



Advance copy

Economic Commission for Europe**Committee on Urban Development, Housing and Land Management****Eighty-fifth session**

Geneva, 2-4 October 2024

Item 2 of the provisional agenda

Workshop on housing affordability**Workshop on housing affordability: discussion paper****Note by the Bureau of the Committee***Summary*

The present document provides background information and key elements for discussion for the workshop on housing affordability to be held on 2 October 2024, during the eighty-fifth session of the United Nations Economic Commission for Europe (ECE) Committee on Urban Development, Housing and Land Management. It outlines key challenges related to housing affordability in the ECE region and puts forward recommendations for addressing them. It draws from the outcomes of the 2024 housing affordability survey by the ECE Real Estate Management Advisory Group (see document ECE/HBP/2024/5) and other relevant international work, in particular the 2021 publication *#Housing2030: Effective policies for affordable housing in the UNECE region* by ECE, UN-Habitat and Housing Europe.

The document is submitted according to A/78/6 (Section 20) and ECE/HBP/219, para. 31 (b).

The Committee is invited to take note of the information provided.

I. Introduction

1. The present document provides background information and key elements for discussion at the workshop on housing affordability to be held during the eighty-fifth session of the United Nations Economic Commission for Europe (ECE) Committee on Urban Development, Housing and Land Management (the Committee).
2. The workshop aims to review housing affordability-related challenges in the ECE region and showcase solutions and good practice from countries and local governments of the region and beyond. The workshop will highlight and discuss the outcomes of the 2024 survey on housing affordability by the ECE Real Estate Management Advisory Group, and present relevant international work of partner organizations, including the United Nations Environment Programme, United Nations Human Settlements Programme (UN-Habitat), the Congress of Local and Regional Authorities of the Council of Europe, Housing Europe and the International Union of Tenants. A workshop programme and a list of speakers will be made available closer to the event.¹
3. The document's introductory section flags some of the main work carried out thus far related to housing affordability under the auspices of ECE. Section II of the document describes challenges for housing affordability in the ECE region and section III puts forward recommendations for achieving affordable housing.

A. Past ECE work on housing affordability

4. Over the past decades, ECE, its Committee on Urban Development, Housing and Land Management and its subsidiary bodies have actively promoted affordable and social housing through various initiatives, in collaboration with partner organizations and national experts.
5. In 2006, a task force of international experts developed ECE Guidelines on Social Housing² drawing from the Committee's earlier work. Since then, ECE has also hosted numerous workshops and symposiums to develop strategies and enhance skills and national capacities related to housing affordability, sustainable housing, social housing provision and finance.
6. Other key relevant strategic documents developed under the auspices of ECE have included: *Strategy for Sustainable Housing and Land Management in the ECE region for the period 2014–2020*³ adopted by a ministerial meeting in 2013 and the *Geneva UN Charter on Sustainable Housing*,⁴ endorsed in 2015. The Charter is a soft law instrument that covers: challenges including globalization, demographic shifts, climate change and economic crises; goals and principles focused on environmental protection, economic effectiveness, social inclusion and cultural adequacy; as well as measures to promote sustainable housing such as improving energy efficiency and ensuring housing accessibility and safety.
7. More recently, ECE convened a ministerial meeting on urban development, housing, and land management (Geneva, 6–7 October 2021) to address regional urban challenges. That meeting launched the *#Housing2030: Effective policies for affordable housing in the UNECE region*⁵ report developed within a joint initiative of ECE, UN-Habitat and Housing Europe, with the aim to improve housing affordability. The ministerial meeting also endorsed *Place and Life in the ECE - Regional Action Plan 2030*⁶ to address impacts from the COVID-19 pandemic and climate-related housing emergencies.

¹ All documentation for the meeting will be available on the ECE website at: <https://unece.org/housing/events/cudhlm-session85>

² United Nations publication, ECE/HBP/137.

³ ECE/HBP/2013/3, available, as a publication, at: <https://unece.org/info/Housing-and-Land-Management/pub/2888>.

⁴ E/ECE/1478/Rev.1.

⁵ United Nations publication, ECE/HBP/204.

⁶ United Nations publication, ECE/HBP/215.

B. The #Housing2030 report

8. The #Housing2030 report highlights essential elements of affordable housing, namely: effective governance, strategic land policy and targeted investment, which aim at promoting climate-neutral and affordable housing. The report draws from the expertise of over 100 researchers, policymakers, and housing advocates from the ECE region and beyond, outlining approaches to housing challenges and illustrating their practical application.

9. The report groups policy tools into four themes: governance, land, finance and climate neutrality, and emphasizes the need for coordinated policy efforts to create resilient housing systems that align with the United Nations Sustainable Development Goals (SDGs) and the global climate commitments under the Paris Agreement. Key governance strategies foreseen by the report include: centring policies around people's needs; ensuring government commitment to sustainable housing; coordinating policy efforts; and sharing best practices through regular international exchanges. According to the report, investment policies should regulate financial systems to support housing affordability, prioritize diverse housing models and establish financial frameworks that channel investment into sustainable housing.

10. The #Housing2030 report's land policies recommendations highlight: the importance of developing strategic and inclusive urban plans; engaging directly in land markets to ensure affordable development; and promoting innovative housing practices. Additionally, the report recommends that climate-neutral housing investment should: prioritize energy-efficient and inclusive urban environments; balance new construction with renovation; and support the implementation of climate-friendly building standards and technologies.

C. The Real Estate Market Advisory Group and its study on housing affordability

11. The Real Estate Market Advisory Group, a team of specialists, is a subsidiary body to the ECE Committee. It assists the Committee and its Working Party on Land Administration in developing stronger housing real estate markets. It focuses on strengthening housing real estate markets through collaboration and experience sharing among experts from ECE member States, supporting the implementation of various key documents, including the *Geneva UN Charter on Sustainable Housing*. The Advisory Group's activities are designed to address contemporary challenges such as climate issues and housing emergencies at regional and local levels, and cover specific topics such as: affordable and social housing; real estate economics; and transparent and advanced financial products for housing.

12. The latest study by the Advisory Group on the subject of housing affordability was initiated in January 2024. It involved a survey and extensive quantitative and qualitative research with a view to clarifying the current challenges related to housing affordability and identifying viable policy options for addressing them. Outcomes of the survey and the subsequent study are provided separately to the Committee (documents ECE/HBP/2024/5 containing the executive summary of the study, and ECE/HBP/2024/Inf.3 presenting its full contents).

13. The quantitative analysis of the study details the state and trends of housing affordability across the ECE region, utilizing data from the European Union (Eurostat) Statistics on Income and Living Conditions (EU-SILC) from 2004 to 2020. This data includes cross-sectional data sets and aggregates over 3.4 billion household-level observations from 32 European countries.⁷ The analysis provides housing affordability ratios and other metrics such as poverty and tenancy rates by household type, allowing to measure unaffordability and highlight variations between countries. The analysis illustrates how, since the global financial crisis, financial constraints have forced many people into renting instead of

⁷ Austria, Belgium, Bulgaria, Croatia, Cyprus, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, the United Kingdom of Great Britain and Northern Ireland.

purchasing and owning homes; this has contributed to the current housing affordability challenges and changing tenancy rates.

14. A subsequent qualitative part of the study is based on a survey conducted in January and February 2024 to enhance the understanding of the housing affordability issue in the ECE region. That survey gathered perspectives from public and private entities on the evolution of affordability issues, with a view to recognizing the severity of these issues and identifying innovative initiatives and best practices being implemented or developed to address them within the region.

15. The survey offers a clear depiction of how stakeholders view housing affordability, with responses highlighting the issue's complexity. The respondents to the survey, representing 28 ECE member States⁸ public institutions (72%) and non-profit or private sectors (28%), agreed that, in a period of strong increase in the demand for housing, changes in the housing tenancy structure worsen housing affordability in almost all countries. This problem is exacerbated by housing scarcity and the lack of access to financing. To address those challenges, policies should encourage housing construction and enhance access to financing through sustainable means. Best practices presented by the respondents were mostly related to housing finance (30.8%) and to the availability of construction, renovation or land for housing (26.9%).

16. The main challenges and related recommendations related to housing affordability are described in the sections below, drawing mainly from the 2024 study and the *#Housing2030* report.

II. Challenges concerning housing affordability and implementing solutions

17. The main challenges concerning housing affordability in the ECE region and the obstacles in implementing policies to address them can be grouped into the following key categories:

(a) Market structure, regulatory challenges, and housing discrimination: This category refers to housing market structures that negatively affect housing affordability. It combines challenges linked with small rental markets, inadequate rental regulations, potential regulatory barriers and housing discrimination issues. These factors make it difficult for young and low-income individuals to secure housing, and may be further compounded by unequal treatment based on race, ethnicity, gender and socioeconomic status;

(b) Economic pressures, financial constraints: The second category refers to the current housing market dynamics, which result in housing unaffordability faced by low and middle-income groups. Increasing population mobility and demographic growth put pressure on housing markets, in particular in urban areas, thereby causing housing market inflation. This pressure is exacerbated by the lack of housing supply, which is due to low construction activity in most countries. In some countries, the housing supply responds to demand by increasing construction which raises construction costs, while in others, limited construction makes housing scarcity the primary issue;

(c) Access to mortgage financing: Another constraint is limitation of financial flows (mostly in the mortgage market) with stringent lending standards, and difficulty in securing project financing. This contributes to limiting housing construction further and to hindering the ability of low-income earners and young people to secure mortgages, thereby impacting the overall housing affordability, mainly in the ownership market. Those pressures and constraints contribute to the concentration of new demand in the rental market, which is overwhelmed by the additional demand, and lead to increases in rental costs;

⁸ Albania, Andorra, Austria, Bosnia and Herzegovina, Bulgaria, Canada, Croatia, Czechia, Estonia, Finland, France, Georgia, Greece, Italy, Latvia, the Republic of Moldova, Montenegro, North Macedonia, Norway, Poland, Russian Federation, Slovakia, Spain, Switzerland, Türkiye, United Kingdom of Great Britain and Northern Ireland, Ukraine and the United States of America.

(d) Land availability and construction barriers: This category addresses the scarcity of land, especially uncontaminated plots suitable for construction, and the issue of land contamination requiring remediation. The increasing complexity in land regulation (including due to the integration of mandatory sustainability regulations) and the lack of information on land availability, hinder construction. Digitalization of the planning system, land availability and adapting local rules are key to addressing these issues.

III. Recommendations to achieve affordable housing

18. Guidance and recommendations for policymakers on tailoring or replicating effective policy measures for housing affordability include the following:

(a) Governance for affordable and sustainable housing: Member States are urged to place people at the centre of developing and implementing housing policies and programmes. High-level government commitment is essential for fostering affordable, healthy, sustainable and climate-neutral living environments. Coordination among housing policies at different levels and integration of policy efforts, along with regular international exchanges on progress, are recommended. The approach should also involve multi-stakeholder planning processes that merge local and national housing needs assessments with feasible development and investment plans. It is crucial to maintain balanced tenant-landlord relations and to support housing models that focus on affordability, inclusiveness, and sustainability;

(b) Investment in affordable housing: Financial instruments should be designed and implemented to enhance housing affordability and sustainable construction and renovation. Investment in diverse housing delivery models should be a priority, with the establishment of effective financial frameworks to expand access to affordable housing. Tax instruments should support affordable housing outcomes. Protection against excessive financial risks for residents should be implemented;

(c) Land and resource allocation policies for affordable housing: Urban development should support social inclusion and sustainability. This includes engaging directly in land markets to ensure affordable residential development and promoting innovative practices among land developers and housing providers. It would be beneficial for policies to include measures that prevent geographical segregation in housing markets. Efficient implementation of policies for addressing housing issues in both levels of land and affordability requires data-based monitoring and evaluation in order to ensure an equitable distribution of resources. This should also ensure that subsidies and assistance reach those most in need. Digitalizing information on housing affordability would provide a clearer understanding of where any problem is concentrated, such as issues related to the housing stock;

(d) Inclusivity and stakeholder engagement: Developing inclusive communities requires the selection of diverse housing types and the active involvement of all key stakeholders, including government, financial institutions and communities. This approach helps tailor housing solutions to the actual needs of diverse populations and supports young families through housing guarantee programmes;

(e) Equitable access and efficiency: Policies must prioritize equitable access to housing for vulnerable groups and incorporate energy efficiency measures to achieve environmental and economic benefits. This commitment to equity and sustainability ensures that housing initiatives support the broader goals of social inclusion and climate neutrality.