is urgent. This chapter advances an inclusive housing finance ecosystem that affirms housing as a human right while

acknowledging its role as a market good. Housing finance is understood not as a narrow banking function, but as a system of instruments and institutions that enable access to capital throughout the housing life cycle, from land acquisition and construction to maintenance and retrofitting. Achieving housing for all requires rethinking finance beyond conventional models by expanding patient public-purpose capital, scaling non-speculative approaches such as cooperatives and community land trusts, and aligning finance with land, planning, and housing policies. These shifts can curb speculative finance and support diverse incomes, tenures, and delivery models.

## Key Findings

**Conventional housing finance reaches only a small share of households globally, presently.** Conventional housing finance excludes most households worldwide. As of 2023, only one in four applicants (25.5 per cent) successfully obtained a housing loan, despite an increase from 19.8 per cent in 2010. Access remains far lower in many regions, particularly in Sub-Saharan Africa, where approval rates stand at just 8.9 per cent. Countries with high informality, weak credit information systems, and limited collateral frameworks are especially affected, reinforcing the perception that formal housing finance operates as a “luxury good” accessible mainly in more advanced economies.

**Exclusion from housing finance is most severe in developing countries.** Access to housing finance remains particularly limited in developing countries, where around 60 per cent of working adults lack appropriate financial services and are largely overlooked by existing housing finance policies. Current approaches, heavily focused on mortgage-backed homeownership, fail to reflect the scale, income patterns, and preferences of these households or to support alternative models such as rent-to-own, shared equity, and collective construction finance. Conventional systems are also poorly suited to financing incremental building, renovation, retrofitting, and climate-resilient upgrading, despite these being the areas of greatest need.

### ***Housing finance remains overly focused on homeownership.***

Housing finance systems continue to prioritize homeownership, often at the expense of rental and other tenure options. While owner-occupation remains the dominant tenure globally, accounting for nearly three-quarters of households (74.9 per cent) in 2023, rental housing represents a significant and growing share (15.9 per cent) that is frequently overlooked by conventional finance strategies. Despite proven examples, housing finance has not been fully leveraged through public-private partnerships and other mechanisms to expand public and social rental housing. As a result, many low-income and vulnerable households are left to rely on constrained and increasingly unaffordable rental markets.

### ***Rising interest rates are a major barrier to access to housing finance.***

Rapidly rising interest rates have become a critical exclusionary barrier to housing finance. Between 2020 and 2024, global interest rates increased at the fastest pace in decades. In advanced economies, mortgage rates doubled or tripled from historically low levels, while in many developing economies, where borrowing costs were already high, interest rates remained in double digits and rose further. Elevated interest rates now act as a structural exclusion mechanism, disproportionately excluding low-income households and exposing the limits of market-dominated housing finance in delivering adequate housing as a human right.

### ***Fragmented regulation and policy misalignment undermine inclusive housing finance.***

Housing finance systems have failed to keep pace with changing socioeconomic and demographic conditions. Fragmented legislation, misaligned land, planning, and housing policies, and the absence of regulation for non-mortgage finance products create systemic bottlenecks that disproportionately exclude lower-income groups. These structural gaps limit the development of innovative financing instruments capable of addressing the full continuum of housing needs, reinforcing inequality and constraining access to adequate and affordable housing.



## Key Messages

**Strengthening the legal and regulatory frameworks to balance housing as a right and an economic asset.** Balancing the role of housing as a human right and an economic asset requires well-regulated markets paired with deliberate public intervention. Clear land policies, secure tenure, predictable zoning, consumer protection, and coordinated institutional frameworks are essential, as even well-designed financial products cannot function without supportive regulation. Governments should also promote a more inclusive and flexible housing finance ecosystem by complementing mortgage-based systems with alternatives such as microfinance, incremental construction loans, rent-to-own schemes, and other non-mortgage finance models that respond to diverse housing needs.

**Scale up community-based and limited-profit housing finance for long-term affordability.** Community-based and limited-profit housing providers, including cooperatives, community associations, and right-of-use models, play a critical role in delivering long-term affordable housing. These providers can be scaled through preferential lending, long-term public land leases, and formal legal recognition. Land policy can further support affordability by embedding inclusionary requirements and at-cost rent formulas. Together, these measures counter financialization by stabilizing costs, reducing speculative pressures, and strengthening non-profit housing finance channels that expand access for households excluded from conventional mortgage markets.

**Leverage de-risking instruments to unlock long-term investment in affordable housing.** Access to long-term, low-cost capital remains limited in many developing contexts due to economic volatility, shallow

capital markets, and high perceived risk. De-risking instruments such as refinancing facilities, guarantee schemes, liquidity backstops, and risk-sharing mechanisms can reduce borrowing costs, lengthen repayment periods, and crowd in private investors and developers. When strategically deployed, these tools help channel finance toward non-speculative affordable housing at scale and strengthen the resilience and depth of housing finance ecosystems.

**Strengthen housing data systems to expand access to finance and improve regulation.** Robust and timely housing data are essential for improving access to housing finance and strengthening regulatory effectiveness. Governments should invest in integrated national data systems that track housing supply, demand, affordability, and access to finance in real time. Such systems can support data-driven underwriting, alternative income verification, and technology-enabled loan structures, expanding access to credit for underserved households. Integrated data architectures are therefore critical to building more inclusive, stable, and well-regulated housing finance ecosystems.

**Prioritize non-market housing finance for displaced and highly vulnerable populations.** For households affected by conflict, displacement, or extreme vulnerability, market-based housing finance instruments are often inappropriate and ineffective. Policy responses should therefore shift away from debt-based approaches toward social-protection-led solutions. These include targeted subsidies, publicly supported rental and transitional housing, and grant-based financing mechanisms. Such non-market approaches are essential to prevent shelter-related impoverishment and to ensure access to safe and adequate housing for displaced and financially excluded populations.

