



# Affordable Housing in UNECE: A summary of Housing affordability report

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# Summary of 'Housing Affordability in UNECE Region Report' outcomes



- The report aimed to review housing affordability challenges from two perspectives:
  - Country perception of the housing affordability situation
  - Affordability situation using the existing dataset in detail.
- Two analyses were conducted: Qualitative and quantitative
  1. Survey on housing affordability conducted in January-February 2024.
    - Aimed to understand housing affordability evolution and identify best practices.
    - Survey shared with governments, cities, and non-profit organizations.
    - 282 representatives invited; 56 responses from 28 ECE member States...19,8% response rate
  - 2. Quantitative data from 32 ECE member States were analyzed (57% UNECE coverage)
    - EU-SILC microdata, 2004-2020, with over 3,4 billion observations.
    - Estimating several affordability ratios based on type of household, tenancy, poverty situation, region and country. → identify where the affordability problems are and why
- <https://unece.org/isu/documents/2024/09/informal-documents/draft-programme-workshop-housing-affordability>

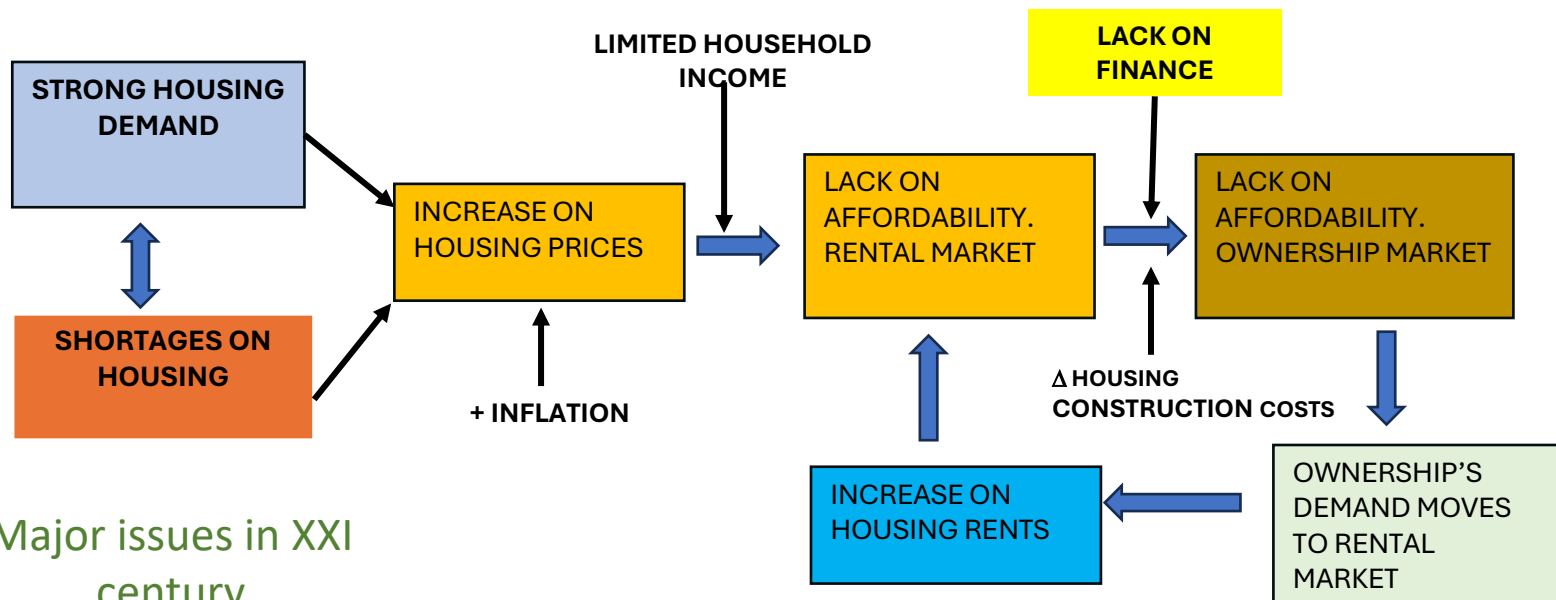
# Motivation and steps in the analysis



- Following international evidence of increasing housing affordability problems appearing simultaneously across many UNECE countries.
  - Global causes
  - Scope of the problem
  - Particular situations
- Steps:
  1. Looking for evidence: →
    - Survey on housing affordability conducted in January-February 2024.
    - Data from 32 ECE member States analyzed using EU-Silc database
  2. Literature review
  3. Methodology
    - Dimensions of lack on affordability
    - Challenges and consequences
  4. Results. Identifying:
    - Questionnaire, perception of: →
      - Tenancy effects
      - Policy instruments
    - Data analysis: →
      - Identifying the extreme situation of affordability problems
      - Tenancy, income and household types
      - Housing market structure
- 4. Conclusions:
  - Best practices and implementation: lesson learned
- Outcomes from both analysis were very consistent and emphasize the importance of:
  - Assessing housing costs' impact on the standard of living.
  - Taken into account the particular tenancy and household situation
  - Deal against major shortages: lack on supply, lack of finance
  - Develop new regulation

# Survey Findings in a nutshell

- Housing affordability particularities, pointed that:
  - Supply-demand imbalances, regulatory constraints, and rising costs as the main challenges.
  - Housing affordability issues have **spatial dimensions**, primarily affecting **major cities**.
- Lack of housing affordability socioeconomic dimensions. Mechanism



Major issues in XXI  
century

# Survey Findings (2)

## • Challenges of housing affordability:

- Tenancy; Reduced size of rental markets stress lack of affordability
- Associated to some degree of poverty, →
- Supply/demand imbalance: lack on supply and increasing demand
- Income disparity and rising costs
- Regulatory constrains



## • Consequences: Market distortions

- ❖ Illegal occupation of public housing
- ❖ Need for legal security in the rental market
- ❖ High prices and rents have expelled workers (lower wages) out of the city and increased commuting or reduced the labor force, affecting some cities' sectors
- ❖ The small size of rental market is causing a lack of affordability
- ❖ High housing costs reduce residual income to cover basic needs (energy, school, transport, food... )
- ❖ Low quality in housing conditions

### Social effects:

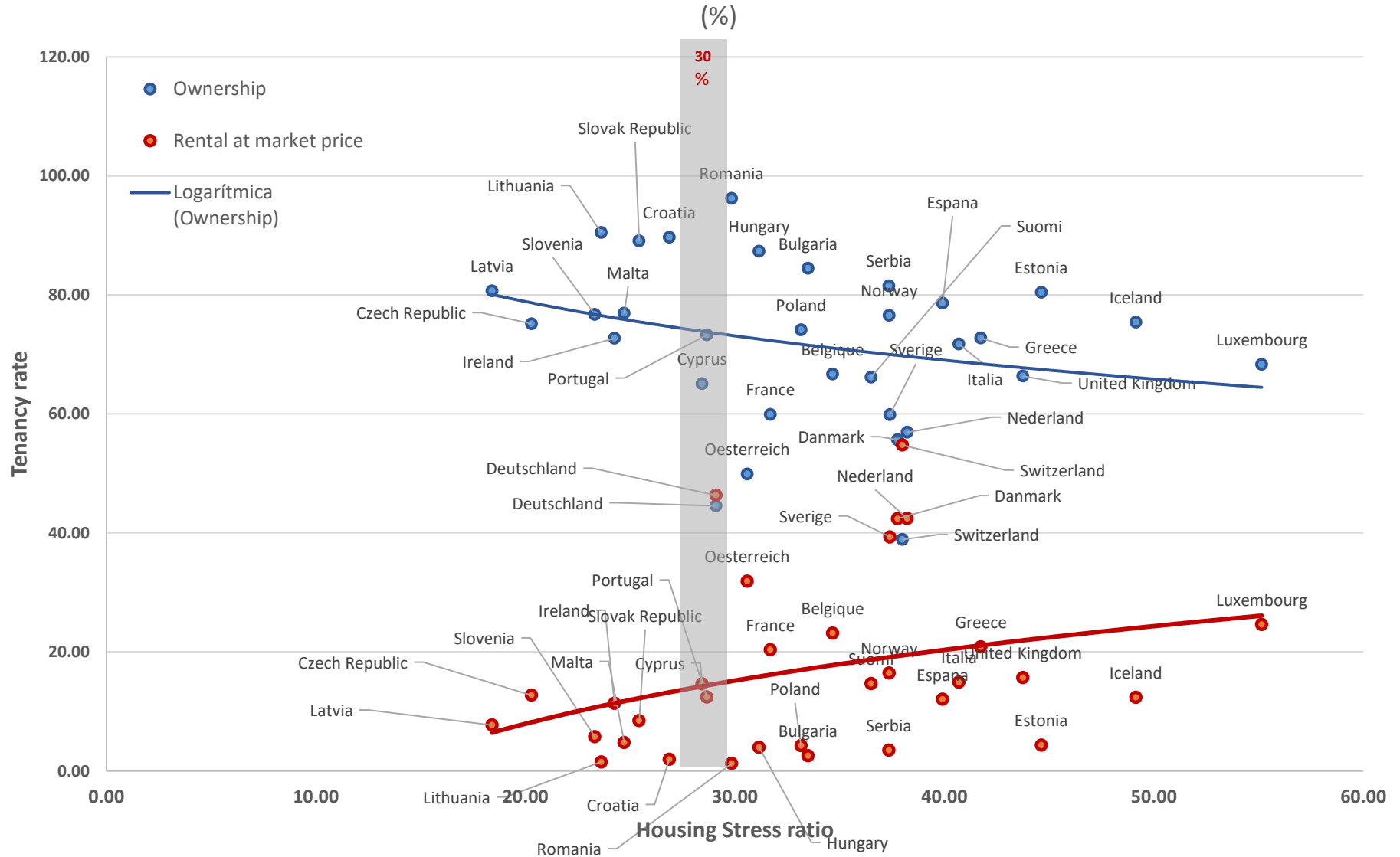
- Young people cannot leave their parent's homes producing a delay in household formation.
- The middle class cannot access the public housing market resulting in that 'The middle-income group is lost'

### Two market paradoxes:

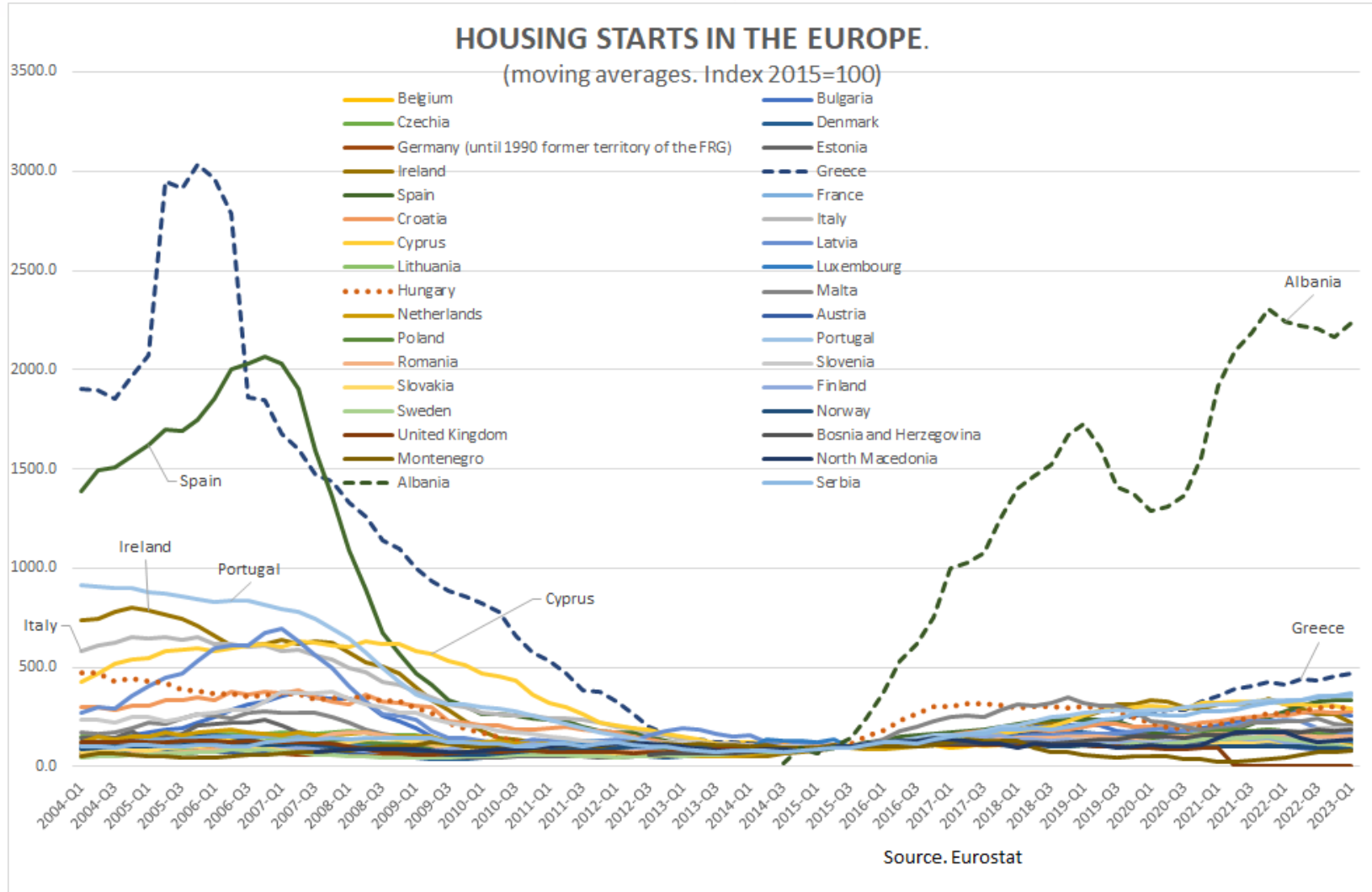
- Price-quality gap: high prices for low services or bad quality apartments
- The housing price incentive paradox: There is no renovation incentive, as prices are high and houses are rented/sold in any conditions, at any price



# Housing Stress and tenancy. Correlation in 2020



# Lack of housing supply



# Survey Findings (3)

- Other needs identified.
  - Conceptual and methodological
    - Determination of housing as a human right
    - Clearer definition of the subject household for housing policy.
  - Solutions for informal settlers who can't afford a house at market rental prices
  - Need of new concept of the affordable house:
    - A conceptual deficit on methods to ensure sustainable human-centric housing affordability:
  - Requires a step ahead: using electronic tools for social housing set-ups
  - Lack of data on land and market
    - Develop datasets to follow the housing affordability problem from the land perspective



# Dataset Outcomes Summary

- Lack on affordability, on average, mainly affect...
  - to medium and low income families
  - to particular type of households, like elderly couples and single parent households,

## Housing affordability ratios by type of households. Average for 32 countries

	All households		Households under poverty line	
	RA	30/40 -Housing	RA	30/40 -Housing
	HOUSING COST/INCOME (%)	Stress	HOUSING COST/INCOME (%)	Stress
<b>Average</b>	25.67	34.67	42,85	44,02
<b>one person household</b>	<b>31.72</b>	<b>35.13</b>	<b>48.13</b>	<b>48.13</b>
<b>2 adults no dependent children, both adults under 65 years</b>	22.03	<b>34.82</b>	<b>44.44</b>	<b>44.44</b>
<b>2 adults, no dependant children, at least one adult 65 years or more</b>	20.74	26.37	<b>34.69</b>	<b>34.69</b>
<b>single parent household, one or more dependent children</b>	<b>29.53</b>	<b>34.42</b>	<b>39.83</b>	<b>40.32</b>
<b>2 adults with dependent children</b>	21.67	<b>35.99</b>	<b>35.81</b>	<b>38.28</b>
<b>other households with dependent children</b>	17.83	<b>36.23</b>	<b>33.46</b>	<b>37.73</b>

Source: EU-Silc, Eurostat, 2004-2020

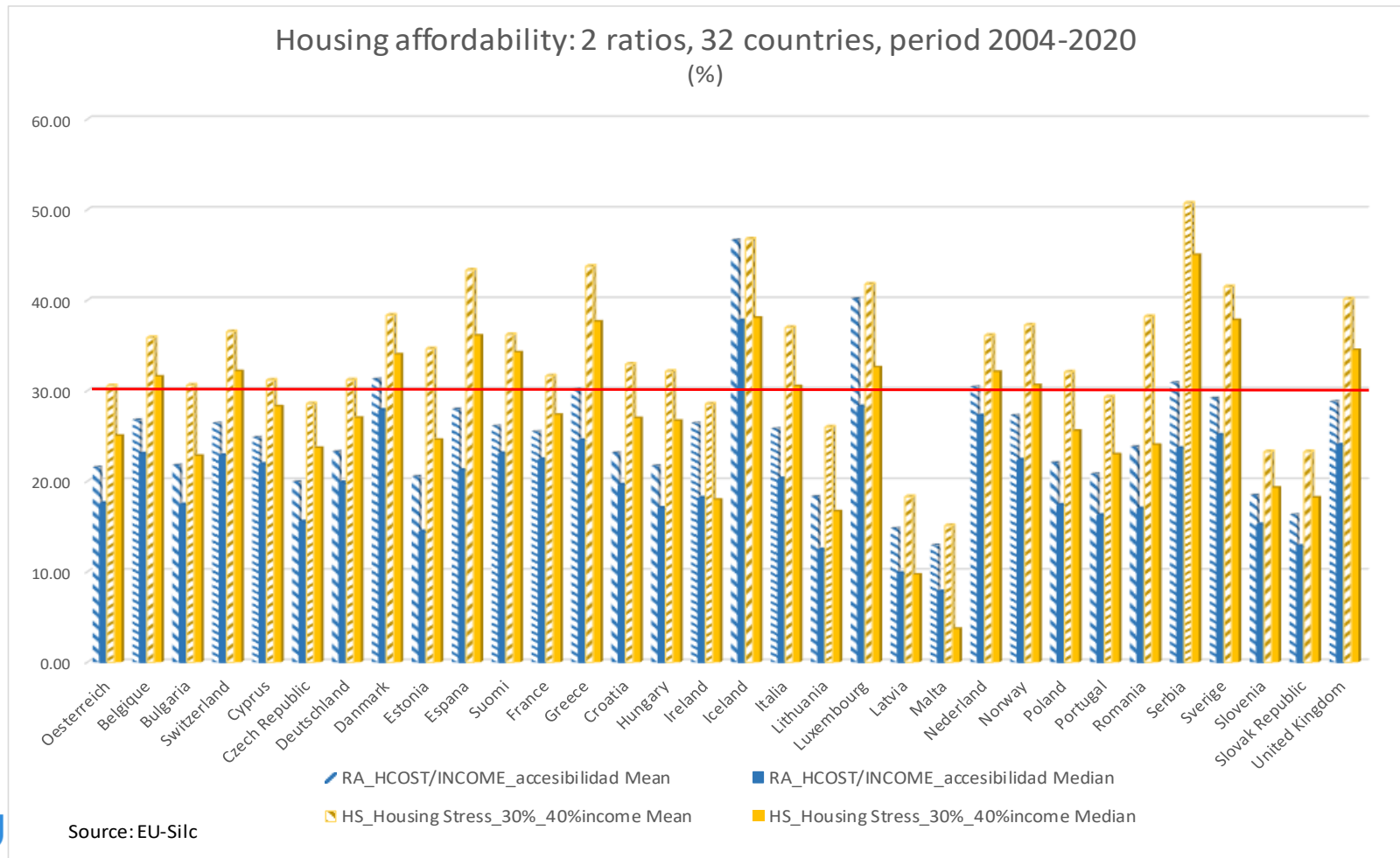
# Dataset Outcomes

- the main affordability problem is allocated in the rental market, with ratios overpassing 30 % in the left side (40%) of the income distribution.

Cost to income ratio by Tenure Status. Whole sample			
	HOCOST /INCOME ratio	HS_30/40 Housing Stress Ratio	
%	Mean	Mean	Median
Owner	22,31	<b>37,33</b>	30,45
Tenant or subtenant paying rent at prevailing or market rate	<b>28,01</b>	<b>36,07</b>	30,81
Accommodation is rented at a reduced rate(lower price than market price)	23,95	29,82	26,04
Source: EU-Silc, Eurostat, 2004-2020			

# Dataset Outcomes Summary

- Housing affordability issues have spatial dimensions, primarily affecting major cities, and household with lower income.



# Best Practices

- 18 best practices highlighted, including housing finance, land access, housing governance, and sustainability.
- Implemented at various levels: national, regional, local, and cross-border.
- Recommendations include funding, accessibility, and community involvement.

Table 1. Short description of the best practices

ID	affiliation	Country
1	Vienna/Austria	Austria
2	QWEB, Canada, Quebec	Canada
3	Ministry of Physical PLanning, Construction and State Assets, Croatia	Croatia
4	Tallinn Property Department	Estonia
5	Finland/Helsinki Ministry of the Environment	Finland
6	International consultant on architecture & urban development, Paris, France	France
7	Georgia, Tbilisi. Tbilisi City Hall.Georgia	Georgia
8	Assessorato Patrimonio Comune di Roma	Italy
9	Ministry of Economy of Republic of Latvia	Latvia
10	Montenegro, Podgorica	Montenegro
11	Ministry of Local Government and Regional Development	Norway
12	Ministry of Economic Development and Technology, Poland	Poland
13	Slovakia	Slovakia
14	Colegio de registradores de España	Spain
15	Universitat Politècnica de València - Spain	Spain
16	Housing Development Administration (Turkey/Ankara)	Turkey
17	Co-housing Ukraine, Ukraine, Kyiv	Ukraine
18	U.S. Department of Housing and Urban Development; Washington, DC	USA

# Challenges in Implementation

- a. **Financial Difficulty:** Challenges in securing financing for projects.
  - a. **Price Inflation:** Rising housing market prices due to inflation affect affordability.
- b. **Construction Delays/lack on renovation:** Longer construction periods cause project delays.
  - a. **Household demand Waiting:** Homeless individuals face wait times for housing.
- c. **Economic and Legal Factors:** Economic and legal considerations impact housing initiatives.
- d. **Administrative Complexity:** Handling applications and verifying eligibility is complex.
  - a. **Coordination Issues:** Ensuring collaboration among stakeholders is challenging.
- e. **Monitoring and Evaluation:** Precise monitoring mechanisms require expertise.
- f. **Equitable Distribution:** Ensuring subsidies reach those in need is challenging.
- g. **Land Scarcity and Contamination:** Limited land and contaminated areas hinder construction.

# What would make this best practice even more successful ?



- 1. Funding and Financial Resources:** Enhance local and state funding, support for the homeless, attract international donors, and ensure funding is linked to specific initiatives.
- 2. Housing Affordability and Guarantees:** Increase guarantees for homebuyers outside the capital and for energy-efficient homes; develop new ways to help young people access housing.
- 3. Communication and Involvement:** Strengthen communication strategies for housing projects to better engage the public.
- 4. Construction Methods and Housing Systems:** Adopt modern construction methods and focus on cooperative housing to improve affordability and focus on human needs.
- 5. Legal and Procedural Improvements:** Streamline legal procedures for property transactions to improve financing and access.
- 6. Permanent Initiative and Continuous Credit Line:** Establish a permanent housing initiative with a continuous credit line in partnership with the Development Bank of the Council of Europe.



# Challenges & Recommendations

Key challenges: Tenancy structure, income disparity, supply-demand imbalance.

Need for legal security in rental markets.

Develop clearer frameworks for adequate housing as a human right.

# What advice would you offer to policymakers from another country if they were seeking to adapt or replicate your examples of best practice?

- 1. Risk Assessment and Project Scale** to ensure housing initiatives are successful and meet resident satisfaction.
- 2. Diversity in Housing:** Promote diverse and inclusive communities
- 3. Housing Guarantees for Demographic Support** especially among young families.
- 4. Research and Stakeholder Engagement** (government, financial institutions, and communities) in housing projects.
- 5. Equity and Accessibility** to assist the most vulnerable and low-income groups.
- 6. Monitoring and Evaluation:** Implement robust mechanisms for ongoing evaluation and monitoring the projects.
- 7. Public Awareness Campaigns:** Develop outreach campaigns to educate the public about housing opportunities and application processes.
- 8. Energy Efficiency Integration:** Include energy efficiency measures in housing programs.
- 9. Learning from Experience:** Utilize lessons from past projects to ensure financial stability, appropriate subsidies, and effective legal frameworks.
- 10. Financing for Social Housing:** Emphasize the need for funding mechanisms to support social housing projects.



# Conclusion



- Housing affordability is a multidimensional issue influenced by tenancy, income, and housing supply.
- Survey and data analysis reveal significant disparities in European countries.
- Policy measures need to address affordability challenges, focusing on housing costs' impact on poverty.
- Households in the rental market face the major affordability problems, making them particularly vulnerable to market fluctuations.
- The information about the dimension of affordability problem in each market is crucial for correct policy implementation.
- It is recommended that policymakers enhance monitoring and data collection, reform policies and regulations, increase financial support for those most in need, foster collaboration between relevant agencies, prioritize equity and inclusion, and integrate sustainability into housing solutions.
  - Additionally, they should ensure sufficient construction in the affordable housing segment and simultaneously develop supporting infrastructure such as schools, transportation,

# Thank you!



## REM Team

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