Standing Committee
for Economic and Commercial Cooperation
of the Organization of Islamic Cooperation (COMCEC)

DECENT HOUSING FOR THE POOR IN THE OIC MEMBER COUNTRIES

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This comprehensive Guide on "**Decent Housing for the Poor in the OIC Member Countries"** has been prepared for the Standing Committee for Economic and Commercial Cooperation of the Organization of Islamic Cooperation (COMCEC) by **Prof. Dr. Ali Hepşen and Dr. Levent Sümer.** The Guide provides a rigorous, multi-dimensional analysis of the global housing problems, with a specific focus on the unique challenges and opportunities within OIC Member Countries. It offers a detailed conceptual framework for decent housing, a critical assessment of current housing policies and conditions across the OIC, and an in-depth evaluation of good practice models from both member and non-member countries. Building on this diagnostic and analytical foundation, the Guide culminates in a forward-looking set of guided principles and actionable policy recommendations. These are designed to support policymakers in transitioning towards more sustainable, equitable, and innovative housing solutions, ultimately advocating for a fundamental paradigm shift from traditional, ownership-centric models to a holistic, integrated, and human-focused approach encapsulated in the proposed **Public-Private-People Partnership (4P) Framework.**

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LIST OF ACRONYMS

4P:	Public-Private-People Partnership
AADL:	Agence Nationale de l'Amélioration et du Développement du Logement
AHP:	The Affordable Homes Programme
AKPK:	The Credit Counselling and Debt Management Agency
ANHI:	The National Shelter Upgrading Agency
ANRU:	Agence Nationale pour la Rénovation Urbaine
APL:	Personalized Housing Aid
ARM:	Adjustable-Rate Mortgage
ASSIST:	Assistance Scheme for Second Timers
B40:	Bottom 40% Income Group
BCA:	The Building and Construction Authority
BIM:	Building Information Modelling
BNM:	Bank Negara Malaysia
BRSA:	Banking Regulation and Supervision Agency
BSPS:	The Bantuan Stimulan Perumahan Swadaya
BTO:	Build-To-Order
CBRT:	Central Bank of the Republic of Türkiye
CDG:	Caisse de Dépôt et de Gestion
CEDAW:	Convention on the Elimination of Discrimination Against Women
CHI:	Crédit Immobilier et Hôtelier
CMB:	Capital Markets Board
COMCEC:	The Standing Committee for Economic and Commercial Cooperation of the Organization of the Islamic Cooperation
CONQUAS:	Construction Quality Assessment System
COVID-19:	Coronavirus Disease
CPF:	Central Provident Fund
CRC:	Convention on the Rights of the Child
CRPD:	Convention on the Rights of Persons with Disabilities
D&B:	Design-and-Build
DOSM:	Department of Statistics of Malaysia
DRMM:	Dasar Rumah Mampu Milik
ECB:	European Central Bank
ECs:	Executive Condominiums
EGP:	Egyptian Pound
EHG:	The Enhanced CPF Housing Grant
EIB:	European Investment Bank
EIP:	The Ethnic Integration Policy
EJF:	Environmental Justice Foundation
EMRC:	Egyptian Mortgage Refinance Company
EPF:	Employees Provident Fund
ESG:	Environmental, Social, and Governance
EU:	European Union
FED:	Federal Reserve
FGTS:	Fundo de Garantia do Tempo de Serviço
FHA:	Federal Housing Administration
FLPP:	Housing Finance Liquidity Facility
FLPP:	State-subsidized mortgage scheme
FMBN:	Federal Mortgage Bank of Nigeria
FOGARIM:	Fonds de Garantie des Prêts en Faveur des Ménages à Revenus Modestes et/ou Irréguliers
FSHIU:	The Solidarity Fund for Housing and Urban Integration

GAPAS:	The Real Estate Marketing and Sales Managers Association
GBI:	Malaysia’s Green Building Index
GCC:	Gulf Cooperation Council
GDP:	Gross Domestic Product
GFC:	Global Financial Crisis
GNI:	Gross National Income
GOPP:	General Organization for Physical Planning
GYODER:	The Real Estate Investors Association
HBRC:	Housing and Building National Research Center
HDB:	Housing and Development Board
HDP:	Humanitarian-development-peace (HDP)
HLM:	Habitation à Loyer Modéré
HOPE:	Home Ownership Programme
HPI:	The House Price Index
IBS:	Industrialized building systems
ICCPR:	International Covenant on Civil and Political Rights
ICERD:	International Convention on the Elimination of Racial Discrimination
ICESCR:	International Covenant on Economic, Social, and Cultural Rights
IDP:	Internally Displaced People
IIF:	International Institute of Finance
ILO:	International Labor Organization
IMF:	International Monetary Fund
INFONAVIT:	National Workers' Housing Fund
IOM:	International Organization for Migration
IRH:	Interim Rental Housing
IsDB:	Islamic Development Bank
JENDELA:	National Digital Network
KIP:	Kampung Improvement Program
KPKT:	The Ministry of Housing and Local Government
LDN:	Land Degradation Neutrality
LIHTC:	The Low-Income Housing Tax Credit
LOİ SRU:	Municipal Social Housing Mandates (Loi Solidarité et renouvellement urbain)
LPA:	Logement Promotionnel Aidé
LPL:	Logement Public Locatif
LTV:	Loan-to-Value
LVT:	Land Value Taxation
MAD:	Moroccan Dirhem
MAS:	Monetary Authority of Singapore
MBS:	Mortgage-Backed Securities
MCMV:	Minha Casa Minha Vida
MENA:	Middle East North Africa
MEUCC:	The Ministry of Environment, Urbanization, and Climate Change
MHUD:	Ministry of Roads and Urban Development
MHUUC:	Ministry of Housing, Utilities, and Urban Communities
MHUV:	Ministry of Housing, Urban Planning, and the City
MND:	Ministry of National Development
MoMRAH:	Ministry of Municipal and Rural Affairs and Housing
MOP:	Minimum Occupation Period
MPMG:	Mera Pakistan Mera Ghar
MPMMN:	National Affordable Housing Council
MSR:	Mortgage Servicing Ratio
MÜSİAD:	Independent Industrialists and Businessmen's Association
NAPHDA:	Naya Pakistan Housing and Development Authority

NDCs:	Nationally Determined Contributions
NGO:	Non-Governmental Organization
NHAP:	National Housing Action Plan
NHF:	Nigeria's National Housing Fund
NHMP:	National Housing Movement Plan
NHP:	National Housing Program (NHP)
NPHP:	The Naya Pakistan Housing Program
NUA:	The New Urban Agenda
NUCA:	New Urban Communities Authority
OECD:	The Organization for Economic Co-operation and Development
OIC:	Organization of Islamic Cooperation
OPGI:	Offices for Property Management and Promotion
PEEC:	Participation des Employeurs à l'Effort de Construction
PES:	Payment for Ecosystem Services
PFMSB:	PR1MA Facilities Management Sdn Bhd
PHG:	The Proximity Housing Grant
PIF:	Saudi Public Investment Fund
PKR:	Pakistan Rupi
PMAY:	Pradhan Mantri Awas Yojana
PMRC:	Pakistan Mortgage Refinance Company
PPP:	Public-Private Partnership
PPR:	People's Housing Programme
PR1MA:	Perumahan Rakyat 1Malaysia
PTZ:	Zero-Interest Housing Loans (Prêt à Taux Zéro)
REDF:	Real Estate Development Fund
REIF:	Real Estate Investment Fund
REIT:	Real Estate Investment Trust
RM:	Malaysian Ringgit
RPJMN:	National Medium-Term Development Plan
RTO:	Rent-to-Own
SAKU:	Training and Employment Programme
SAR:	Saudi Arabian Riyal
SDG:	United Nations Sustainable Development Goal
SESRIC:	The Statistical, Economic and Social Research and Training Centre for Islamic Countries
SFCs:	Saving Financing Companies
SGD:	Singapore Dollar
SHMFF:	Social Housing and Mortgage Finance Fund
SHP:	Social Housing Program
SJKP:	Skim Jaminan Kredit Perumahan
SLM:	Sustainable Land Management
SOPROFIM:	The Land and Real Estate Development Company
SRC:	Saudi Real Estate Refinance Company
SRU:	Loi Solidarité et Renouvellement Urbain
TDSR:	Total Debt Servicing Ratio
TOKİ:	Housing Development Administration of Türkiye
TRY:	Turkish Lira
UAE:	United Arab Emirates
UDHR:	Universal Declaration of Human Rights
UK:	United Kingdom
UN:	United Nations
UN-Habitat:	United Nations Human Settlements Programme
URA:	The Urban Redevelopment Authority

US:	United States
USD:	United States Dollar
VSB:	Villes Sans Bidonvilles
WBS:	Wohnberechtigungsschein
WSUD:	Water-Sensitive Urban Design

EXECUTIVE SUMMARY

The global housing sector is at the center of a deepening social and economic crisis. Over 1.6 billion people lack adequate housing, a figure projected to reach 3 billion by 2030, with at least 150 million completely homeless. Rising construction costs, high inflation, and high interest rates, as well as financial instability and rapid urbanization, have pushed affordable and decent housing beyond the reach of millions. This crisis is particularly acute in the Member Countries of the Organization of Islamic Cooperation (OIC), where demographic pressures, institutional weaknesses, and climate exposures intersect to create a complex and urgent challenge.

Unlike cyclical crises of the past, most notably 2008, today's crisis, which was driven by poor credit evaluations, the current housing crisis stems from a fundamental mismatch between soaring housing costs and stagnant household incomes, exacerbated by the high cost of borrowing. The COVID-19 pandemic, regional conflicts, and prolonged inflationary shocks have further exposed and worsened the structural weaknesses in housing systems worldwide. These dynamics underline the urgency for context-specific analysis, which this Guide seeks to provide for the OIC.

This Guide, prepared for the COMCEC, provides a comprehensive analysis of the housing crisis, with a specific focus on OIC Member Countries. It offers a detailed assessment of global and national challenges, evaluates past and present policies, and proposes a new paradigm for sustainable, equitable, and innovative housing solutions. The Guide is structured into five core chapters, each addressing a critical dimension of the housing ecosystem.

Chapter 1: Introduction

Summary: This Chapter sets the stage by describing the severity of the global housing crisis within a fraught macroeconomic context. It highlights the unique nature of the current crisis, driven by income-housing cost disparities rather than subprime lending. It underscores the particular struggles of OIC Member Countries, using Türkiye as a case study of the challenges posed by high inflation and currency depreciation. The chapter argues that traditional housing finance models are insufficient and calls for a paradigm shift toward systemic, sustainable solutions.

Key Points:

- The current housing crisis is structurally different from 2008, rooted in unaffordability rather than irresponsible lending.
- Global risks—geopolitical tensions, high debt levels, and economic instability—severely impact the housing sector.
- Homeownership rates are declining in many countries, indicating widespread issues with accessibility.
- OIC Member Countries face a bottleneck: high demand but constrained supply due to the high cost of land, construction, and limited financing.
- A critical conclusion is that periodic interest rate cuts are temporary fixes; long-term solutions require alternative financing models and sustainable policies.

Chapter 2: The Conceptual Framework

Summary: This Chapter establishes the foundational principles of "decent housing," framing it not only as physical shelter but also as a fundamental human right essential for maintaining dignity, promoting health, and achieving social equity. It explores the evolution of the concept, its importance for poverty alleviation, and its objectives. The chapter outlines the legal and institutional frameworks at the international and Islamic (OIC) levels, the roles of key partners and beneficiaries, and various financial mechanisms—including both conventional and Islamic finance tools. It also covers critical enablers, such as land management models and the significant influence of cultural factors on housing needs and design.

Key Points:

- Decent housing is a multifaceted concept encompassing habitability, affordability, accessibility, and cultural adequacy.
- It is a recognized human right and a cornerstone for breaking cycles of poverty, improving health outcomes, and promoting social stability.
- Effective housing policies require collaboration between governments, the private sector, NGOs, international organizations, and communities.
- Islamic finance offers viable, interest-free alternatives (e.g., Musharakah, Ijara, Sukuk) for housing development, aligned with Shariah principles.
- Successful housing strategies must integrate effective land management and be sensitive to local traditions, family structures, and social norms.

Chapter 3: Housing Policies, Challenges and Strategies in the OIC Member Countries

Summary: This Chapter provides a comparative overview of the housing conditions and challenges across OIC Member Countries. It diagnoses the persistent issues of housing deficits, rapid urbanization, and the proliferation of informal settlements and homelessness. The analysis examines the constraints of housing finance systems, the socio-economic factors that drive inequality, and the pervasive issues of informality and tenure insecurity. It further examines the critical gaps in institutional capacity and governance, as well as the growing threat posed by climate change to housing resilience. The chapter concludes by highlighting the immense pressure from population growth and youth bulges on housing demand.

Key Points:

- OIC countries face a massive and growing housing deficit, driven by rapid urbanization and population growth.
- Informal settlements are widespread, characterized by a lack of basic services, tenure insecurity, and limited resilience to climate shocks.
- Mortgage markets are severely underdeveloped in most OIC countries, with limited access to formal finance for low- and middle-income groups.
- Weak institutional frameworks and governance challenges significantly hinder the effective implementation of housing policies.
- Climate change and environmental degradation present existential threats to housing stock, necessitating the integration of resilience into all housing strategies.

Chapter 4: Good Practice Models in Decent Housing: Insights from OIC and Beyond

Summary: This Chapter is the analytical core of the report, presenting detailed case studies of housing policies in selected countries. It includes in-depth field studies of Malaysia and Egypt, desk-based analyses of Türkiye and Morocco, and a comprehensive study of Singapore as a non-OIC benchmark. The chapter also provides shorter analyses of other OIC (Indonesia, Iran, Pakistan, Algeria, Saudi Arabia) and non-OIC (France, UK, Germany, Brazil, India) countries. Each case study examines urbanization pressures, institutional frameworks, affordable programs, finance mechanisms, the role of the private sector, tenure diversity, and sustainability efforts. A comparative analysis synthesizes the key findings and lessons.

Key Points:

- Malaysia demonstrates a sophisticated multi-tiered approach (PR1MA, PPR, MyHome) and innovation in Islamic finance and Rent-to-Own schemes, though it struggles with affordability gaps and oversight.
- Egypt shows the capacity for large-scale, state-led delivery (Social Housing Program) but faces challenges with exclusion of informal workers, peripheral locations, and lack of rental options.
- Türkiye highlights the effectiveness of a powerful central agency (TOKİ) in delivering mass housing and experimenting with alternative finance models, though it remains highly sensitive to macroeconomic volatility.
- Singapore serves as the gold standard for integrated, long-term planning, with a centralized housing authority (HDB), innovative financing (Central Provident Fund (CPF)), and a strong emphasis on social cohesion and sustainability.
- **Cross-Cutting Lesson:** No single model fits all; success depends on strong institutions, context-specific policies, and a balance between state intervention and market mechanisms.

Chapter 5: Guided Principles, Recommended Practices, and Policies

Summary: Building on the diagnostic and analytical chapters, this Chapter proposes a new paradigm for housing policy. It moves beyond traditional, ownership-centric models to advocate for a holistic approach. The central proposal is the 4P Framework (Public-Private-People Partnership), which emphasizes collaborative governance. The chapter outlines key principles, including a shift to "Housing-as-a-Service," creating human-focused financing ecosystems, leveraging technology, integrating housing with land and transport policies, strengthening legal systems, promoting participatory and culturally appropriate housing, and fostering regional cooperation. This final chapter also translates the guided principles into concrete, actionable policy recommendations for OIC policymakers. It provides a roadmap for building a resilient housing policy ecosystem. The recommendations are organized around core themes: rethinking financial models, developing rental markets, strengthening urban planning, promoting green and inclusive housing, ensuring long-term market stability, and enhancing regional cooperation through bodies such as COMCEC and the Islamic Development Bank (IsDB).

Key Points:

- A fundamental shift is needed from purely ownership-based models to embracing diverse tenure options, especially rental housing.
- The 4P Framework is essential for mobilizing resources, sharing risks, and ensuring community inclusion.
- Financing must move beyond bank loans to leverage capital markets, pension funds, and Islamic finance instruments.
- Technology and innovation (e.g., BIM, green building tech, digital platforms) are key to reducing costs and improving efficiency.
- Policies must be integrated (housing-land-transport), participatory, and culturally sensitive to be successful and sustainable.
- **Rethink Finance:** Develop non-interest-based financing, expand Islamic housing finance, and create secondary mortgage markets.
- **Promote Rental Markets:** Establish legal frameworks for secure renting, develop social rental housing, and introduce rent-to-own schemes.
- **Establish/Strengthen Institutions:** Establish or strengthen central housing institutions for policy creation and implementation.
- **Ensure Planning:** Ensure access to serviced land, implement balanced land management, and integrate housing with job centers and public transport.
- **Build Green and Inclusive:** Mandate climate-resilient building codes, incentivize sustainable construction, and prioritize disadvantaged groups (youth, women, refugees).

- **Foster Cooperation:** Create knowledge-sharing platforms and regional financing mechanisms within the OIC.

Decent housing is not merely a structural commodity but a fundamental human right and a critical prerequisite for poverty reduction, social equity, and economic stability. For OIC Member Countries, addressing the housing crisis requires a decisive shift from short-term, fragmented interventions to long-term, systemic, and innovative solutions.

This Guide provides a comprehensive roadmap for that shift, combining rigorous analysis of global and local challenges with practical, evidence-based policy recommendations. It requires a collective effort from governments, the private sector, civil society, and international organizations to collaborate in developing an inclusive and sustainable housing ecosystem, ensuring that every household has access to safe, affordable, and dignified shelter. Only through a collective, systemic, and future-oriented effort can OIC Member Countries move from fragmented responses to a truly inclusive housing ecosystem.

1. INTRODUCTION

The global economy in the 21st century has faced two major world wars, numerous regional conflicts, terrorist attacks, two global economic and financial crises—one being the Great Depression of 1929 and the other the Global Financial Crisis of 2008—and multiple regional crises. Following the economic recession triggered by the COVID-19 pandemic in 2020, the global economy has struggled to enter a full recovery phase after the "Great Lockdown of 2020," reinforcing the prediction made by Nouriel Roubini, who foresaw the 2008 financial crisis, that the effects of the pandemic would last for at least a decade. These recurrent shocks underline the fragility of the global system. Among them, the COVID-19 pandemic has had the most recent and pervasive impact.

In response to this unprecedented contraction, central banks adopted expansionary policies to stabilize economies. Although monetary expansion policies and low interest rates implemented during the pandemic were considered a lifeline, the extreme inflationary environment threatened the economies of the United States (US) and the European Union (EU). As part of inflation control measures, even though the European Central Bank (ECB) and the US Federal Reserve (FED) started reducing interest rates in 2024, the damage caused by high inflation—particularly in the housing market—has led to soaring prices and significant accessibility issues.

Ongoing geopolitical tensions, including the Russia-Ukraine war, Israel's expansionist policies in the region for over a year, and other high-intensity political conflicts, remain significant obstacles to a swift global economic recovery. Interest rate cuts must be implemented gradually to ensure that inflation declines sustainably, as sudden increases in consumption could reignite inflationary pressures. Meanwhile, as shown in Figures 1.1 and 1.2, with the global economic size reaching USD 111.3 trillion (World Bank, 2025) at the end of 2023 and total global debt hitting a record USD 323 trillion in the last quarter of 2024, according to International Institute of Finance (IIF) data, the global debt stock presents serious economic risks.

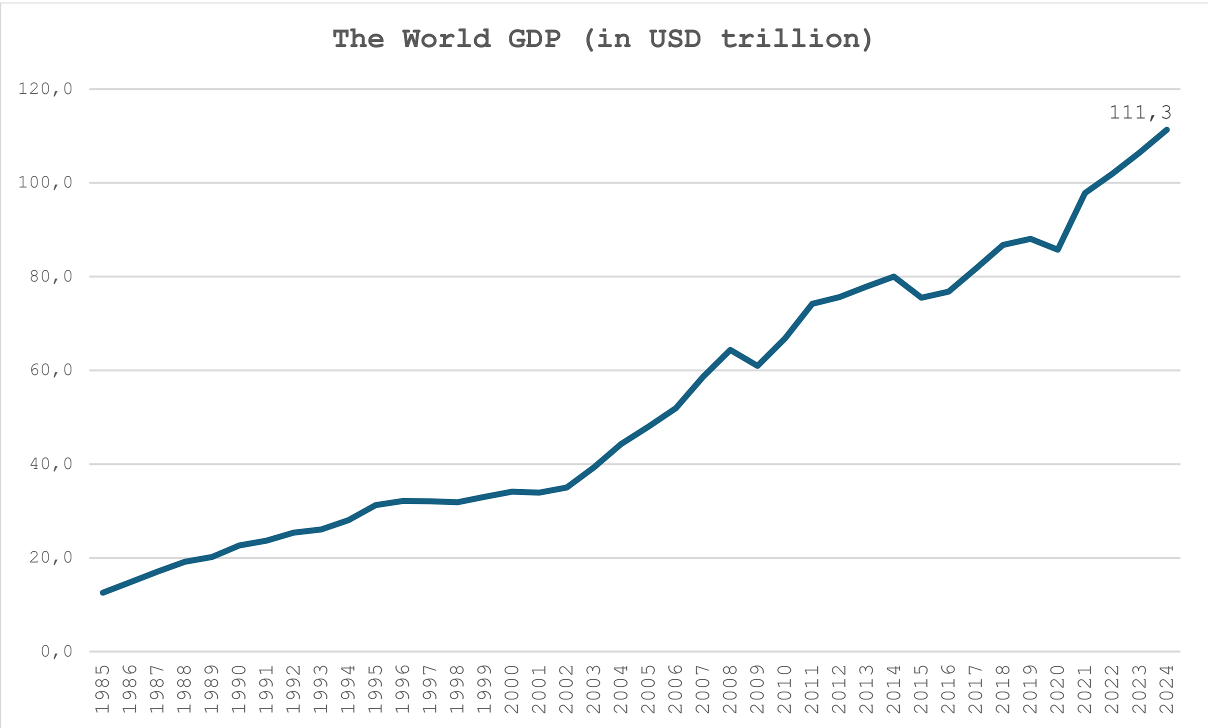

Figure 1.1. The World GDP *(The World Bank, 2024*)

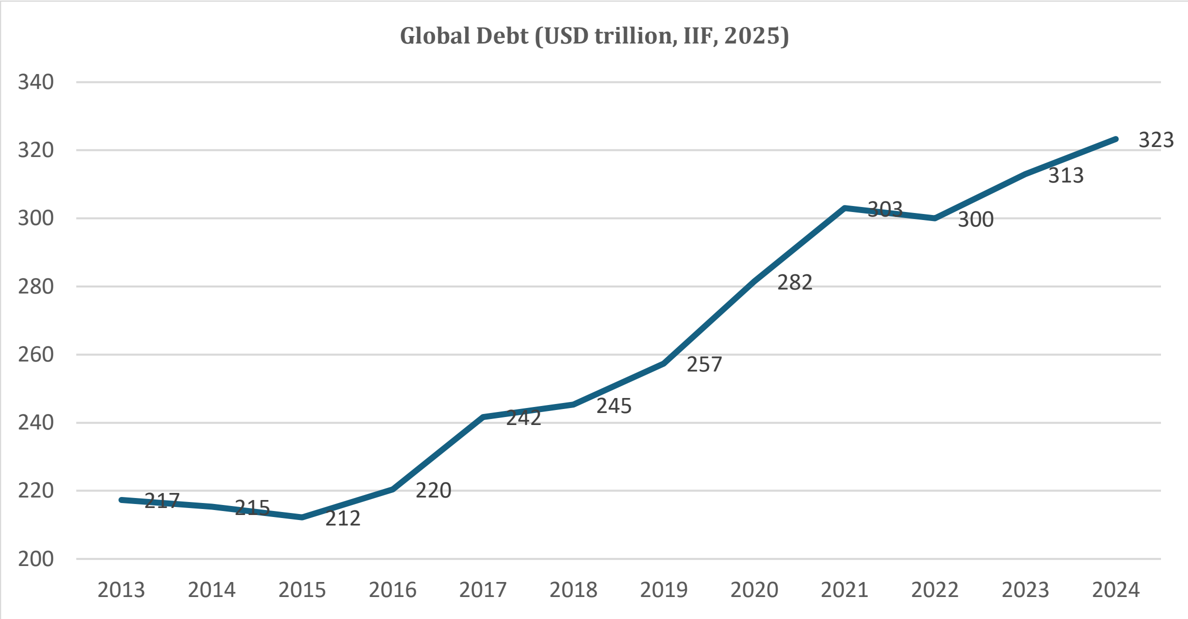

Figure 1.2. Global Debt *(IIF, 2025)*

Yet inflation was only one part of the challenge. Compounding these pressures were renewed geopolitical tensions, including the Russia-Ukraine war and other high-intensity conflicts. These dynamics continue to hinder global recovery efforts. Meanwhile, as shown in Figures 1.1 and 1.2, with the global economic size reaching USD 111.3 trillion (World Bank, 2025) at the end of 2023 and total global debt hitting a record USD 323 trillion in the last quarter of 2024 (IIF, 2025), the global debt stock presents serious economic risks. The world continues to borrow money it does not have. Increasing income and wealth inequality among countries, political tensions, regional conventional wars, and ongoing trade wars threaten international commerce and escalate global risks. While the results of the US presidential elections in November indicate a shift in political discourse, past experiences from 2016–2020 and growing geopolitical risks suggest that a rapid economic recovery in the short term remains unlikely. Inflation is expected to persist as a significant problem in many countries throughout 2025. By its very structure, the current economic and financial system continues to generate crises. Figure 1.3 summarizes the global risks that affect the housing industry.

These global uncertainties inevitably spill over into the housing sector, which remains highly sensitive to macroeconomic volatility. As a primary component of the real estate industry, the housing sector requires careful government planning and urgent intervention when necessary. The severity of the issue demands a multidimensional approach, considering not only economic factors but also sociological, psychological, legal, and environmental parameters. The surge in housing prices during the post-pandemic period has sparked concerns about the potential recurrence of a mortgage crisis similar to 2008 in both developed and developing economies, particularly in the US.

The surge in housing prices during the post-pandemic period has sparked concerns about the potential recurrence of a mortgage crisis similar to 2008 in both developed and developing economies, particularly in the US. These concerns invite comparisons with the Global Financial Crisis of 2008. However, the current housing crisis differs structurally from that earlier episode. Back then, the lack of stringent credit evaluations led to widespread loan defaults; today, the situation stems from the inaccessibility of overpriced housing relative to current income levels and the high cost of borrowing. As a result, due to declining housing accessibility, Goldman Sachs analysts have assessed the current situation as even riskier than in 2008. The problem is not unique to the United Kingdom (UK), Australia, Brazil, or Africa, where governments are striving to address the worsening housing crisis.

China’s housing crisis manifests differently from the global trend. Since the 1990s, China has emerged as a significant economic powerhouse, with rapid urbanization driving substantial changes in the housing market. As cities expanded due to rural-to-urban migration, real estate and infrastructure development became key tools for economic growth, leading to an exponential rise in property prices in cities such as Beijing, Shanghai, and Shenzhen, which surpassed income growth. By the 2010s, concerns over a housing bubble arose as major real estate developers accumulated massive debts, creating economic pressures. Oversupply, incomplete construction projects, and "ghost cities" have exacerbated social issues. Unlike the West, China’s real estate market is now burdened with unpaid debts, declining demand, unfinished buildings, and falling property prices (Sümer, 2024). While China’s challenges stem largely from oversupply and debt-driven growth, Türkiye exemplifies a different pathway shaped by inflationary pressures and currency volatility.

Figure 1.3. Global Risks *(by Authors)*

Türkiye, as a member of the Organization of Islamic Cooperation (OIC), like many other countries, struggles with high inflation. Unlike the ECB and the FED, the Central Bank of the Republic of Türkiye (CBRT) pursued a low-interest rate policy in late 2021, emphasizing high employment and growth rates. This approach continued until mid-2023, resulting in rapid currency depreciation and inflation approaching triple digits, which drove up housing prices and rents. In response, CBRT raised interest rates to 50% within 1.5 years to reduce inflation, significantly restricting access to financing. The disparity between income growth and rising housing costs, combined with soaring rents in major metropolitan areas like Istanbul, has created a severe housing crisis.

As global homeownership rates decline, with an estimated 150 million people completely homeless and 1.6 billion lacking adequate housing conditions, such as heating or cooling—a figure projected to rise to 3 billion by 2030—it is evident that existing housing policies and financing models are insufficient (Sümer, 2024).

To produce sustainable solutions, it is essential to first accurately diagnose the problem, analyze its underlying causes using data, and evaluate the outcomes of existing methods. When an approach proves ineffective, the course must be altered, and paradigms must be shifted to achieve a lasting resolution.

When examining key housing sector metrics, homeownership rates have declined in many countries in recent years. As exhibited in Figure 1.4, while historically high ownership rates in former communist countries such as Russia, China, and Romania stem from their unique internal dynamics, homeownership has dropped to 69% in the EU, 65,7% in the US, and as low as 56% in Türkiye—an alarming indicator of the sector's struggles.

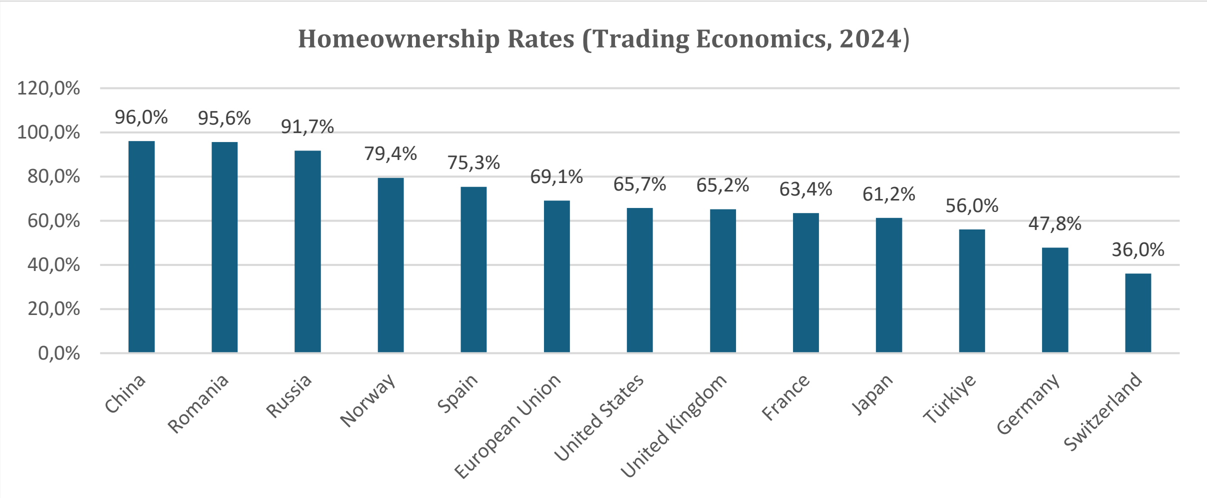

Figure 1.4. Homeownership Rates *(Trading Economics, 2024)*

On the other hand, as shown in Figure 1.5, the OIC member countries, on average, have very high rates of homeownership, often surpassing those of many developed economies. This high rate is not a marker of overwhelming economic prosperity but rather a complex interplay of cultural values, economic structures, historical context, and sometimes, a lack of alternative investment options. In lower-income OIC countries, high rates are driven by a lack of alternatives (rental markets, pensions, other investments) and strong cultural imperatives for owning one's home as a foundation for family life. The quality of housing and security of tenure can be issues here.

In the high-income Gulf countries, homeownership for citizens is actively engineered and subsidized by government policy as part of the social contract. The lower overall rates are a statistical artifact of large non-citizen populations. The high homeownership rates among most OIC members reflect deeply ingrained cultural values and specific socioeconomic structures. However, they can often mask underlying challenges, such as poor housing quality, informal tenure, and significant affordability pressures for younger generations in urban centers, thereby separating the phenomenon of ownership from housing affordability.

Housing finance, which is largely dependent on bank loans and mortgage systems, exhibits significant regional disparities. The mortgage market has surpassed USD 20 trillion in the US and Euros 7 trillion in the EU. In Türkiye, despite high interest rates limiting borrowing, the total mortgage loan volume reached 594.5 billion TL (approximately 12.6 billion euros) as of July 2025 (BDDK, 2025). Türkiye's mortgage loan market remains relatively small compared to the overall economy. However, considering the low purchasing power and high interest rates, access to mortgage credit is notably difficult.

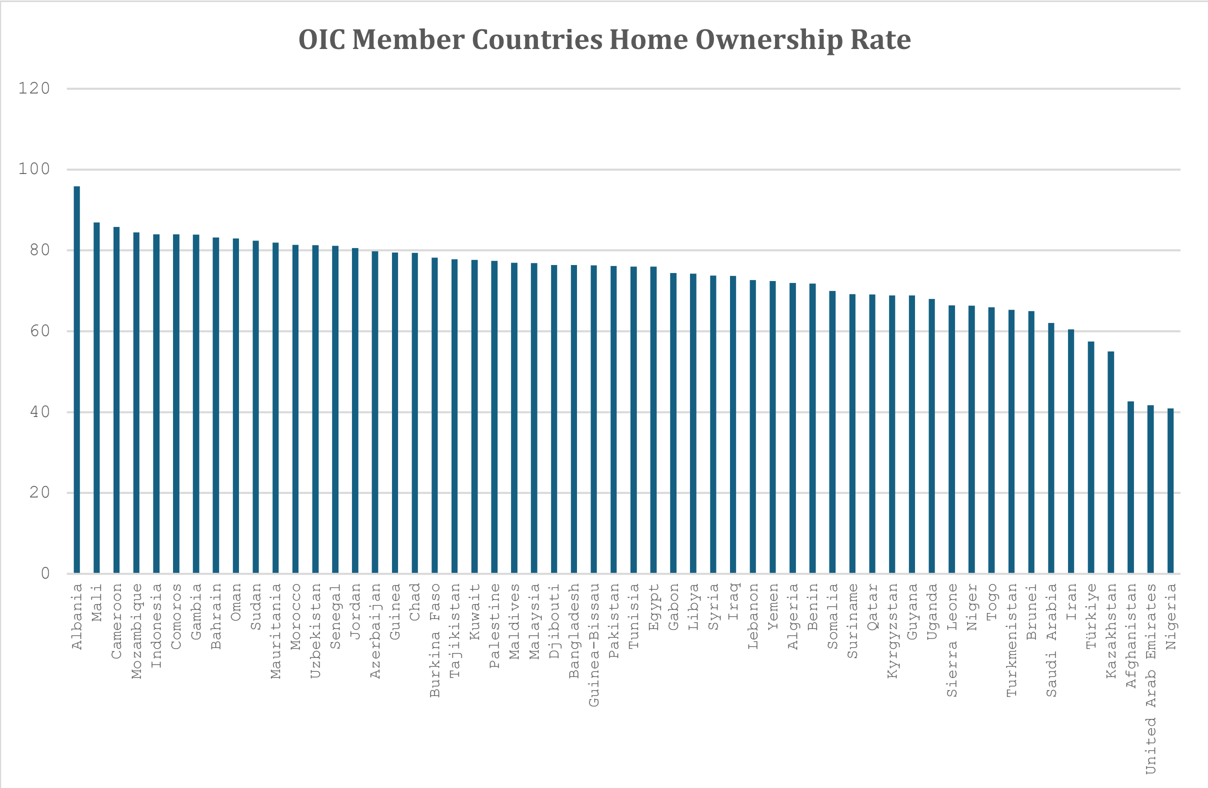

Figure 1.5. Homeownership Rates in the OIC Member Countries ***(Davis, 2025)***

Key affordability indicators include the price-to-income ratio, which compares the median home price in an area to the median household income. This measure indicates how many years of median income would be required to purchase a median-priced home. Another critical metric is the mortgage payment-to-income ratio, used by lenders to determine how much of household income goes toward debt servicing. Regarding the mortgage payment-to-income ratio, OIC Member Countries, including Saudi Arabia, the United Arab Emirates (UAE), and Oman, are among the most affordable countries in the region. From a price-to-income perspective, Saudi Arabia, Oman, and South Africa have the most affordable housing markets.

Beyond affordability ratios, actual housing sales provide further evidence of market dynamics. In the US, home sales fell to 4.09 million units in 2023, even lower than the 4.12 million units recorded during the 2008 global financial crisis, reflecting the extent of the market contraction. In Türkiye, the number of housing sales reached 1.5 million in 2024, demonstrating strong demand despite the high cost of financing (Sümer, 2024).

These sales figures, however, must be read against the backdrop of persistent structural bottlenecks. Despite growing demand and an increasing population, supply shortages, high land and construction costs, and limited financial accessibility have created severe pressures in the housing sector. Periodic interest rate cuts offer temporary relief but fail to provide a long-term solution in an environment

where interest rates remain high. Sustainable and permanent policies, as well as alternative financing models, are essential for addressing the housing crisis, complementing traditional bank loans.
Globally, various strategies and policies are employed to improve housing accessibility. These include government-funded affordable housing projects, rent control measures, tax incentives and subsidies, housing cooperatives, urban renewal and transformation projects, public-private partnerships, microfinance and housing loans, tiny-house movements, mandatory housing zones, and urban planning initiatives. These solutions can be implemented individually or in combination, depending on each country's unique needs and conditions.

Countries such as Germany, China, Brazil, Mexico, Singapore, Uruguay, the Netherlands, and Sweden have implemented large-scale public housing programs to tackle housing accessibility challenges. The success of these programs depends on government regulations and long-term sustainable housing strategies, which include direct subsidies to homebuyers, low-interest loans, tax incentives, exemptions, co-financing schemes, housing development funds, rent subsidies, and microfinance alternatives for low-income groups. Government institutions or government-backed social housing agencies primarily facilitate these policies. When designing effective housing programs, understanding the behavioral responses of individuals, companies, governments, and markets is crucial, requiring non-ideological, professional implementation.

Some prominent global housing policies include Germany's Bausparkassen, Singapore's Central Provident Fund, China's Housing Provident Fund, Mexico's National Workers' Housing Fund (Infonavit), Uruguay's Housing Plans, the Philippines' Pag-IBIG Fund, the Netherlands' Social Housing Associations (Woningcorporaties), Sweden's Housing Finance Plans, and Brazil's Minha Casa, Minha Vida program. Although these initiatives have seen periodic success, their reliance on bank loans and interest rates renders them unsustainable and ineffective in resolving the housing crisis under current conditions.

While diverse strategies have been tested globally, OIC Member Countries have pursued their own context-specific housing policies shaped by economic conditions, population growth, urbanization, and government priorities. Notable examples include Malaysia's PR1MA (Perumahan Rakyat 1Malaysia) and MyHome schemes; Türkiye's TOKİ (Housing Development Administration of Türkiye) program; Saudi Arabia's Sakani Program and Real Estate Development Fund (REDF); Indonesia's FLPP (Housing Finance Liquidity Facility) and Rusunami Apartments; the UAE's Sheikh Zayed Housing Program and Dubai Housing Authority; Pakistan's Naya Pakistan Housing Program (NPHP); Morocco's Villes Sans Bidonvilles (Cities Without Slums) program; Egypt's Social Housing Program and Mortgage Finance Fund; Iran's Mehr Housing Project; and Algeria's AADL Public Housing Scheme. These programs provide government subsidies for financing affordable housing, implement Islamic finance mechanisms such as interest-free loans and Sharia-compliant mortgages, promote public-private partnerships (PPPs) for large-scale housing projects, and increasingly integrate sustainability and urban planning considerations.

As an OIC Member Country, Türkiye has implemented several good practices in the past, and its housing policies and financial models have sometimes produced positive results. However, they have largely failed to deliver long-term, permanent solutions. The sector remains heavily dependent on bank loans, with periodic interest rate cuts and state bank subsidies providing temporary financial relief while simultaneously driving price surges. Although financial instruments such as Real Estate Investment Trusts (REITs), Real Estate Investment Funds, and Real Estate Certificates exist and are applicable in Türkiye, their underutilization leaves banks as the primary financing source. An integrated investment and financing ecosystem leveraging these instruments must be developed to overcome the housing crisis.

Such limitations underscore the need for more comprehensive and innovative approaches. This Guide provides a data-driven assessment of the housing crisis at both the global and national levels, examining past and present affordable housing policies worldwide in major non-OIC and OIC Member Countries, including Türkiye, Malaysia, Egypt, and Morocco. It proposes sustainable housing finance models and offers recommendations for future housing policies.

The Guide is structured as follows:

After this introductory Chapter, the following Chapter outlines the conceptual framework including the significance of decent housing, the historical development of the concept of decent housing, the role of housing in human well-being and quality of life, how housing policies may contribute to reducing poverty and inequality, key goals of promoting decent housing, the role of governments, private sector, NGOs, and communities, the targeted beneficiaries and their needs, how to ensure safety, durability, and comfort, how to address financial accessibility without overburdening residents, how to secure housing for disadvantaged groups, including persons with disabilities and how to align housing with local traditions, lifestyles, and social norms. The second Chapter also includes national and international regulations on housing rights and the role of institutions in housing governance. Traditional and contemporary financial models, the role of Islamic finance in promoting housing affordability, and innovative financing solutions are also discussed in detail. Strategies for effective land use and allocation, sustainable land policies and urban planning, the influence of traditions and family structures on housing needs, and the impact of social norms on housing design and community development are among the other important topics covered in the second Chapter.

Following the conceptual framework, the third Chapter undertakes a comparative assessment of housing conditions across OIC Member Countries, revealing a complex set of structural challenges. Persistent housing deficits, amplified by rapid urbanization and demographic pressures, intersect with the widespread prevalence of informal settlements and homelessness, where inadequate service provision, tenure insecurity, and heightened vulnerability to climate shocks remain pervasive. The analysis underscores the severe underdevelopment of mortgage and housing finance systems, which continue to restrict access to formal credit for low- and middle-income households, thereby reinforcing inequality. Equally significant are the weaknesses in institutional capacity and governance, which undermine the design and implementation of effective housing strategies. Compounding these issues is the accelerating impact of climate change and environmental degradation, which threaten the resilience of existing housing stock and highlight the urgent need for integrated, climate-sensitive approaches. Collectively, these dynamics illustrate the mounting pressure on housing systems across OIC countries, particularly as youthful populations and rapid population growth intensify demand while exposing the limitations of current policy responses.

Mapping good practices from OIC Members and non-OIC Member Countries, utilizing various research methodologies, including desk reviews, interviews, and field visits, is discussed in detail in Chapter 4. These best practices are integrated into relevant sections or chapters of the guidelines to provide contextual insights and practical applications. Additionally, the fourth chapter assesses the challenges and obstacles OIC Member Countries face in developing and implementing effective housing systems. A detailed analysis of selected countries is conducted, examining both successful and unsuccessful housing programs in light of the findings from previous Chapters. Furthermore, examples of best practices, which include encouraging and categorizing savings, providing low-interest rates, providing market liquidity, including rental housing programs, renovation, and self-constructions, aligning with non-governmental organizations, providing housing allowance, tax incentives, and subsidies, etc., are examined through the lens of legal and institutional frameworks, financial mechanisms, land management, and cultural factors.

As a field visit-based analysis, Malaysia's National housing policies for low-income groups (e.g., PR1MA, People's Housing Programme - PPR) and Egypt's national affordable housing initiatives (Social Housing Program "Million Housing Units," Informal settlements upgrading programs) are discussed. Detailed case studies from field observations (success stories and critical assessment of policies), stakeholder perspectives (government, beneficiaries, non-governmental organizations (NGOs), private sector), field insights, and analysis of visited projects and challenges observed during site visits, interviews with local residents and policymakers are included.

As desk-based studies, Türkiye, Morocco, and Singapore (a non-OIC member country) are analyzed. An overview and analysis of Morocco's housing strategies (Villes Sans Bidonvilles, Social Housing Programmes) are presented, along with an evaluation of policy effectiveness using remote data collection methods (secondary data, stakeholder interviews, expert consultation). A comparative discussion of Morocco's approach, as well as those of Malaysia and Egypt, follows. Türkiye was also analyzed as a desk-based country, and the best practices of Turkish affordable housing programs are also included in the Guide. In the final section of the fourth chapter, the best practices of other OIC and non-OIC Member Countries are compared. A comparative matrix summarizing key findings from each selected country is presented, along with the identification of common challenges and differentiating success factors.

Chapter 5 presents alternative solutions and recommends policies addressing the issues discussed in the preceding Chapters. Thinking out of the box and changing the game's rules is essential. Creating a human-focused financial and investment ecosystem is the key to changing mindsets. Real estate investment funds, pension funds, real estate certificates, and other real estate capital market instruments are the leading players in the proposed sustainable housing financing model alternatives. There is no single bullet to resolve everything, but common sense and transfer of experience from different OIC and non-OIC Member Countries are essential for long-term, permanent solutions. This final Chapter of the guide also provides a comprehensive summary of the current state of the housing industry, outlining existing challenges, temporary solutions, and policies along with their limitations. The proposed roadmap emphasizes key strategies, including learning from past mistakes, designing sustainable cities, reducing costs, developing alternative financing models, and leveraging technology to improve housing systems. Chapter 5 presents recommendations to provide practical, long-term solutions. These recommendations aim to guide policymakers in implementing effective and sustainable housing strategies.

2. THE CONCEPTUAL FRAMEWORK

Owning a home is often viewed as a means to build wealth, providing stability and a sense of security while affording access to higher-quality neighborhoods and housing, which can enhance social standing and personal accomplishment. However, homeownership can also limit flexibility, create financial strain due to mortgage obligations and foreclosure risks, and lead to higher expenses for upkeep and repairs (Rohe & Lindblad, 2013). The case for low-income groups is different and complex, as their financial capabilities are severely limited, making it difficult for them to afford even renting a house.

Access to safe and adequate housing is a fundamental human right. Every individual deserves a decent home—one that provides shelter, security, dignity, and the opportunity to thrive. A *'decent house'* should meet essential standards of safety, comfort, and livability, ensuring protection from the elements, basic sanitation, and a stable environment free from hazards.

The need for housing is traditionally and primarily defined as fulfilling people's safety needs by providing shelter. As shown in Table 2.1, this definition corresponds to the second level of Maslow's (1954) Hierarchy of Needs, which consists of five layers: *physiological, safety, love/belonging, esteem, and self-actualization.* However, housing also addresses social needs by creating a space for families and friends to connect. It further fulfills esteem needs by giving individuals a sense of financial achievement (Hew et al., 2020).

Access to stable and adequate housing signifies independence and economic stability, marking a significant milestone in many people's lives. For many individuals and families, securing proper housing marks the beginning of a new chapter. Although it is a fundamental aspiration for people in many countries, the path to obtaining quality housing is often filled with challenges, obstacles, and uncertainties.

Level	Description
Level 5: Self-Actualization	Achieving one's potential, creativity, problem-solving, and personal growth
Level 4: Esteem Needs	Respect, self-esteem, recognition, freedom, status
Level 3: Love & Belonging	Friendship, intimacy, family, sense of connection
Level 2: Safety Needs	Personal security, employment, resources, health, and property
Level 1: Physiological Needs	Air, water, food, **shelter**, sleep, clothing, and reproduction

Table 2.1. Maslow's Hierarchy of Needs (Maslow, 1954)

Securing housing is also a personal journey tied to emotions, goals, and memories. Compared to temporary renters, who may have weaker ties to their living situation, those with secure housing are more likely to engage in community concerns and participate in civic activities. Having adequate housing encourages responsibility, strengthens families, fosters social bonds with neighbors, and enhances a sense of belonging (Blum & Kingston, 1984). It can also lead to better physical and mental health, stronger family units, higher life satisfaction, greater self-esteem, and increased control over one's life (Sümer, 2024).

Access to housing provides psychological relief, eliminating fears of eviction, unstable leases, or restrictions on personalizing living spaces. Stable and adequate housing enhances happiness, reduces stress, and creates a sense of security, making the home a place of comfort and peace.

The emotional aspects of owning a house, such as identity, belonging, and stability, are key factors in the pursuit of shelter. However, obtaining quality housing, one of the most significant financial commitments, is not easy, as it imposes a heavy economic burden. Beyond the purchase price, individuals must also account for property taxes, insurance, maintenance costs, and potential tax implications associated with renting out the property. While secure housing offers psychological benefits, maintaining affordability requires a stable and sustainable income.

Sümer (2024), as illustrated in Figure 2.1, categorizes the psychology of homeownership into nine categories: satisfaction, happiness, self-esteem, mental well-being, physical health, sense of identification, security, safety, and investment.

Figure 2.1. The psychology of homeownership ***(Sümer, 2024)***

Unfortunately, for millions worldwide, this basic necessity remains out of reach. Housing insecurity undermines physical and mental well-being, perpetuates cycles of poverty, and deepens social inequities. Addressing this crisis requires systemic solutions, affordable housing policies, equitable urban planning, and stronger protection for disadvantaged populations.

Living in substandard housing can have serious social consequences, affecting both individuals and communities in multiple ways, including health and well-being, educational impacts, poverty and inequality, social stigma, isolation, crime and safety concerns, family instability, homelessness, forced displacements, and community impact.

Poor housing conditions, such as dampness, mold, inadequate heating or cooling, and unsanitary facilities, can lead to various health problems, including respiratory illnesses, allergies, and chronic conditions that diminish quality of life. On the other hand, children growing up in overcrowded or unsafe environments may struggle to concentrate and perform well in school. Stressful living conditions can interfere with learning and overall development. Those in inadequate housing are often from low-income groups. A lack of decent housing reflects existing inequality and can reinforce the cycle of poverty.

Living in poor housing can also lead to discrimination and negative social perceptions, which can harm a person's self-worth and mental health and hinder their integration into society. Substandard housing is often found in underserved areas with limited access to schools, healthcare, and transportation, leading to social and geographic isolation. Neighborhoods with a high concentration of inadequate housing may experience higher crime rates and safety issues, undermining community trust and security. Poor housing also puts pressure on families, straining relationships and potentially leading to conflict, mental distress, or family breakdown. In extreme cases, poor living conditions can lead to eviction or displacement, pushing individuals and families into homelessness. Unsafe or uninhabitable housing may force people to relocate, sometimes under urgent or involuntary circumstances, contributing to displacement or internal migration. Clusters of substandard housing can have a negative impact on the broader community, reducing property values and hindering neighborhood growth and development. In that context, it is essential to analyze the evolution and importance of decent housing.

2.1. EVOLUTION AND THE IMPORTANCE OF THE CONCEPT OF DECENT HOUSING

Human settlement issues are complex and vary widely across individuals, regions, and countries. Ensuring safe, affordable, and good-quality housing is a widespread and complex challenge. It affects not only low-income countries, where more than a billion people reside in informal settlements lacking infrastructure and facing unsafe conditions, but also developed countries, where even middle-income households often struggle to secure adequate housing. The formal housing market has consistently failed to deliver homes at the necessary scale, speed, and affordability, resulting in limited options and forcing many to resort to substandard alternatives. This global issue stems from the inherently complex and dynamic nature of the housing sector, which encompasses more than just physical shelter and services. It intersects with broader and evolving economic, social, and cultural systems. It is closely tied to related sectors, including land management, infrastructure, real estate, finance, environmental sustainability, and disaster resilience (World Bank, 2021).

In many developing countries, the shortage of affordable housing and widespread poverty have led to the proliferation of slums, where low-income populations construct makeshift homes with limited resources. These dwellings often lack basic services, sanitation, and access to clean water, indicating that the housing crisis is more qualitative than quantitative. Housing challenges differ significantly between rural and urban areas, as well as between developing and developed countries. Key constraints include ineffective policy implementation, limited access to affordable land and infrastructure, and inadequate housing finance systems. A significant barrier is the high cost and limited availability of building materials, which often constitute over 50% of construction expenses in countries like India (Gopalakrishnan Nair, 2006). The growing demand and declining supply have driven up prices, reducing affordability. Additionally, the environmental impact of material extraction and transport raises sustainability concerns.

Ensuring everyone has access to decent housing is more than just a human rights issue—it is a key step toward fostering healthier, more equitable, and resilient communities. Governments, decision-makers, and organizations must work collaboratively to create housing solutions that are safe, affordable, and accessible. A home is more than just walls and a roof; it is the foundation for stability, health, and opportunity. Access to housing is not just a moral obligation; it is a cornerstone of a just and prosperous society, widely acknowledged as a fundamental human right. Several international organizations, NGOs, and human rights documents affirm the right to adequate housing. Tables 2.2 and 2.3 exhibit the regional human rights treaties and some constitutional rights of OIC Member Countries and non-OIC Member Countries.

While some countries have direct articles in their constitutions regarding decent housing, some have policies to regulate the right to housing.

Treaty	Year	Relevant Article	Key Provision
Convention Relating to the Status of Refugees	1951	Art. 21	Refugees must receive housing treatment at least as favorable as that given to other foreigners.
ILO Convention No. 117 (Basic Aims & Social Policy)	1962	Art. 5(2)	Minimum living standards must consider housing as an essential family need.
International Convention on the Elimination of Racial Discrimination (ICERD)	1965	Art. 5(e)(iii)	Prohibits racial discrimination in housing rights.
International Covenant on Civil and Political Rights (ICCPR)	1966	Art. 17	Protects against arbitrary interference with privacy, family, and home.
Convention on the Elimination of Discrimination Against Women (CEDAW)	1979	Art. 14(2)(h)	Women must have access to adequate living conditions, including housing.
Convention on the Rights of the Child (CRC)	1989	Art. 27(3)	States must assist families in securing housing for children.
Convention on Migrant Workers' Rights	1990	Art. 43(1)(d)	Migrant workers must have equal access to housing.
Convention on the Rights of Persons with Disabilities (CRPD)	2006	Art. 28	People with disabilities have the right to adequate housing.

Table 2.2. Regional Human Rights Treaties

The United Nations considers adequate housing a fundamental human right, as stated in Article 25 of the Universal Declaration of Human Rights and the International Covenant on Economic, Social, and Cultural Rights (ICESCR). Article 25(1) states that "*Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.*" (United Nations, 2025)

Habitat for Humanity defines a decent home as a catalyst for breaking the poverty cycle, where durability, access to a safe water source within 500 meters, and secure tenure are the key factors. A decent home is essential to individual well-being and community stability. Habitat for Humanity identifies five key characteristics: affordability, health and well-being, security of tenure, accessibility, safety, and resilience.

A home is affordable when a family can meet its housing costs without sacrificing other essentials, such as food, healthcare, and education. As housing costs outpace wages, more families face cost burdens. Habitat addresses this issue by constructing and repairing homes, advocating for fair housing policies, and supporting global access to housing microfinance and affordable construction materials. The quality of housing has a direct impact on health. Poor conditions, such as water leaks or overcrowding, can lead to chronic illness and stress. Habitat improves health outcomes by building durable homes and making critical repairs, including roof fixes and sanitation upgrades, to create healthier living environments. Secure land tenure prevents displacement and provides stability. Over 70% of people globally lack formal land documentation. Habitat supports families through legal processes to obtain property rights and encourages them to write to protect their ownership, primarily benefiting women who are exposed to property loss.

Country	Constitutional Provision	Key Details
OIC Member Countries		
Iran	Article 31	Explicit right: "Every Iranian family has the right to a dwelling."
Egypt	Article 78 (2014)	The state commits to providing social housing for low-income groups.
Türkiye	Article 57	The state must support mass housing projects.
Pakistan	Article 38(d)	The state must provide basic necessities, including housing.
Nigeria	Section 16(1)(d)	"Suitable and adequate shelter" as a state goal.
Morocco	Article 31 (2011 Constitution)	The state must work toward "equitable access to housing."
Malysia	None	Housing policies are implemented through government schemes (e.g., PR1MA affordable housing).
Saudi Arabia	None	Relies on welfare programs (e.g., Sakani housing).
Non-OIC Member Countries		
Mexico	Article 4	"Every family has the right to dignified housing." The state must establish housing policies.
South Africa	Section 26	"Everyone has the right to adequate housing." The state must take reasonable measures.
Russia	Article 40	Citizens have the right to housing; the state assists the poor.
Portugal	Article 65	"Everyone has the right to housing." The state must implement housing policies.
United States	None	No constitutional right; housing addressed via laws (Fair Housing Act, Section 8).
United Kingdom	None	No written constitution; housing governed by laws (Housing Act 1985, etc.).

Table 2.3. Constitutional Rights of Housing in OIC Member and Non-OIC Member Countries

Homes should be livable for all, including older adults and people with disabilities. In the U.S., a significant gap exists between the accessibility needs of individuals and the available housing features. Habitat's Aging in Place initiative addresses this through modifications like ramps, grab bars, and general maintenance, enabling residents to live safely and independently. Ultimately, a home should be safeguarded against both daily hazards and major disasters. Unsafe conditions and structural vulnerabilities leave families at risk, particularly during emergencies. Habitat enhances safety by reinforcing existing homes and helping families prepare for and recover from natural disasters. Habitat fosters stronger, healthier, and more equitable communities worldwide by ensuring homes meet these standards.

The World Bank's definition of decent housing emphasizes resilient and inclusive housing as a key tool for reducing poverty and promoting economic stability. Structural quality, access to infrastructure, paved roads, drainage, public transport, improving slums without displacement, climate resilience, and financial inclusion (including mortgages/microfinance for low-income households) are the main components of decent housing according to the World Bank. The World Bank Housing Policy Framework (2021) highlights affordability and urban planning.

The Organization for Economic Co-operation and Development (OECD) defines decent housing as being linked to well-being and economic productivity. Overcrowding limits, which aim at no more than one person per room as an OECD standard, basic amenities including piped water, indoor toilets, and heating/cooling, housing cost burden where the Rent/mortgage is below 40% of disposable income, energy efficiency and neighborhood quality emphasizing low crime, green spaces, and social cohesion are the key points of OECD decent housing policy. The OECD Affordable Housing Database monitors the effectiveness of policies (OECD, 2025).

The European Union (EU) defines adequate housing under the European Pillar of Social Rights (Principle 19). Freedom from homelessness, protection against discrimination in housing access, and energy performance certificates are the key issues addressed in the EU's decent housing approach.

The focuses and approaches of different organizations vary. While the World Bank prioritizes slum upgrades in low-income countries, the OECD focuses on energy efficiency in developed countries. The UN/World Bank focuses on informal settlements in the Global South (e.g., Kenya, India). On the other hand, the OECD/EU emphasizes energy efficiency and social equity in developed countries (e.g., France and Germany). In light of various definitions, as shown in Figure 2.2, decent housing should include habitability, affordability, accessibility, and cultural adequacy to ensure basic human needs and promote well-being.

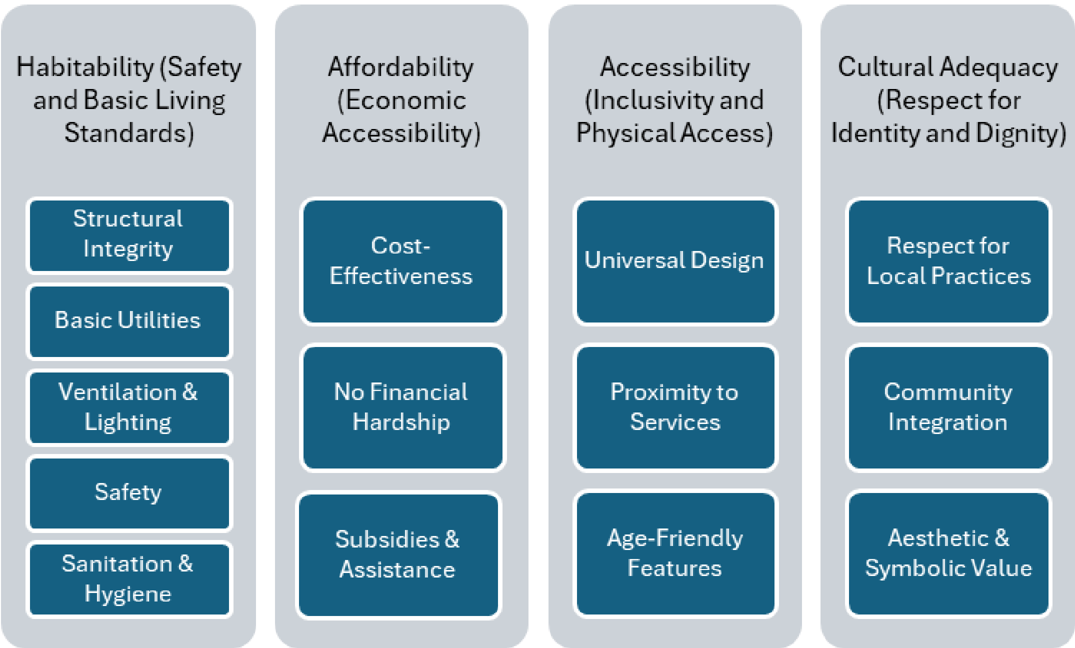

Figure 2.2. Decent Home Features *(by Authors)*

- **Habitability (Safety and Basic Living Standards)**
  - **Structural Integrity:** The house must be structurally sound, protecting occupants from weather, collapse, and hazards.
  - **Basic Utilities:** Access to clean water, sanitation (toilets, sewage), electricity, and heating/cooling as needed.
  - **Ventilation & Lighting:** Proper airflow and natural or artificial lighting to prevent health risks (e.g., mold, respiratory issues).
  - **Safety:** Protection from environmental dangers (floods, fires, pests) and secure tenure (legal protection against forced eviction).
  - **Sanitation & Hygiene:** Functional waste disposal systems and clean living conditions.

- **Affordability (Economic Accessibility)**
    - **Cost-Effectiveness:** Housing expenses (rent/mortgage, utilities, maintenance) should not exceed ~30% of household income (a standard affordability benchmark).
    - **No Financial Hardship:** Paying for housing should not force trade-offs in food, healthcare, or education.
    - **Subsidies & Assistance:** Availability of government or NGO support for low-income households (e.g., vouchers, social housing).

- **Accessibility (Inclusivity and Physical Access**)
    - **Universal Design:** Housing should accommodate people with disabilities (e.g., ramps, wide doorways, grab bars).
    - **Proximity to Services:** Easy access to public transport, schools, healthcare, and employment opportunities.
    - **Age-Friendly Features:** Adaptability for children, elderly residents, and those with mobility challenges.

- **Cultural Adequacy (Respect for Identity and Dignity)**
    - **Respect for Local Practices:** Housing design and materials should align with cultural norms (e.g., communal spaces, privacy needs).
    - **Community Integration:** Housing should not displace communities or disrupt social cohesion (e.g., indigenous land rights).
    - **Aesthetic & Symbolic Value:** The design should reflect residents' values and traditions where meaningful.

Legal rights to occupy the home without fear of eviction, the ability to withstand climate-related or other disasters, and sufficient room for household members to live with dignity are also important considerations for decent housing. Concrete housing policies are key to reducing poverty and promoting social equity.

2.2. IMPORTANCE OF HOUSING POLICIES FOR POVERTY ALLEVIATION AND SOCIAL EQUITY

Housing is a vital component of social policy and should not be treated separately from it. Housing policies play a crucial role in poverty alleviation and promoting social equity by ensuring access to safe, affordable, and stable housing. When housing is recognized as a human right, governments are responsible for taking steps to ensure adequate housing is available and accessible to all. This involves creating effective policies to tackle homelessness, unaffordable housing, and poor living conditions. However, no level of government has taken clear responsibility for addressing the issue; instead, it deflects it and implies that the real estate industry should take the lead. On the other hand, developers and builders have consistently stated that they will not invest in projects with insufficient profit margins (Carter & Polevychok, 2004). This creates a significant deadlock in the housing sector, particularly in the provision of decent housing.

Housing must be recognized as an essential element of the broader social policy framework, alongside sectors such as education and healthcare. To strengthen this integration, various stakeholders—including communities, the private sector, non-profits, Indigenous groups, and all levels of government—must pursue several key objectives: Fully embedded within the social policy domain, earning equal consideration in policy and funding decisions, highlighting housing's social benefit, defining leadership roles in housing policy and funding which has been neglected area in public policy, cooperation among central government, provinces and municipalities. Governments are expected to protect individuals from forced evictions and support those in disadvantaged situations. That said, the actual enforcement of the right to housing can differ significantly between countries. Economic conditions, social priorities, and political systems often influence how well this right is protected in practice. That is why advocacy and persistent action are crucial to ensuring that housing rights are respected and upheld for everyone, regardless of their income or background.

2.2.1. Poverty Alleviation Through Housing Policies

Concrete and sustainable housing policies may help alleviate poverty by reducing the housing cost burden, preventing homelessness, creating employment opportunities, and improving health and productivity.

- **Reducing Housing Cost Burden:** Almost half of renter households in the US spend more than 30% of their income on housing, indicating a significant cost burden (Joint Center for Housing Studies, 2017). This burden is even more severe among low-income families. Housing policies can play a crucial role in reducing these financial pressures. Affordable housing policies enable low-income households to allocate a greater portion of their income to essential expenses, such as food, education, and healthcare, rather than rent or mortgages.

- **Preventing Homelessness:** The world lacks sufficient housing to meet everyone's needs. Building and maintaining affordable housing is one of the most effective strategies for preventing homelessness. Constructing more units and ensuring existing housing stays within reach for low-income families is essential. Developing housing policies, including expanding the supply, subsidized housing, rent controls, and emergency shelters, helps disadvantaged populations avoid homelessness, which is both a cause and consequence of poverty (Batko et al., 2024).

- **Creating Employment Opportunities:** When affordable housing—or any type of housing—is built, the local economy benefits right away from the money spent on things like materials and labor. Purchasing construction materials from a nearby supplier may initiate economic activity to fulfill the orders. This is a direct effect of the construction. The wages earned by construction workers are often spent at local businesses, such as grocery stores or malls. This is referred to as an induced effect. These indirect and induced impacts are commonly known as “ripple” or “multiplier” effects. These effects are most potent in areas with many local suppliers and businesses tied to construction. However, job growth still happens in areas with fewer industries, stores, or services, but the benefits are spread out more thinly because much of the spending flows into other regions. (Wardrip et al., 2011). In that context, housing construction and maintenance programs generate jobs, particularly for low-skilled workers, boosting local economies.

- **Improving Health and Productivity:** Beyond fulfilling the basic need for shelter, housing is crucial in supporting family and social stability, encouraging inclusion, and enhancing health, education, service access, and workforce productivity—the way land is allocated for housing influences local environments, transportation systems, and resource consumption. Satisfaction with one’s housing is linked to overall life satisfaction, self-esteem, and a sense of control, and the physical state of a home impacts people’s well-being. Poor quality or overcrowded housing is closely tied to health issues like respiratory diseases, toxic exposures, and physical injuries. Adults who grew up in inadequate housing are more likely to experience long-term health problems, and children in such conditions often face educational disadvantages (Barker, 2019). Segregated housing patterns can isolate certain groups from broader social and economic opportunities. When housing is unaffordable, people may experience other forms of hardship, such as poor nutrition or health-damaging sacrifices (Pollack et al., 2010). Rising property values tend to benefit homeowners—who are generally more affluent—while placing increased financial strain on renters. Hence, stable housing reduces exposure to health risks (e.g., overcrowding and unsanitary conditions), leading to better physical and mental health, which enhances employability.

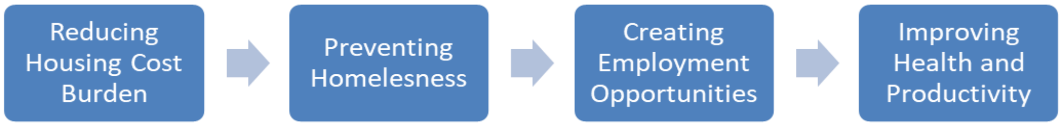

Figure 2.3. The Output of Sustainable Housing Policies (by Authors)

2.2.2. Promoting Social Equity Through Housing Policies

Affordable housing plays a vital role in building fair and thriving societies. It is more than just a place to live—it offers individuals and families the chance to lead dignified lives in supportive communities where they can flourish and make meaningful contributions. Its impact extends to key areas such as health, education, and employment, offering stability and security that foster personal growth and economic progress. Housing policies may help reduce economic, social, and political inequality. The most evident way housing policies can contribute to reducing material inequalities is by stimulating production at both the macroeconomic and household levels.

Through either subsidies, land titles, or loans, housing policies introduce liquidity to the market and transfer capital to families. The creation of value during the housing process is not always even, and it can foster patterns of surplus redistribution or concentration. Housing can be defined as 'often the most critical productive asset of the urban poor' and as an insufficient but necessary good to increase the productivity of other assets. In economic terms, the concept of housing as an asset can be summarized as the capacity of houses to retain value over their lifetime, playing a key role in capital circulation. Understanding housing as an asset rather than a fixed good implies an approach recognizing that 'assets can enhance the effectiveness of public policies in achieving social and economic development by increasing the capability of people to strengthen their asset base, obtain higher returns on their assets, and attain more secure livelihoods.

On the other hand, social inequality refers to the unequal ability of individuals or groups to exercise their rights and access the shared resources of urban life. These inequalities often stem from factors such as socioeconomic status, age, gender, and class. How cities grow and develop can either exacerbate or mitigate these disparities, and housing policies play a significant role in this dynamic—particularly by either reinforcing or challenging residential segregation.

The harmful impacts of segregation have been explored through various frameworks, including the "neighborhood effect" and the "geography of metropolitan opportunities," which demonstrate that an individual's location within a city can significantly affect their life. Poorly located housing can increase travel time and limit access to quality education, clean air, public transport, essential services, and spaces for recreation or commerce. Viewing housing as a gateway to the city emphasizes its role in ensuring access to urban services and rights. This perspective positions housing as central to addressing social inequality and ties into broader discussions about the "right to the city," highlighting its importance in shaping inclusive urban environments where everyone can fully participate. Inclusive zoning laws and mixed-income housing prevent the segregation of marginalized communities, ensuring access to better schools, jobs, and services. Housing also has the potential to liberate and oppress, making it a fundamentally political issue. This recognition acknowledges that disputes over living space are closely tied to struggles over power, resources, autonomy, and individual agency. This political dimension of housing is reflected in two key ways. First, the process of creating housing can enhance people's capabilities. Second, housing development can influence democratic participation and conflict management (Cocina, 2021).

Social housing policies and housing vouchers also help marginalized groups (e.g., racial minorities, refugees, people with disabilities) overcome systemic barriers to homeownership. Effective housing policies enable children to perform better in school, breaking the cycle of poverty and improving long-term economic mobility. Rent control, community land trusts, and inclusionary housing policies protect long-term residents from displacement due to rising property values.

2.3. OBJECTIVE, PARTNERS, AND BENEFICIARIES OF THE CONCEPT OF DECENT HOUSING

The concept of decent housing is a fundamental aspect of sustainable development and human dignity, often linked to the United Nations Sustainable Development Goals (SDGs), particularly SDG 11 ("Sustainable Cities and Communities").

2.3.1. Objectives of Decent Housing

Ensuring basic living standards, including providing safe, secure, and habitable shelter with access to clean water, sanitation, and electricity, promoting health and well-being, which reduces diseases linked to poor housing (e.g., respiratory illnesses, malnutrition), enhancing social stability that prevents forced evictions and homelessness, fostering community cohesion, supporting economic growth which helps creating jobs in construction and related sectors while reducing poverty, and climate resilience and sustainability that uses eco-friendly materials and designs to reduce environmental impact are the key objectives of decent housing. Good housing policies shall meet these objectives for a sustainable housing industry. To ensure that, defining the key partners in promoting decent housing is essential.

2.3.2. Key Partners & Beneficiaries

The primary partners in the decent housing ecosystem are *governments and public agencies* that implement housing policies, enforce zoning laws, and provide subsidies (e.g., social housing programs). *International organizations,* including UN-Habitat (United Nations Human Settlements Programme), World Bank & IMF (Funding urban development projects), Red Cross/Red Crescent (Disaster-resilient housing), Private Sector (real estate developers, construction firms, and financial institutions (mortgage providers)), NGOs and civil society (Habitat for Humanity, Slum Dwellers International (advocacy & grassroots initiatives)) and academic & Research Institutions which develop affordable housing technologies and urban planning strategies are the key partners of decent housing.

Low-income families who live in slums or informal settlements, *disadvantaged groups* including refugees, internally displaced persons (IDPs), and disaster-affected communities, *women and children* who need safe housing that reduces gender-based violence and improves education outcomes, *elderly and persons with disabilities* to integrate accessibility-adapted housing and improve quality of life, and *urban and rural populations* to reduce rural-urban migration pressure by ensuring balanced development are the key beneficiaries of decent housing.

Decent housing is a multifaceted issue that requires collaboration among governments, private entities, NGOs, and communities. Its success leads to healthier populations, stronger economies, and more inclusive cities.

2.4. LEGAL AND INSTITUTIONAL FRAMEWORKS FOR DECENT HOUSING

Decent housing is a fundamental human right recognized under international law, regional agreements, and religious teachings. The definition of decent housing of international organizations was discussed in detail above. The international standards and frameworks, including the UN Sustainable Development Goals and the Right to Adequate Housing in International Human Rights Law, are also summarized below:

2.4.1. International Standards and Frameworks

- **United Nations Sustainable Development Goals (SDGs)**
  - *Goal 11:* SDG 11 ("Sustainable Cities and Communities") aims to ensure access to adequate, safe, affordable housing by 2030.
  - *Target 11.1:* Calls for secure tenure and upgraded slums to provide decent living conditions.
  - *Global frameworks:* The New Urban Agenda (NUA), adopted at Habitat III (2016), reinforces housing rights and inclusive urban development.

- **Right to Adequate Housing in International Human Rights Law**
  - *Universal Declaration of Human Rights (UDHR, 1948) – Article 25(1):* Recognizes housing as part of the right to an adequate standard of living.
  - *International Covenant on Economic, Social and Cultural Rights (ICESCR, 1966) – Article 11(1):* Explicitly guarantees the right to adequate housing, including security of tenure, affordability, and accessibility.
  - *UN Special Rapporteur on Adequate Housing:* Monitors global compliance and advises governments on housing rights.
  - *Other key instruments:*
    - *Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW)* – Article 14(2)(h) (housing rights for rural women).
    - *Convention on the Rights of the Child (CRC)* – Article 27 (adequate living standards).
    - *UN-Habitat:* Provides policy guidance and technical support for housing development.

2.4.2. Islamic Perspective and OIC's Framework

Islamic law (Shariah) obliges society and rulers to ensure shelter for all. In various verses, the Holy Qur'an addresses the importance of shelter, dignity, and the right to a safe and livable home. While it doesn't have verses that directly legislate "decent housing" in a modern urban planning sense, it does provide guidance that underpins the importance of housing as a fundamental aspect of human dignity and well-being.

Surah An-Nahl (16:80) Homes are a divine blessing meant to be a place of rest, security, and comfort.

"And Allah has made for you from your homes a place of rest and made for you from the hides of the animals tents which you find light on the day of travel and when you stop (for rest), and of their wool, fur, and hair furnishings and goods for [temporary] enjoyment."

Surah An-Nur (24:27) emphasizes the sanctity of the home and the privacy and security it offers.

"O you who have believed, do not enter houses other than your own houses until you ascertain welcome and greet their inhabitants. That is best for you; perhaps you will be reminded."

The Prophet Muhammad (PBUH) encouraged providing housing for people in need (e.g., refugees, orphans). The Waqf (Endowment) System has historically been used to fund public housing and shelters. According to Fiqh (Islamic Jurisprudence) Principles, governments must ensure housing is part of social welfare (maslaha) and that zakat and sadaqah (donation) can be used to support housing for people experiencing poverty.

Under OIC's Policy Frameworks, COMCEC (Standing Committee for Economic and Commercial Cooperation) promotes affordable housing in Member Countries and focuses on public-private partnerships (PPP), Islamic finance (Sukuk), and micro-housing schemes. OIC encourages Member Countries to adopt Sharia-compliant housing finance models (e.g., rent-to-own, Murabaha) and calls for slum upgrading programs in line with SDG 11.

Islamic Development Bank (IsDB) Initiatives funds low-cost housing projects in Muslim-majority countries and supports disaster-resilient housing for displaced communities.

The right to decent housing is protected under international human rights law and Islamic principles, with the OIC and UN providing policy guidance. While SDG 11 sets global targets, Islamic jurisprudence and OIC frameworks offer faith-based solutions, such as Waqf housing and Islamic finance models, to ensure housing accessibility for all.

2.5. FINANCIAL SETTINGS AND MECHANISMS, INCLUDING ISLAMIC FINANCE IN HOUSING DEVELOPMENT

Financial settings and mechanisms in housing development encompass a range of conventional and Islamic (Sharia-compliant) financing options.

- **Conventional Housing Finance Mechanisms:** Conventional housing finance relies on interest-based lending and includes:
    - ***Mortgage Loans***
        - *Fixed-Rate Mortgage:* The interest rate remains constant over the loan term.
        - *Adjustable-Rate Mortgage (ARM):* The Interest rate fluctuates based on market conditions.
        - *Balloon Mortgage:* Lower initial payments with a large final payment.
    - ***Government-Backed Loans***
        - *FHA Loans (US):* Insured by the Federal Housing Administration (FHA), allowing lower down payments.

        - *VA Loans (US):* For veterans, offering zero down payment.
        - *Other Schemes:* Many countries have subsidized housing loans (e.g., India's Pradhan Mantri Awas Yojana).
    - ***Securitization & Secondary Markets***
        - *Mortgage-Backed Securities (MBS):* Banks bundle and sell mortgages to investors.
        - *Covered Bonds:* Debt securities backed by a pool of mortgages.
    - ***Down Payment Assistance Programs***
        - Grants or low-interest loans for first-time homebuyers
    - ***Construction & Development Loans***
        - Short-term financing for developers to build housing projects.

- **Islamic Housing Finance Mechanisms**

Islamic finance prohibits riba (interest), gharar (uncertainty), and invests in halal (permissible) and Sharia-compliant activities.

- ***Diminishing Musharakah (Partnership):*** The Bank and buyer co-own the property; the buyer gradually buys the bank's share: part rent (for the bank's share) + part equity purchase. The buyer becomes a full owner. (Example: Pakistan's Mera Pakistan Mera Ghar (MPMG) Scheme).
- ***Murabaha (Cost-Plus Financing):*** The Bank buys the house and sells it to the buyer at a marked-up price (deferred payment). The profit margin is fixed and transparent. (Example: Islamic banks in Malaysia & Gulf countries).
- ***Ijara (Lease-to-Own*)**:** The Bank buys the property and leases it to the buyer, with an option to purchase later. Part of the rent may go toward ownership. (Example: Dubai Islamic Bank's home financing).
- ***Sukuk (Islamic Bonds for Housing Projects):*** Asset-backed securities where investors receive profit (not interest) from housing projects. (Example: Indonesia's Sovereign Sukuk for affordable housing).
- ***Qard Hasan (Benevolent Loan):*** Interest-free loans for low-income buyers (common in some Islamic banks).
- ***Cooperative Housing Models (Co-Ownership):*** Groups pool funds to develop housing, avoiding interest-based loans.

The details of these mechanisms will be discussed in the following chapters. While conventional housing finance relies on interest-based loans, Islamic finance uses equity partnerships, leasing, and profit-sharing models. Both have pros and cons, but Islamic finance provides an ethical alternative for Muslims and others seeking interest-free options.

Islamic finance offers ethical, interest-free alternatives for housing development, particularly in Muslim-majority countries. By leveraging Musharakah, Ijara, Sukuk, and Waqf, governments and financial institutions can enhance access to affordable housing while complying with Sharia principles.

Tax incentives for Islamic housing finance, including the combination of Zakat, Waqf, and Sukuk for large projects, educating Muslims on Sharia-compliant options, and strengthening Islamic finance laws (e.g., OIC standards) are key issues for sustainable and successful housing policies.

2.6. LAND MANAGEMENT MODELS AND MECHANISMS

Land management models and mechanisms refer to the systems, policies, and practices used to govern the use, allocation, and conservation of land resources. UN Sustainable Development Goal 15 (Life on Land) promotes sustainable land use. Effective land management strikes a balance between development, equity, and sustainability. These frameworks vary across countries and regions depending on legal, economic, cultural, and environmental factors. Below are some key models and mechanisms:

- **Land Ownership Models:**
    - ***Private Ownership:*** Individuals or corporations own land with rights to use, sell, or lease it (common in capitalist economies like the US).
    - ***Public/State Ownership:*** The government controls land allocation (e.g., China's state-owned urban land national parks).
    - ***Communal/Collective Ownership:*** Land is managed by communities (e.g., indigenous lands and rural collectives in China).
    - ***Fund Ownership:*** Land is purchased and managed by real estate investment funds.
    - ***Hybrid Models:*** Mix of private, public, and communal ownership (e.g., leasehold systems in some countries).
- **Land Administration Mechanisms:**
    - ***Land Titling & Registration**:* Formalizing ownership through cadastral surveys and legal documentation.
    - ***Zoning & Land-Use Planning:*** Regulating land use (residential, commercial, agricultural) to ensure sustainable development.
    - ***Leasing & Concessions:*** Governments lease land to private entities for specific uses (e.g., agriculture, mining).
    - ***Eminent Domain*:** Governments can expropriate private land for public use (with compensation).
- **Sustainable Land Management (SLM) Approaches:**
    - ***Conservation Easements:*** Legal agreements restricting development to protect ecosystems.
    - ***Agroforestry & Terracing:*** Combines agriculture with forestry to prevent soil erosion.
    - ***Land Degradation Neutrality (LDN):*** UN initiative to balance land use and restoration.
- **Technology-Driven Mechanisms:**
    - ***GIS & Remote Sensing:*** Monitoring land use changes via satellite imagery.
    - ***Blockchain for Land Registries:*** Enhancing transparency in property records.
    - ***Digital Land Platforms:*** Online systems for land transactions (e.g., Rwanda's digital land registry).
- **Policy & Governance Models**
    - ***Decentralized Land Governance**:* Local authorities manage land (e.g., Ethiopia's regional land bureaus).
    - ***Centralized Land Management**:* National agencies control land allocation (e.g., China's Ministry of Natural Resources).
    - ***Participatory Land Use Planning**:* Involving communities in decision-making (e.g., Brazil's agrarian reform).
- **Economic Incentives & Market Mechanisms**
    - ***Land Value Taxation (LVT):*** Taxing land value (not improvements) to discourage speculation.
    - ***Payment for Ecosystem Services (PES):*** Compensating landowners for conservation (e.g., carbon credits).
    - ***Land Banks:*** Public entities acquiring vacant land for redevelopment.

Informal settlements, a lack of legal recognition for slums, land grabbing due to large-scale acquisitions that displace communities, and climate change impacts, including droughts, floods, and desertification, are the main challenges in land management.

2.7. THE ROLE OF CULTURAL FACTORS IN DECENT HOUSING (TRADITIONS, FAMILY STRUCTURES, AND SOCIAL NORMS IN SHAPING HOUSING NEEDS)

Cultural factors play a significant role in defining "decent housing" and directly shape housing needs and preferences in various communities.

Cultural traditions often influence home design, layout, and the selection of materials. In some regions, traditional homes are built with local materials like mud, bamboo, or thatch, which are well-suited to the local climate and environment. Cultural aesthetics and symbolism may also dictate design elements, such as the direction a house faces, room arrangements, or decorative features that have spiritual or historical significance. Traditional communal living styles may prioritize open courtyards, verandas, or multi-generational compounds.

On the other hand, different family systems have a significant impact on housing needs. In many cultures, extended families often require larger homes with multiple bedrooms or separate quarters for grandparents, in-laws, or married children. Nuclear families, more typical in Western societies, tend to need smaller, more private living spaces. Polygamous households (in cultures where this practice is observed) may require separate housing units or additional space within a single compound. In some societies, young adults often remain with their parents until marriage or even beyond, which affects how housing is organized and space is distributed.

Social norms related to gender and privacy also influence housing decisions. In many cultures, women are expected to have private spaces or separate areas for guests and family, which affects the layout of homes. Some communities require gender-segregated spaces, especially in areas where conservative religious or cultural practices are followed. Cooking areas may need to be separate and private in cultures where women are primarily responsible for preparing food.

Housing is often shaped by the level of interaction a culture expects between neighbors or within the community. In collectivist cultures, shared courtyards or communal spaces are essential for socializing and community events. In individualistic societies, more emphasis may be placed on private space, fencing, and soundproofing.

Religious beliefs can affect the design and function of homes. Space for prayer or religious rituals might be essential. Specific orientations or structures (e.g., not facing toilets toward sacred directions) may be required. In some cases, ritual purity laws can influence the design of bathrooms and kitchens.

Rural communities often have cultural preferences tied to land use, farming, or livestock, which influence the need for open space, outbuildings, or proximity to nature. In contrast, urban settings may reflect modern cultural values such as minimalism, tech integration, or high-rise living.

Understanding cultural factors is crucial for designing and implementing housing solutions that are functional, socially acceptable, respectful, and sustainable. A house that ignores cultural context may technically be “adequate” but could feel unlivable or inappropriate to the people it is meant to serve.

This Chapter provided a comprehensive conceptual framework for decent housing. The importance of adequate housing, the historical evolution of the concept of decent housing, the critical role of housing in enhancing human well-being and quality of life, and the examination of how housing policies can help alleviate poverty and reduce inequality were discussed in detail. The main objectives of promoting decent housing and involving key stakeholders, including governments, the private sector, non-governmental organizations, and local communities, were also emphasized.

The primary beneficiaries of housing initiatives, understanding their specific needs, and the essential aspects of ensuring safety, durability, and comfort in housing were also highlighted. Additionally, the review of national and international legal frameworks that safeguard housing rights, as well as the institutional roles in housing governance, were emphasized. Traditional and modern financial models, including the contribution of Islamic finance to housing affordability, innovative funding mechanisms, strategies for effective land use and allocation, sustainable land policies and urban planning, and the impact of how family structures and societal norms shape housing needs, design, and community development were also covered in this Chapter.

The following Chapter discusses the housing policies and strategies in the OIC Member Countries.

3. HOUSING POLICIES, CHALLENGES AND STRATEGIES IN THE ORGANIZATION OF ISLAMIC COOPERATION (OIC) MEMBER COUNTRIES

Housing systems intersect with economic policy, urbanization, social equity, and financial inclusion. While banks and mortgage finance remain vital to housing markets, especially in developed economies, the 2008 Global Financial Crisis exposed the fragility of over-reliance on credit-driven homeownership models. In response, countries have increasingly experimented with diverse housing finance approaches—including co-ownership, diminishing musharakah, lease-purchase agreements, and community-based models (Sümer, 2024).

For the Member Countries of the Organization of Islamic Cooperation (OIC), housing challenges are shaped not only by affordability constraints but also by rapid urban growth, internal displacement, climate-related issues, and institutional fragmentation. This Chapter provides a comparative overview of housing conditions across OIC Member Countries, with a focus on informal settlements, financing gaps, and the socio-political dynamics of access to adequate shelter.

It critically evaluates national strategies and policy instruments, including public-private partnerships (PPPs), Islamic housing finance mechanisms, subsidized social housing, and slum upgrading programs. Good practices from OIC Member Countries, including Türkiye, Malaysia, Egypt, and Morocco, as well as a non-OIC Member Country, Singapore, are highlighted. Common limitations, such as weak planning, limited funding, and the exclusion of disadvantaged groups, are also discussed. The Chapter offers insights into designing inclusive, context-sensitive, and sustainable housing policies across the OIC Member Countries.

The state of housing across the OIC Member Countries reveals a complex and uneven landscape shaped by income disparities, demographic trends, institutional capacity, conflict histories, and the availability or absence of long-term public housing policies. While housing deficits are a recurring theme across the majority of countries, the nature of these deficits—and the policy responses—vary widely between low-income, middle-income, and high-income OIC members. Despite a shared commitment to improving access to adequate shelter, the structural conditions that define housing availability and quality remain highly differentiated and often fragmented across the block.

Countries such as Nigeria, Pakistan, Egypt, and Bangladesh face some of the most significant housing shortages numerically, with deficits estimated to range from millions of units. These shortfalls are driven by a confluence of factors, including rapid urban population growth, stagnant wage growth, limited public investment in affordable housing, and the high cost of building materials. In these contexts, demand consistently outpaced supply, and informal settlements continue to proliferate as families seek any form of shelter close to employment centers. In contrast, Gulf Countries such as Saudi Arabia, the UAE, and Qatar have invested billions in state-sponsored housing development, often offering citizens free land and subsidized financing. However, despite these investments, expatriates and low-income workers still struggle with affordability, particularly in the rental market, where regulatory protections and social support are minimal or absent.

In fragile countries, including Yemen, Somalia, and parts of Libya, the destruction of housing stock due to internal displacement and weak state institutions has exacerbated shelter crises. In such countries, housing policy has shifted from concerns over affordability or urban development to humanitarian responses focusing on emergency shelter provision, resettlement, and post-conflict reconstruction. Millions of internally displaced people (IDPs) continue to live in temporary or substandard housing arrangements, often without access to basic services or legal protection.

Urbanization has also emerged as a defining variable across the OIC. Countries such as Türkiye and Malaysia exhibit relatively mature housing markets in large metropolitan areas. Still, rising property prices, land speculation, and the gentrification of inner cities increasingly pressure these markets. In

Istanbul and Kuala Lumpur, housing affordability has deteriorated significantly for middle- and low-income residents due to declining real wages, shrinking public rental housing options, and investor-driven development trends. Meanwhile, in Sub-Saharan African members such as Chad, Benin, Guinea, and Burkina Faso, urban housing remains predominantly informal, with limited access to potable water, sanitation, and secure tenure. In these environments, informal settlements constitute the primary form of housing for the majority of the urban poor, raising significant concerns about public health, resilience to climate shocks, and urban inequality.

A significant proportion of OIC Member Countries exhibit limited housing finance penetration, particularly in terms of mortgage availability and affordability. Mortgage-to-GDP ratios are often below 5%, and formal housing finance is frequently inaccessible to lower-income groups due to high down payment requirements, short loan maturities, and underdeveloped land titling systems. However, countries like Indonesia, Morocco, and Tunisia have made relative progress in expanding Islamic finance tools for affordable housing, including murabaha-based financing, sukuk-backed development schemes, and waqf-based social housing models. Nevertheless, the lack of secondary mortgage markets, credit registries, and risk-sharing instruments continues to constrain the housing finance ecosystem across much of the OIC.

Across the OIC Member Countries, public sector interventions play a critical role in housing provision. Countries such as Türkiye (through the Housing Development Administration, TOKİ), Malaysia (PR1MA, RUMAWIP, and Rumah Mesra Rakyat), Egypt (through the Social Housing and Mortgage Finance Fund), and Morocco (the Cities without Slums program) offer valuable lessons in structured, state-led interventions. These programs often combine large-scale construction efforts with mortgage subsidies, infrastructure co-financing, and legal reforms to enhance access to housing. In Tunisia and Kazakhstan, housing agencies are also responsible for land acquisition and redistribution, ensuring that lower-income groups can access urban land markets. Conversely, several countries, such as Guinea-Bissau and the Comoros, lack robust institutional frameworks for long-term housing planning, with housing provision driven mainly by international NGOs, diaspora remittances, or self-help models.

Social housing strategies across the OIC Member Countries are shaped by deeply context-specific factors, including religious and cultural norms surrounding family and ownership, and the role of the private sector in the construction sector. For example, Indonesia, Malaysia, and Morocco emphasize mixed-income housing schemes, including quotas for low-income households. Uzbekistan and Kazakhstan focus on state-financed mortgage programs for youth, civil servants, and new families.

Nigeria and Senegal have experimented with public-private partnerships (PPPs), housing cooperatives, and national housing funds that seek to leverage private capital for affordable housing. Meanwhile, due to fiscal constraints and weak institutional capacity, Uganda, Sudan, and Mali rely heavily on incremental construction and self-help models, supported by community-based savings groups.

Several countries - including Pakistan, Iraq, Jordan, and Lebanon - are also host to large numbers of displaced persons, either due to conflict or natural disasters. This additional pressure on already overstretched housing systems has led to further overcrowding, rent inflation, and increased vulnerability among low-income renters. In Pakistan, for example, the influx of Afghan refugees combined with internal displacement due to floods has placed enormous strain on urban peripheries. In Bangladesh, climate-induced displacement is increasingly contributing to the growth of informal settlements in major cities, such as Dhaka and Chittagong, where shelter conditions are inadequate and tenure is precarious.

This comparative analysis reveals that while housing remains unaffordable for a significant share of the population in most OIC Member Countries, successful policy models can be replicated and adapted across different contexts. Countries with integrated national housing strategies, coherent regulatory frameworks, and consistent funding mechanisms—such as Malaysia, Türkiye, Egypt, and Morocco—

demonstrate the potential for progressive and inclusive reforms even in challenging economic environments. Moreover, the emergence of regional innovation—such as the expansion of Islamic housing finance tools, participatory slum upgrading programs, and urban resilience strategies—suggests that policy learning across the OIC is both possible and necessary.

The housing crisis across the OIC Member Countries is not merely one of quantity. It reflects deeper structural issues related to affordability, quality, tenure security, resilience, and institutional coherence. Addressing these challenges requires a unified but context-sensitive policy approach grounded in human rights, economic pragmatism, and participatory governance.

Ensuring the right to adequate housing for all citizens of OIC Member Countries is a moral imperative and a precondition for sustainable urbanization, poverty reduction, and social stability across the Islamic world.

The OIC Member Countries face several challenges in providing decent and affordable housing. These challenges vary depending on economic conditions, urbanization rates, governance, and socio-political factors. As shown in Figure 3.1, rapid urbanization and population growth, affordability and poverty, weak housing policies and governance, limited access to financing, land scarcity and informal settlements, infrastructure deficits, climate change and natural disasters, and political instability and conflict are the main issues that the OIC Member Countries tackle in decent housing policy implementations.

3.1. Housing Deficits and Urbanization

Housing deficits are among the most persistent structural challenges across the OIC Member Countries. These deficits are closely tied to rapid population growth, unplanned urbanization, underinvestment in public housing, and limitations in institutional capacity. For instance, Nigeria faces one of the most severe housing shortfalls globally, with a housing deficit of between 17 and 20 million units. This crisis is primarily attributed to rapid yet unregulated urbanization, which has placed enormous strain on an already inadequate housing infrastructure. Nearly half of the country's population—close to 100 million—now resides in urban areas, intensifying the demand for affordable housing. However, constraints in housing supply, limited public awareness of available policies, and chronic disruptions in policy implementation—often caused by political transitions and governance instability—have hindered Nigeria's ability to respond effectively to these pressures.

As a result, the gap between the availability of affordable housing and the growing demand continues to widen. (Federal Government of Nigeria, 2021). The national housing shortfall in Pakistan was estimated at 10 million units in 2022, growing due to urban influx and demographic pressure (World Bank, 2022a). Similarly, Egypt's rapidly expanding population, increasing by 2.5 million each year, has significantly outpaced the country's housing supply. As a result, estimates suggest that the national housing shortage may surpass 5 million units at the end of 2025 (Mordor Intelligence, 2025).

Urbanization is another key determinant exacerbating housing demand across the OIC Member Countries. According to the World Bank urbanization data, the average urbanization rate across OIC Member Countries reached 58% in 2023. Urban growth has been especially pronounced in middle-income countries such as Türkiye (77%), Malaysia (78%), and Algeria (74%), where megacities like Istanbul, Kuala Lumpur, and Algiers have seen exponential growth in both population and land prices. While formal housing supply systems exist in these countries, they remain under pressure from speculative real estate activity and unregulated rental markets (Baysal & Kıvrak, 2022; Yaacob et al., 2022).

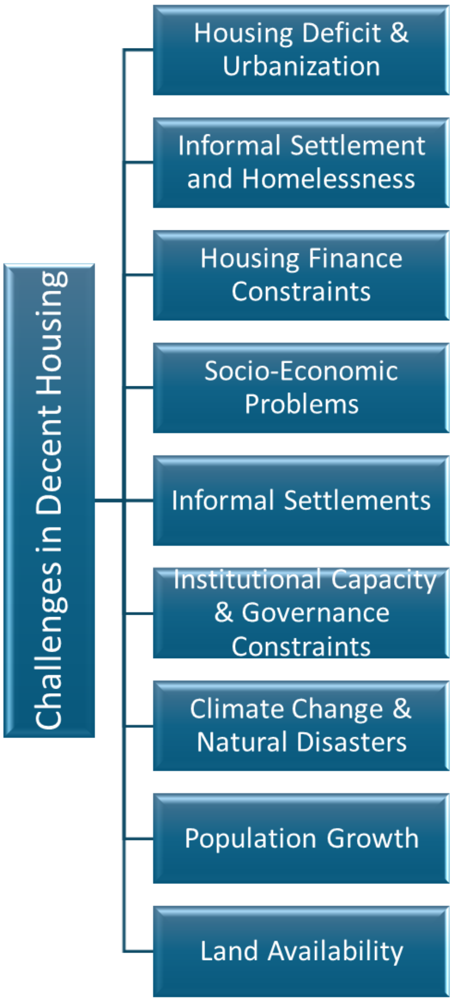

Figure 3.1. Challenges in Decent Housing *(by Authors)*

In contrast, many sub-Saharan African OIC Member Countries—including Niger, Burkina Faso, Chad, and Sierra Leone—remain predominantly rural in demographic composition but are witnessing the rapid expansion of urban peripheries. Due to weak urban planning regimes, these transitions have led to the proliferation of informal settlements, often lacking access to piped water, sanitation, electricity, and secure tenure (UN-Habitat, 2023a). In Sierra Leone, for instance, more than 70 informal settlements have emerged in Freetown, where the urban population has increased rapidly due to internal migration after the civil war. These settlements are often located in environmentally disadvantaged areas, exacerbated by topography and climate shocks. The city faces an estimated housing deficit of 166,000 units, which is expected to rise to 280,000 in two decades.

While the Burkina Faso case lacks precise data in this report, similar challenges such as unplanned expansion, limited infrastructure, and land tenure insecurity characterize its urban landscape. Likewise, in Mozambique, over 80% of the population in major cities, such as Maputo, lives in informal settlements, and housing expansion has outpaced infrastructure provision. Kampala (Uganda) also illustrates how rapid population growth outstrips the capacity of municipal authorities to provide formal housing and services, resulting in widespread informal construction. These conditions, common across many OIC and Sub-Saharan African cities, reveal the urgent need for integrated urban and housing policies that account for demographic pressures, climate risk, and governance capacity (OECD & UN-Habitat, 2022).

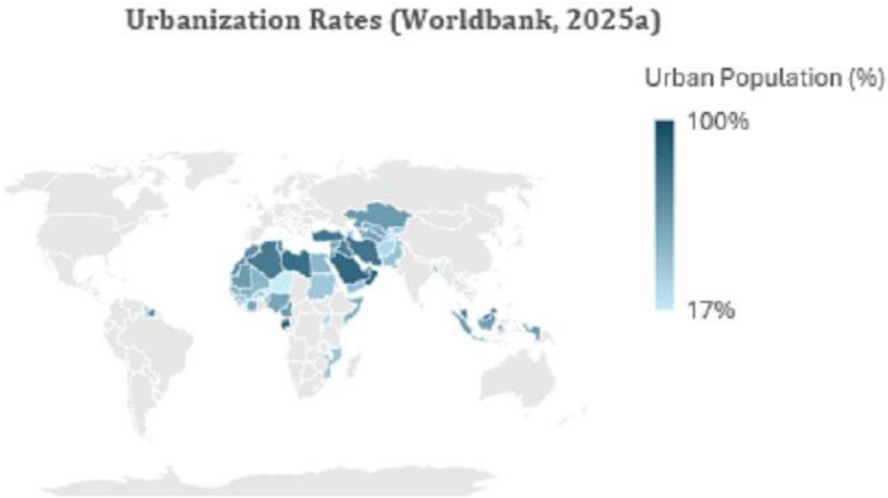

Figure 3.2. Urbanization Rates ***(World Bank, 2025a)***

Overall, urbanization can offer developmental gains through economic agglomeration and improved service delivery; however, this potential is often unrealized without coordinated housing strategies and effective infrastructure planning. However, it continues to amplify housing inequality and deepen spatial segregation across OIC Member Countries.

3.2. Informal Settlements and Homelessness

Informal settlements represent one of the most entrenched manifestations of urban poverty across the Islamic world. In many OIC Member Countries, slums have proliferated as a direct consequence of rapid urbanization, weak institutional capacity, and the persistent failure of formal housing systems to accommodate the needs of low-income and migrant populations. According to the report, approximately 300 million people in OIC Member Countries live in slums, and this number is projected to increase substantially in the absence of decisive policy intervention.

These settlements are overwhelmingly characterized by overcrowded and substandard living conditions, where access to essential public services such as potable water, sanitation, electricity, waste disposal, and sewage systems is either absent or severely limited. Slums typically house some of the most disadvantaged groups in society, including displaced persons, ethnic minorities, the disabled, and undocumented migrants. Exclusion from basic urban amenities perpetuates a vicious cycle of multidimensional poverty, inequality, and marginalization.

Moreover, the concentration of populations in slums significantly undermines the effectiveness of public policy. As noted in the report, high population density in slums hampers emergency responses, disrupts long-term planning, and poses logistical and infrastructural challenges to service delivery. Informal settlements have been identified as high-risk zones for public health crises, climate disasters, and environmental degradation, mainly due to poor structural quality and highly congested conditions.

The COMCEC report underscores that urban poverty in OIC Member Countries is particularly acute in the African and Asian subgroups. Many African OIC member countries have slum rates exceeding 70%, especially in fragile contexts or areas affected by civil disputes. Similarly, populous Asian OIC members, such as Pakistan and Bangladesh, exhibit strikingly high urban slum populations, which suggests that formal urban systems are unable to absorb rural-to-urban migrants in a planned manner.

A deeper structural analysis within the report reveals that urban poverty in OIC Member Countries is driven by institutional fragmentation, poor urban governance, and a disconnect between national housing strategies and local-level urban realities. Despite declines in national poverty headcount ratios, urban poverty and informality remain persistent due to socioeconomic inequality, informal labor markets, and weak property rights regimes (COMCEC, 2020).

In contrast, high-income Gulf countries generally exhibit low levels of traditional informal housing among citizens due to expansive state-subsidized housing programs. Nonetheless, informality persists among expatriate workers. In Qatar and the UAE, for example, low-paid migrant workers—especially those in the construction and domestic sectors—frequently live in overcrowded dormitories or informal labor camps, often located on the city outskirts with poor connectivity and minimal oversight (Amnesty International, 2020; Vital Signs, 2022). These forms of semi-formal housing remain underregulated and rarely fall within the remit of national housing strategies.

Homelessness, though frequently underreported or inconsistently defined across OIC member countries, constitutes a significant yet often overlooked dimension of the broader housing crisis. Equally pressing is the high incidence of slum dwellings among urban populations within the OIC, which poses a substantial barrier to achieving sustainable urban development. According to international definitions, a slum household is one in which occupants lack one or more of the following basic conditions: access to improved water and sanitation, sufficient living space, structural durability of the dwelling, and security of tenure. Figure 3.3 illustrates the proportion of the urban population residing in slums across OIC Member Countries.

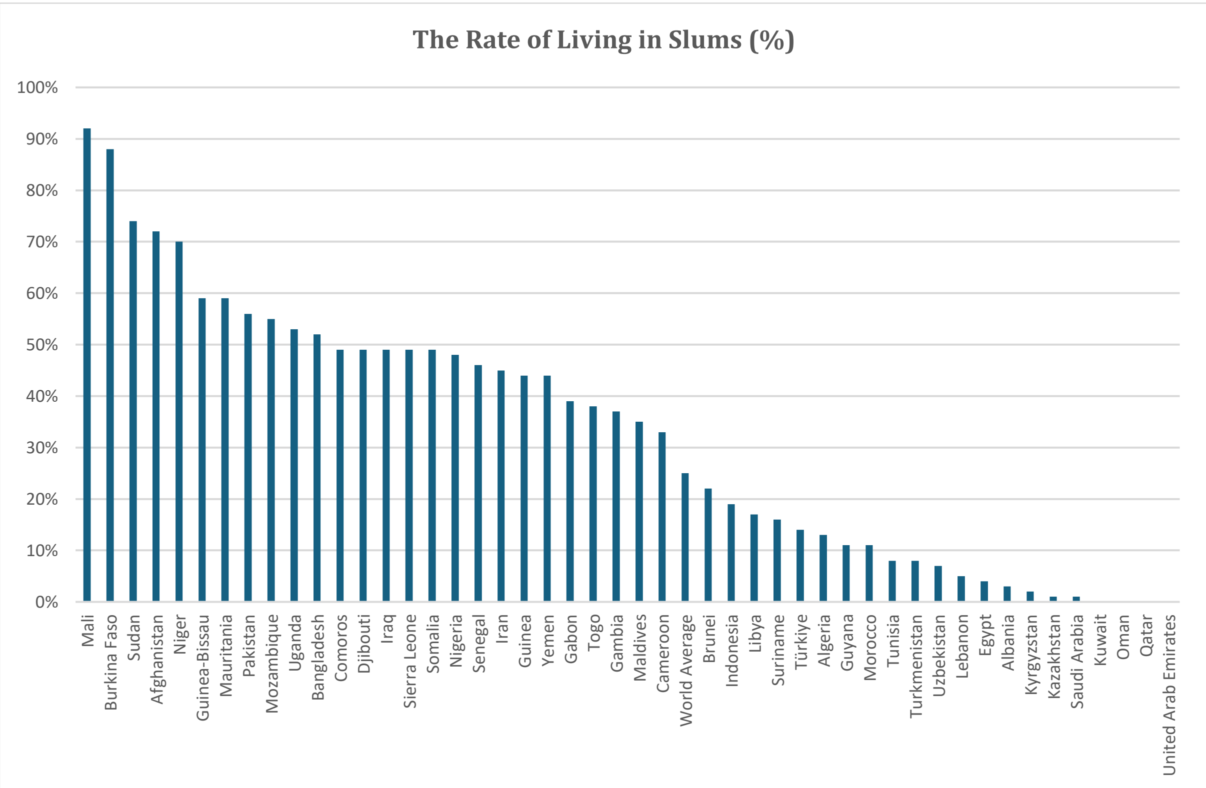

Figure 3.3. The Rate of Slum Living in the OIC Member Countries ***(United Nations Statistics Division, 2025)***

The issue of climate-induced displacement is also contributing to housing precarity. Flooding in countries like Bangladesh, Pakistan, and Nigeria, as well as drought in the Sahel, has forced thousands into temporary shelters or roadside encampments. As of 2025, Burkina Faso is experiencing one of the world's most rapidly intensifying internal displacement crises. The country hosts over 2 million internally displaced people (IDPs) and approximately 40,850 refugees and asylum seekers, primarily from Mali, due to a combination of escalating armed conflict, environmental stress, and socio-political instability (UNHCR, 2025). Many of the displaced are concentrated in fragile regions, such as the Sahel, the Center-North, and the East, where security remains volatile and access to basic services is extremely limited.

A significant proportion of the IDPs reside in informal camps or spontaneous settlements, often without durable shelters, legal land tenure, or essential public infrastructure. These living conditions have created widespread housing precarity, exposing disadvantaged populations—especially women and children—to elevated risks of gender-based violence, trafficking, and economic exploitation.

The government, in partnership with UNHCR, has initiated a National Recovery Strategy (SNR-PDICA) aimed at stabilizing displacement-affected areas and integrating forcibly displaced people into national services and development planning. Despite these efforts, only 36% of IDPs currently live in physically safe and adequately serviced settlements. In comparison, just 16% are in habitable and affordable housing—a striking indicator of the deep housing gap in displacement settings. Moreover, limited access to civil registration and secure tenure has compounded the socio-economic exclusion of displaced populations. In this context, UNHCR's strategy emphasizes localized, inclusive, and durable solutions that align with humanitarian-development-peace (HDP) approaches and prioritize community-based protection, legal inclusion, and self-reliance (UNHCR, 2025).

In summary, informal settlements and homelessness in OIC member countries are symptomatic of broader structural failures in urban planning, land regulation, and social protection. Addressing these issues will require multi-scalar interventions, including in-situ upgrading, secure tenure regularization, improved rental protections, and inclusive planning mechanisms that respond to both migrants and the urban poor.

3.3. Housing Finance Constraints

Housing finance remains one of the most significant structural impediments to improving housing accessibility and affordability across the OIC member countries. With only a few exceptions, the majority of OIC countries face limited access to mortgage markets, underdeveloped financial infrastructure, and low levels of formal lending for housing, particularly among low- and middle-income households.

Even among the Gulf Cooperation Council (GCC) countries, often assumed to be relatively secure in terms of housing provision due to substantial fiscal revenues, affordability gaps remain significant.

Mortgage penetration, as measured by outstanding mortgage loans as a percentage of Gross Domestic Product (GDP), remains below 5% in most OIC Member Countries, significantly trailing averages that exceed 40% in advanced economies (Hoenselaar et al., 2021). This limited financial outreach reflects a combination of institutional, regulatory, and market constraints that collectively prevent disadvantaged groups from accessing adequate housing finance. Figure 3.4 presents the mortgage-to-GDP ratios, which represent the outstanding mortgage loans in a country relative to its GDP, for OIC Member Countries based on the most recent available data for the year 2023:

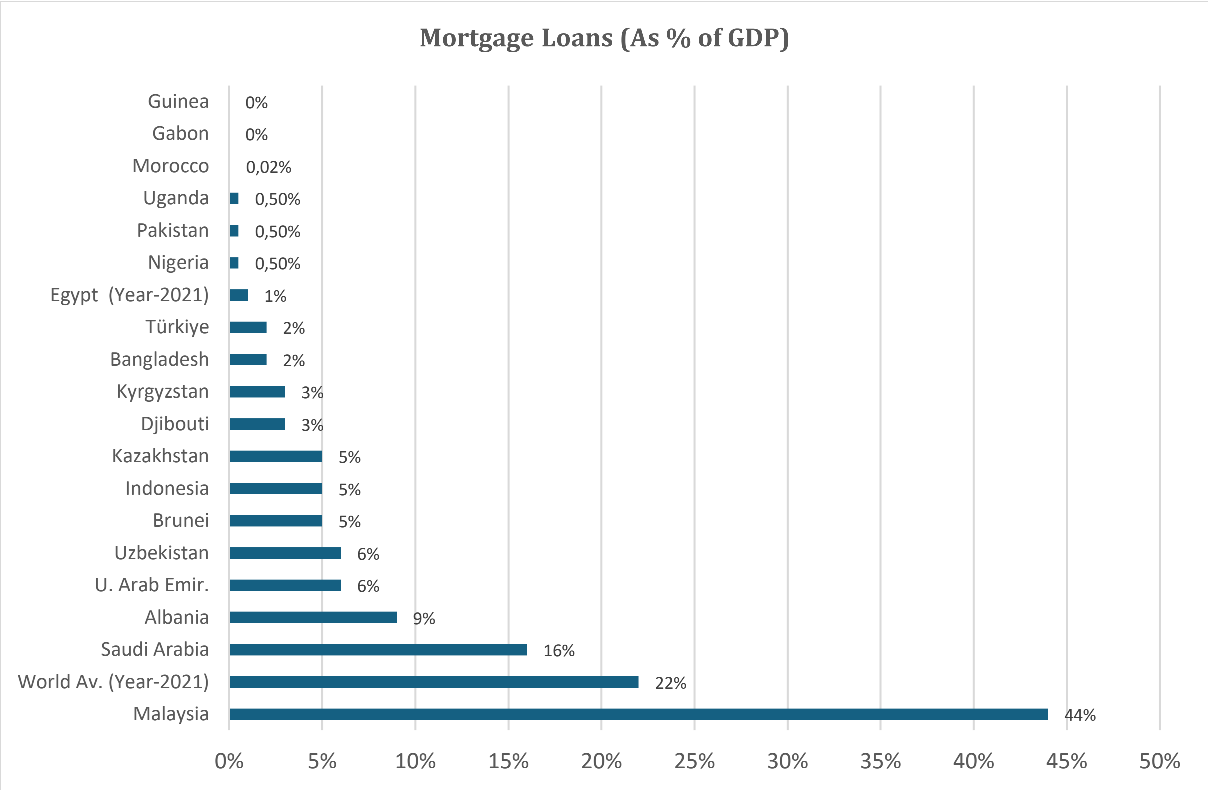

Figure 3.4. Mortgage Loans as a % of GDP in the OIC Member Countries ***(Helgi Library, 2025)***

Mortgage markets remain either underdeveloped or completely absent in many OIC Member Countries - such as Nigeria, Morocco, Bangladesh, and Yemen. Formal lending systems are often unable to serve a large share of the population due to weak credit information infrastructure, lack of land titling, and high perceived risks by financial institutions. Even in relatively advanced markets such as Indonesia, access to mortgage finance is concentrated among upper-income groups, with informal or semi-formal lending channels dominating the landscape for lower-income households. These alternatives, although sometimes more accessible, often lack transparency, regulation, and long-term affordability.

Fragile institutional arrangements further exacerbate the systemic weakness of housing finance across the OIC. Most member countries face limitations in long-term capital mobilization, inadequate secondary mortgage markets, and fragmented regulatory frameworks. Additionally, the absence of national-level mortgage refinance institutions and the weakness of land registration systems limit the expansion of secured lending. In fragile and conflict-affected settings such as Afghanistan and Somalia, housing finance systems have deteriorated to the point of collapse, rendering formal financing mechanisms irrelevant for the majority of the population.

Several countries have attempted to mitigate housing finance barriers through targeted public programs and subsidized loan schemes. As of 2023, the Damane Assakane fund in Morocco had granted nearly 12,400 housing loans through its FOGARIM program, representing a significant increase from approximately 7,700 loans the previous year. The fund offered an additional 4,925 loans as part of the FOGALOGE program in 2023, a decrease from approximately 6,000 in 2020 (Statista, 2023a). As of 2023, the Damane Assakane fund in Morocco had granted 1.5 billion Moroccan dirhams (154.2 million U.S. dollars) in housing loans within its FOGARIM program, an increase from the previous year. The fund offered an additional 4,925 loans, valued at 1.8 billion Moroccan dirhams (approximately $ 185 million U.S. dollars), as part of the FOGALOGE program in 2023 (Statista, 2023b). Similarly, the Flat 35 program in Japan-inspired fashion in Malaysia (via PR1MA[1]) and Egypt (through the Social Housing and Mortgage Finance Fund) enables long-term, fixed-rate loans for middle- and low-income households, often with government-backed guarantees (iMoney Editorial, 2023; SHMFF, 2023).

Another critical constraint to effective housing finance in OIC member countries is the weak land titling system and property registration, which severely impedes the use of housing assets as collateral. In Afghanistan, more than 80% of properties in urban areas are not registered with municipal or national land authorities, and most occupants lack official ownership documentation. This absence of legal recognition limits residents' access to formal credit markets and undermines broader efforts at urban development and economic empowerment (UN-Habitat, 2020a).

Similarly, in Somalia, particularly in cities like Baidoa, informal ownership arrangements dominate the housing landscape. To address this, UN-Habitat has launched property registration initiatives to enhance municipal revenue and improve service delivery. The prevalence of unregistered properties continues to hinder local governance and private sector engagement in the housing sector (UN-Habitat, 2021). Banks are reluctant to offer long-term housing loans without secure and enforceable land rights, and households cannot leverage their homes for capital.

Public housing finance institutions, such as the Federal Mortgage Bank of Nigeria (FMBN), play a crucial role in bridging housing finance gaps, particularly for lower - and middle-income households. However, undercapitalization, outdated operational frameworks, and political interference often undermine their effectiveness. As of 2023, FMBN had originated only 24.654 mortgage loans nationwide, with a total value of USD 2,165 billion—figures that reflect a relatively limited scale considering the country's vast housing demand. Moreover, mortgage loans in Nigeria account for merely 0,50% of GDP, underscoring the structural weaknesses of the housing finance system (Centre for Affordable Housing Finance in Africa [CAHF], 2024a). These challenges suggest that without substantial reform and institutional strengthening, public housing finance institutions may continue to fail to deliver inclusive and scalable housing finance solutions. While programs like Nigeria's National Housing Fund (NHF) provide low-interest mortgages to contributors, their outreach remains limited in relation to the country's housing needs.

Private sector participation in housing finance is also weak in many countries due to regulatory risks, low repayment capacity, and the absence of secondary mortgage markets. Few OIC Member Countries operate functioning mortgage-backed securities (MBS) markets, and long-term capital for mortgage lending is scarce. Exceptions include Türkiye and Malaysia, where capital markets and pension funds partially support housing finance institutions. Apart from a few relatively advanced cases, such as Malaysia, which has effectively leveraged Islamic finance tools, and Türkiye, where housing loan volumes have expanded rapidly, most OIC member countries face persistent structural barriers to housing finance. In sum, housing finance constraints in OIC Member Countries are on both the demand and supply sides.

On the demand side, low incomes, informality, and lack of credit history constrain access. On the supply side, shallow capital markets, weak regulatory environments, and inadequate institutional frameworks hamper lending. Financial innovation, public guarantees, Islamic finance tools, and enhanced land governance will be crucial in unlocking housing finance for underserved segments.

3.4. Socio-Economic Problems

Socio-economic conditions are a core determinant of housing quality, affordability, and availability across OIC member countries. These conditions shape both demand- and supply-side dynamics in the

[1] The 1Malaysia Housing Programme or Perumahan Rakyat 1Malaysia (PR1MA) is a housing development programme in Malaysia. Its objective is to develop affordable housing for the middle-income group in key urban centers in Malaysia. (PR1MA, 2022)

housing sector, with factors such as income distribution, employment patterns, demographic shifts, migration flows, and institutional capacity playing decisive roles in either alleviating or exacerbating the housing crisis.

Firstly, widespread income inequality and high poverty rates in many OIC Member Countries limit households' ability to secure adequate housing. Poverty remains one of the most persistent and critical development challenges across OIC member countries. Despite some progress over the past two decades, approximately 27% of the total population in these countries continues to live below the international poverty line of USD 1,25 per day, highlighting deep structural inequalities and underscoring the urgent need for inclusive economic and social policies (IsDB, 2022a). In countries such as Mozambique, Niger, and Bangladesh, structural labor market challenges—particularly low wages, widespread informal employment, and underemployment—significantly constrain the financial capacity of households to access formal housing markets. In Mozambique, most workers earn less than USD 100 per month, with minimum wages in key sectors, such as agriculture and construction, ranging from USD 81 to USD 105. As a result, many households are forced to rely on self-built housing or reside in informal settlements (CAHF, 2023a).

In Bangladesh, approximately 84.9% of the workforce is employed in the informal sector, which limits the ability of many households to generate stable income or meet the formal documentation requirements necessary to access mortgage finance (ILO, 2023). Consequently, incremental housing construction and informal tenure arrangements remain widespread, particularly among low-income urban populations. In Niger, the situation is further compounded by the fact that 89% of the non-agricultural workforce is employed informally, and the country has one of the highest combined unemployment and underemployment rates in the West African region. Only 22% of salaried workers reportedly have access to formal housing finance, leaving the majority of low- and moderate-income households to rely on informal housing solutions or unregulated construction (CAHF, 2023b). These patterns underscore the need for integrated housing and labor market policies that address informality while expanding access to affordable and inclusive housing finance.

The OIC region has one of the youngest populations globally. As of 2020, youth aged 15–24 constituted approximately 18% of the total OIC population, amounting to over 338 million individuals and representing 28% of the world's total youth population.

Projections suggest this share will rise to 30,7% by 2030 (SESRIC, 2020). This pronounced youth bulge has a significant impact on housing demand, particularly in countries experiencing rapid household formation, such as Egypt, Pakistan, and Afghanistan. The demographic pressure has intensified the need for affordable housing and expanded rental markets as a growing number of young adults seek independent living arrangements. However, high youth unemployment rates (13,9% on average in OIC Member Countries as of 2019), underemployment, and persistent wage stagnation limit young people's financial capacity to access formal housing markets.

In many cases, this leads to youth remaining in overcrowded dwellings, extended family units, or delaying household formation altogether. The SESRIC report (2020) highlights the interconnected nature of youth demographics, labor market limitations, and housing market pressures. Many OIC Member Countries risk exacerbating urban housing shortages and generational inequality without proactive strategies to match this demographic growth with job creation, social infrastructure, and housing affordability measures.

Gender disparities in property rights and access to housing finance remain pervasive across many OIC Member Countries. According to the World Bank's Women, Business, and the Law 2023 report, legal and customary barriers still restrict women's ability to inherit, own, or manage property in several regions, particularly in the Middle East and Sub-Saharan Africa. Although countries like Tunisia and Türkiye have made significant legal advancements, including reforms to inheritance laws and property ownership rights, enforcement gaps persist, especially in rural areas where customary practices often supersede statutory law. In addition to legal barriers, low female labor force participation further constrains women's access to credit and housing finance. The report documents that in Afghanistan, women's participation in the labor market is as low as 15%, and in Iraq, just 13% - figures that significantly reduce women's ability to secure housing loans or build asset ownership independently.

These structural limitations not only impede women's autonomy but also limit their contribution to national economic development. The World Bank's findings emphasize the importance of closing the legal gender gap in asset ownership, inheritance, and access to credit. Without these reforms and proper enforcement mechanisms, women's inclusion in the housing market will remain severely constrained (World Bank, 2023a).

Armed disagreements, political instability, and forced displacement continue to shape housing conditions in many OIC Member Countries. Due to ongoing conflicts across the region, countries have collectively generated millions of refugees, internally displaced persons (IDPs), and returnees—populations that often face severe housing insecurity, prolonged residence in overcrowded or inadequate shelters, and limited access to durable housing solutions.

According to the UNHCR Global Trends Report 2023, the total number of forcibly displaced people worldwide reached a **record 117,3 million** by the end of the year. A significant share of this population either resides in or originates from OIC member countries. For instance, the civil war in Sudan alone led to the internal displacement of over 6 million people and forced more than 1,2 million individuals to seek refuge in neighboring countries - most of which are OIC members.

Similarly, the protracted conflict in Syria has resulted in the displacement of more than 13 million people, many of whom now reside in Türkiye, Lebanon, and Jordan, which continue to bear the social and economic costs of prolonged displacement. Cumulatively, as of 2023, it is estimated that over 20 million forcibly displaced people either reside in or originate from OIC Member

This demographic reality places immense pressure on already strained housing systems and host communities, exacerbating overcrowding, affordability challenges, and infrastructure deficits. It also highlights the urgent need for inclusive housing strategies that account for displacement and protracted humanitarian crises within national urban planning frameworks (UNHCR, 2023).

In conclusion, addressing the socio-economic drivers of housing inequality in OIC Member Countries requires a multidimensional approach. Policy solutions must encompass both the financial and technical aspects of housing provision, as well as the broader structural inequalities rooted in employment, education, gender, displacement, and climate adaptation. Without such a holistic perspective, housing interventions risk reinforcing, rather than alleviating, existing disparities.

3.5. Informal Settlements

Among the most persistent and structurally embedded challenges affecting housing conditions in OIC member countries is the widespread prevalence of informality and tenure insecurity. Informal settlements often emerge due to rapid urbanization, rural-to-urban migration, weak land governance, and the chronic mismatch between housing demand and formal housing supply. The result is a dual housing market in which formal and informal systems operate in parallel, and a significant proportion of low- and middle-income households rely on informal housing solutions that are structurally inadequate and legally unprotected.

Tenure insecurity—the absence of legal recognition or enforceable rights to occupy, use, or transfer housing—is a fundamental barrier to housing stability, inclusive development, and long-term investment. In fragile and conflict-affected settings such as Yemen, Sudan, and Somalia, this insecurity is further intensified by ongoing violence, unresolved land disputes, and the erosion of formal legal institutions. These factors collectively prevent households from asserting ownership rights or accessing state-provided protections (World Bank, 2020a). Even in relatively more stable contexts like Pakistan or Iraq, overlapping and sometimes contradictory legal frameworks—statutory, customary, and religious—generate confusion over land tenure and title registration, leaving many households in prolonged legal limbo (World Bank, 2020b).

The developmental consequences of insecure tenure are far-reaching. Households without legally recognized titles are frequently excluded from formal housing finance systems, public infrastructure investments, and targeted social protection programs. Moreover, uncertainty surrounding ownership rights discourages long-term investment in home improvement and neighborhood upgrading, while simultaneously limiting governments' capacity to mobilize land-based revenues—such as property taxes or land value capture mechanisms—critical for financing sustainable urban development. Addressing tenure insecurity is, therefore, not only a legal imperative but a strategic development priority, especially in OIC member countries undergoing rapid demographic and spatial transformation.

Despite these challenges, some bottom-up innovations have begun to emerge to address tenure insecurity at the community level. Community-led enumeration and participatory mapping initiatives are piloted in specific contexts to enhance tenure recognition, particularly in informal urban settlements. These locally driven approaches, often supported by international donors and civil society organizations, have yielded promising results in countries such as Senegal and Uganda by strengthening community-level data systems and fostering more inclusive urban planning processes. However, without a broader institutional and legal framework, such efforts remain fragmented, lack scalability, and are insufficient to alter national tenure regimes significantly.

Resolving informality and tenure insecurity thus requires a comprehensive and multidimensional strategy - combining legal and regulatory reform, pro-poor land policies, participatory urban planning, and sustained investment in municipal land administration capacities. As long as large population segments remain excluded from formal tenure systems, efforts to build inclusive, secure, and resilient housing ecosystems across the OIC will remain fundamentally constrained.

3.6. Institutional Capacity and Governance Constraints

Institutional capacity and governance play a pivotal role in determining the effectiveness of housing policies across OIC member countries. Many governments in the OIC region face structural constraints, including fragmented bureaucracies, weak inter-agency coordination, limited fiscal autonomy, and a lack of capacity for long-term planning, which hinder the delivery of inclusive and affordable housing.

Institutional fragmentation is a key barrier in numerous low- and lower-middle-income OIC Member Countries. In countries such as Guinea-Bissau and Chad, the absence of centralized housing ministries or dedicated national housing authorities has limited the development of coherent, long-term housing policies. While both countries have initiated housing-related activities or urban development strategies, these efforts are typically fragmented and implemented under broader development or infrastructure agendas rather than being led by a specialized institution.

In Guinea-Bissau, housing and urban development concerns are addressed within the framework of broader national strategies, such as the 2020–2023 National Development Plan, which emphasizes investment in infrastructure, health, and education. However, there is no clear indication of a standalone housing ministry or an institution tasked specifically with housing policy formulation and regulation (UCLG-GOLD, 2023). Similarly, some housing-related interventions exist in Chad, such as the Land and Real Estate Development Company (SOPROFIM), a parastatal entity that provides serviced land parcels to address housing needs. However, these efforts are not anchored in a comprehensive national housing policy framework (CAHF, 2023c).

Instead, housing functions are dispersed across public works, urban development, and land management ministries, often with overlapping mandates and limited coordination. This fragmented institutional landscape leads to inefficient planning, duplication of efforts, and a lack of integrated housing strategies. As a result, housing provision in both countries remains informal and largely unregulated, especially in the face of rapid urbanization and growing demographic pressures.

Fiscal constraints also limit housing interventions. While upper-middle-income countries like Malaysia and Türkiye have established dedicated housing agencies—PR1MA and TOKİ, respectively—with earmarked budgets and land acquisition authority, most low-income OIC Member Countries rely heavily on donor funds and ad hoc budgetary allocations.

A lack of transparency can weaken governance in the housing sector. In some contexts, land allocation processes are not fully accessible to public oversight, which can create barriers for the urban poor. In Pakistan, for instance, research suggests that land acquisition and redistribution mechanisms have sometimes lacked clarity, resulting in disputes over compensation and challenges for communities facing resettlement (Shah et al., 2023).

In Iraq, reports indicate that housing initiatives have been hindered at times by informal networks, fluctuating financial support, and rising rental costs, which place additional pressure on low-income households and internally displaced persons seeking stable housing (The New Arab, 2023). These cases illustrate how limited accountability and weak regulatory frameworks in land and housing governance can contribute to inequities, making it more challenging to address the needs of susceptible groups in some OIC member countries.

A widespread deficit in technical and planning capacity at the municipal level continues to exacerbate urban housing challenges across many OIC member countries. Municipalities in countries such as Burkina Faso, Sierra Leone, and Somalia often lack the trained personnel, planning tools, and digital land registries needed to manage rapid urban growth effectively. Without adequate decentralization of resources and responsibilities, local authorities remain ill-equipped to meet the housing demands emerging in expanding urban and peri-urban areas.

In Burkina Faso, the World Bank's Support to Land and Mining Management Strengthening Project highlights critical institutional weaknesses in land governance, including outdated cadastral systems and insufficient technical capacity at the municipal level. While reforms are underway to digitalize land rights and improve spatial planning through harmonized geospatial datasets and valuation systems, the lack of skilled technical staff limits the local government's ability to implement sustainable housing and urban development strategies (World Bank, 2021a).

In Sierra Leone, land administration is described as fragmented and unreliable, particularly in the capital city of Freetown. A World Bank policy note emphasizes the absence of credible land registration and cadaster systems, citing the shortage of trained surveyors familiar with modern electronic mapping technologies and the lack of appropriate equipment. These constraints hinder accurate spatial planning, urban land use management, and disaster risk mitigation, weakening the structural foundation for sustainable housing provision (World Bank, 2021b).

Somalia faces similar challenges. The World Bank's Urban Resilience Project Phase II highlights that Somali municipalities face significant challenges due to their limited technical and planning capacity. The report highlights that deficiencies in staff skills, institutional frameworks, and operational tools pose a serious barrier to effective housing delivery and urban infrastructure investment. Efforts are underway to build local capacity, but the need for robust systems remains urgent (World Bank, 2019a).

These examples reveal that technical undercapacity at the municipal level represents a structural barrier to inclusive and well-managed urban housing development. Strengthening local institutional frameworks, investing in human capital, and providing access to digital planning tools and registries are crucial for addressing the housing demands of rapidly urbanizing societies.

Institutional bottlenecks, fiscal rigidity, and governance shortcomings persist as critical obstacles to effective housing delivery across much of the OIC region. Strengthening institutional frameworks, enhancing transparency, and building municipal planning capacity are essential preconditions for scaling up inclusive and sustainable housing strategies. Without such foundational reforms, even well-designed programs risk underperformance, fragmentation, or elite capture.

3.7. Climate Change & Natural Disasters

The interplay between climate vulnerability and housing resilience has emerged as a defining challenge across OIC member countries. Most of the OIC region lies within climate-exposed zones, including arid and semi-arid areas, floodplains, cyclone-prone coastal belts, and seismically active fault lines. Consequently, millions of residents - particularly those in low-income and informal settlements - face heightened risks of climate-induced displacement, infrastructure failure, and loss of livelihoods due to climate-related hazards.

Countries such as Bangladesh, Pakistan, Indonesia, and Mozambique are increasingly exposed to the impacts of climate change - including floods, cyclones, and sea-level rise - which directly exacerbate housing insecurity. Among these, Bangladesh stands out as one of the most climate-affected countries globally, facing the dual challenge of high population density and extreme exposure to rising sea levels. According to the International Organization for Migration (IOM), Bangladesh could see up to 13,3 million people displaced by 2050 due to climate change, primarily driven by sea-level rise, coastal erosion, and salinization of arable land. This would make climate-induced displacement the country's primary driver of internal migration (IOM, 2023).

The World Bank's Groundswell Part II report confirms this projection, emphasizing that sea-level rise is likely to disproportionately affect coastal districts, many of which already suffer from under-resourced housing and infrastructure systems (World Bank, 2021). Further highlighting the issue's urgency, the Environmental Justice Foundation (EJF) estimates that one in every seven Bangladeshis—approximately 18 million people—may be forced to relocate by 2050 solely due to rising sea levels. This level of displacement poses a humanitarian challenge and has profound implications for housing policy, urban planning, and national development frameworks (EJF, 2018). These projections underline the urgent need for climate-resilient housing strategies, coastal protection programs, and integrated migration and land-use planning to prevent widespread displacement and further deterioration of housing conditions in Bangladesh and similar contexts.

In sub-Saharan African OIC Member Countries such as Sudan, Mali, Niger, and Chad, recurrent droughts and advancing desertification have significantly intensified housing stress by accelerating rural-to-urban migration. The degradation of arable land and depletion of water resources are compelling agrarian communities to migrate toward urban centers, contributing to the unplanned expansion of urban peripheries. In cities such as N'Djamena, Bamako, Khartoum, and Niamey, this influx has led to the proliferation of overcrowded, underserved settlements, where housing construction often occurs informally and without consideration for climate-resilient design or infrastructure (IOM, 2020; World

Bank, 2022b). The climate-induced shift in population centers has placed immense pressure on local governments, which often lack the technical, institutional, and financial capacity to manage rapid urban growth.

These municipalities struggle with a shortage of qualified urban planners, outdated or nonexistent land-use plans, and the absence of enforceable building codes—factors that collectively exacerbate their vulnerability to environmental hazards such as flash floods and heatwaves (World Bank, 2022b). According to the International Organization for Migration (2020), environmental shocks and resource scarcity in northern Mali and central Chad have triggered sustained population movements toward capital cities, resulting in the growth of informal housing clusters with limited access to essential services. Similarly, UN-Habitat (2023b) highlights that in the Sahel region, home to more than 300 million people, rapid urbanization driven by poverty, conflict, and climate change outpaces infrastructure and service provision. Without long-term investment in planning and resilience, growing urban residents will likely remain in highly precarious and climate-exposed conditions. Addressing these challenges requires a climate-responsive urban planning approach, stronger decentralization of planning authority, and targeted investments in resilient housing and infrastructure—particularly in cities absorbing climate-displaced rural populations (World Bank, 2022b).

In arid Gulf countries such as Saudi Arabia, Oman, and the United Arab Emirates (UAE), the effects of climate change - including extreme heat, water scarcity, and frequent sandstorms - are becoming more pronounced. Although these countries possess the fiscal capacity to invest in climate-adaptive and energy-efficient housing technologies, their built environments are increasingly under pressure due to rapid urban expansion and high per capita energy consumption. In response, ambitious sustainable urban development projects have emerged, such as Masdar City in Abu Dhabi and the NEOM megaproject in Saudi Arabia. Masdar City features buildings and public spaces designed to optimize thermal comfort, maximize energy and water efficiency, and minimize carbon emissions, powered in part by on-site photovoltaic systems that generate over 11 megawatts of clean electricity. Similarly, NEOM's "The Line" is envisioned as a 170-kilometer zero-carbon urban development with no cars or streets, powered entirely by renewable energy and preserving 95% of the surrounding nature. These projects reflect bold visions for sustainable urbanism, yet such innovations are still limited in scale and have not yet been mainstreamed into affordable housing sectors (Real Estate Saudi, 2024). Bridging this gap will require more inclusive policies and investment strategies prioritizing climate resilience across all income groups.

Resilience gaps are particularly evident in the quality and durability of informal and emergency shelters in conflict-affected OIC Member Countries such as Somalia, Yemen, and Syria. Prolonged displacement in these countries has led to widespread reliance on temporary shelters constructed from substandard materials, which provide minimal protection against climatic shocks. In Yemen, approximately 2,7 million individuals are currently living in catastrophic or extreme shelter conditions, often in overcrowded and under-resourced hosting sites lacking access to basic infrastructure and services (ACTED, 2023). Similarly, in Syria, over 8 million internally displaced persons (IDPs) remain in inadequate shelters that are not built to withstand seasonal floods, snow, or extreme temperatures, further compounding their vulnerability (OCHA, 2024). In Somalia, repeated climate shocks, political fragility, and protracted displacement have created highly varied shelter needs across regions, with many IDPs living in precarious and unsafe conditions (Joint Data Center on Forced Displacement, 2024). Although UN agencies and NGOs continue to implement humanitarian shelter programs, these efforts largely prioritize short-term survival and emergency response rather than long-term housing resilience. For example, interventions typically include non-food item kits and basic emergency shelter distributions but fall short of providing durable solutions or integrating climate adaptation strategies (OCHA, 2024). Addressing these gaps will require shifting from purely humanitarian frameworks to development-informed shelter planning that includes durable construction, local participation, and long-term investment in climate-resilient housing infrastructure.

Despite the ongoing challenges related to housing resilience, several OIC Member Countries have begun to implement adaptive housing policies that integrate climate considerations into urban development. In Indonesia, the long-standing Kampung Improvement Program (KIP), launched in 1969, aimed to upgrade informal urban settlements by introducing paved pathways, drainage systems, access to clean water, and sanitation facilities. These improvements also enhanced flood resilience by integrating basic environmental infrastructure in flood-prone areas (World Bank, 1995). In Malaysia, the Green Building Index (GBI), established in 2009, sets sustainability benchmarks for building design across multiple sectors, including low- and middle-income housing. The GBI includes indicators for energy efficiency, water conservation, and indoor environmental quality, fostering climate-conscious housing development (Green Building Index, 2009).

In Türkiye, the government has increasingly emphasized climate-responsive housing through both national strategies and externally supported projects. The Climate Change Mitigation Strategy and Action Plan (2024–2030) outlines concrete targets for improving energy efficiency in the building sector and promotes the use of sustainable construction materials, particularly in disadvantaged areas affected by floods and earthquakes (MoEUCC, 2024). Complementarily, the World Bank–supported Climate and Disaster Resilient Cities Project (P173025) prioritizes improving infrastructure and urban planning in high-risk municipalities such as Istanbul, Kahramanmaraş, and Tekirdağ. The project emphasizes the importance of enhancing resilience in flood-prone and seismically vulnerable areas through improved urban infrastructure and land-use policies (World Bank, 2022c). Collectively, these initiatives signal a growing commitment across the OIC to integrate sustainability and resilience into housing policy frameworks.

While selected OIC Member Countries have begun integrating climate adaptation into housing and urban development, systemic constraints remain widespread across the region. A significant number of OIC Member Countries still lack standardized climate-resilient building codes, accessible insurance mechanisms, and dedicated financing instruments for climate-adaptive housing - especially for low-income populations. Moreover, limited technical capacity in climate-sensitive urban planning continues to hamper local governments' ability to respond effectively to environmental risks.

The Islamic Development Bank (IsDB) has consistently emphasized the need for cross-sectoral approaches that connect housing with disaster risk reduction, climate adaptation, and sustainable finance. In its Urban Sector Operational Strategy (2021–2025), the IsDB advocates for embedding resilience into national housing systems, upgrading urban infrastructure in risk-prone areas, and strengthening institutional frameworks for multi-level coordination (IsDB, 2021). The Bank’s Climate Change Policy (2022) further stresses the importance of mainstreaming climate action across urban sectors and mobilizing finance for resilient, low-carbon infrastructure (IsDB, 2022b). Together, these strategic documents underscore the need for designing holistic, pro-poor housing solutions that address the socio-economic and environmental vulnerabilities of OIC Member Countries.

In conclusion, while climate vulnerability continues to exacerbate housing insecurity across the OIC, efforts to incorporate resilience into housing design, land use, and infrastructure remain fragmented and under-resourced. A paradigm shift toward anticipatory urban planning, standardized resilient design, and scalable green housing finance mechanisms is crucial to ensure that future housing systems are both inclusive and climate-resilient.

3.8. Population Growth and Housing Demand Projections

The demographic dynamics across the OIC Member Countries significantly shape the scale and urgency of housing policy interventions. With a combined population exceeding 2 billion, many OIC Member Countries are characterized by high fertility rates, youthful populations, and rapid urban migration - factors that exert considerable pressure on housing markets. These demographic patterns are expected to persist well into the 21st century, further intensifying the demand for affordable and adequate housing.

Country	Population	Median Age	Country	Population	Median Age
Afghanistan	42.239.854	18,3	Malaysia	34.308.525	25,3
Albania	2.832.439	33,1	Malaysia	34.308.525	25,3
Algeria	45.606.480	23,5	Maldives	521.021	27,9
Azerbaijan	10.358.074	23,9	Mali	23.293.606	15,8
Bahrain	1.485.509	27,3	Mauritania	4.736.139	20,9
Bangladesh	172.954.319	23,7	Morocco	37.772.756	24,5
Benin	13.352.864	19,7	Mozambique	33.089.461	19,3
Brunei	452.524	25,1	Niger	27.202.843	14,8
Burkina Faso	22.673.762	17,2	Nigeria	223.804.632	17,1
Cameroon	28.647.293	20,7	Oman	4.644.384	26,5
Chad	18.278.568	16,8	Pakistan	240.485.658	22,1
Comoros	852.075	20,1	Palestine	5.250.076	21,9
Cote d'Ivoire	28.873.034	20,5	Qatar	2.688.235	27,7
Djibouti	1.136.456	21,5	Saudi Arabia	36.947.025	26,1
Egypt	112.716.598	24,1	Senegal	17.763.163	19,5
Gabon	2.388.992	22,5	Sierra Leone	8.791.092	19,1
Gambia	2.773.166	17,5	Somalia	18.143.379	16,7
Guinea	13.859.341	19,4	Sudan	48.068.029	21,2
G.-Bissau	2.105.566	18,1	Suriname	618.040	26,3
Guyana	813.834	33,3	Syria	23.227.014	22,3
Indonesia	277.534.122	24,7	Tajikistan	10.143.543	23,3
Iran	89.172.767	25,9	Tunisia	12.458.223	24,9
Iraq	45.504.588	21,7	Türkiye	85.279.553	25,5
Jordan	11.285.869	26,7	Turkmenistan	6.430.770	23,1
Kazakhstan	19.606.633	25,7	Uganda	48.582.334	15,7
Kuwait	4.310.108	27,1	U.A. Emirates	9.441.129	27,5
Kyrgyzstan	6.735.305	22,9	Uzbekistan	36.044.176	24,3
Lebanon	5.353.934	26,9	Yemen	34.449.825	19,6
Libya	6.883.886	22,7	OIC Member Countries	2.059.281.116	22,4

Table 3.1. Median Age and Total Population of the OIC Member Countries ***(UNDESA, 2024; World Bank, 2025b)***

As of 2023, as shown in Table 3.1, the median age across OIC Member Countries was approximately 22,4 years - substantially lower than the global average of 30,4 years - highlighting a significant youth bulge. As of 2024, Nigeria, Pakistan, Egypt, and Bangladesh each have populations exceeding 100 million, with median ages below 27, indicating that more than half of their populations are under the age of 27 (UNDESA, 2024; World Bank, 2025). Projections from the United Nations (2022) indicate that by 2050, several OIC Member Countries will experience population growth of over 50%, with Nigeria expected to surpass 400 million, Pakistan 360 million, and Egypt over 160 million (UNDESA, 2022).

These demographic pressures directly translate into intensified housing demand, particularly among first-time home seekers and newly forming households.

The housing needs of youth populations in OIC Member Countries are multifaceted. Beyond issues of quantity, challenges related to affordability, proximity to employment centers, tenure security, and sociocultural expectations—such as marriage-related housing norms—are equally critical. Housing insecurity among youth thus constitutes a significant barrier to transitions into adulthood, contributing to what scholars term waithood: a prolonged liminal state in which young people remain socially and economically suspended (Dhillon & Yousef, 2009). In Middle East and North Africa (MENA) countries, comprising 18 OIC members, 42.5% of youth report experiencing housing insecurity, a factor directly correlated with delayed marriage and household formation (Assaad & Krafft, 2020). In this context, young adults across OIC Member Countries frequently cite the lack of adequate housing as a key impediment to family formation and economic independence.

Furthermore, high fertility rates persist in many lower-income OIC Member Countries, contributing to sustained demographic pressure on housing systems. According to World Bank estimates, countries such as Niger (6.7 births per woman), Somalia (6.2), and Nigeria (5.1) continue to record some of the highest total fertility rates globally (the World average 2.3 births per woman) (World Bank, 2025c). These elevated fertility levels are particularly concentrated among low-income and rural populations, where access to reproductive healthcare and education is limited. As a result, housing demand is projected not only to increase in absolute terms but also to rise disproportionately among economically disadvantaged groups. This demographic trajectory necessitates proactive policy interventions - including targeted public housing investments, land allocation reforms, and housing subsidy programs - that are responsive to the needs of large, young, and low-income households.

Therefore, integrating population dynamics into national housing strategies is not merely desirable but a foundational requirement for ensuring the long-term sustainability and inclusiveness of urban development in OIC member countries. Policymakers must move beyond reactive supply-side measures and adopt forward-looking approaches that combine expanded housing provision with innovative financing tools, such as Islamic-compliant mortgage systems and cooperative ownership models, and integrated land-use planning frameworks that reflect demographic pressures and socioeconomic realities.

3.9. Land Availability

Access to land and the effective functioning of land markets represent pivotal determinants of housing affordability across OIC member countries. In many low- and middle-income OIC contexts, land costs constitute a disproportionately high share of total housing development costs—often ranging between 30% and 60% in urban settings. For example, in Jordan, land acquisition costs account for approximately 40% to 60% of total housing unit prices, significantly constraining the ability of both public and private sectors to provide affordable housing at scale (World Bank, 2018b).

This issue is further exacerbated by the scarcity of legally titled, infrastructure-serviced, and well-located land within urban boundaries. Inadequate land use planning, overlapping land tenure regimes, and weak enforcement of zoning regulations create additional layers of inefficiency and exclusion, particularly for low-income and first-time homebuyers. Without accessible land markets and proactive public land management strategies, inclusive housing delivery remains severely constrained. As such, resolving structural distortions in land markets and expanding access to serviced land must be recognized as foundational components of any serious effort to improve housing affordability across the OIC region.

In many OIC Member Countries, deficiencies in land titling systems continue to hinder equitable access to land and impede the provision of affordable housing. In Nigeria, the Land Use Act of 1978 centralizes all land under the authority of state governors, creating bureaucratic bottlenecks, unclear tenure rights, and limited transparency in land allocation. These issues contribute to widespread tenure insecurity and speculation in urban areas, particularly affecting low- and middle-income households (Otubu, 2025). Pakistan faces a significant housing deficit, particularly affecting low- and middle-income populations.

The Naya Pakistan Housing Program (NPHP) was launched to address this shortfall by aiming to construct five million affordable housing units within five years. However, the program encounters several challenges related to land markets, access to serviced land, and affordability. A critical issue is the escalating cost of land, which has surged by 152% since 2012, rendering homeownership unattainable for a substantial portion of the population. This surge is partly due to speculative practices and inefficient land utilization, leading to a proliferation of informal settlements. In cities like Karachi, approximately 60% of residents live in such settlements, highlighting the severity of the problem. To enhance the effectiveness of NPHP, it is imperative to implement comprehensive reforms in land administration to curb speculative activities and ensure the availability of serviced land for housing projects.

Additionally, developing a robust housing finance system is essential to improve affordability for low- and middle-income groups. Without addressing these foundational issues, the ambitious goals of NPHP may remain unattainable (Graana, 2022). Similarly, in Egypt, urban land markets are skewed toward high-value commercial development, while affordable housing is often relegated to peri-urban areas with limited infrastructure. This spatial mismatch reinforces social exclusion and increases transport burdens on low-income populations (World Bank, 2008). Across these cases, weak land governance frameworks pose a fundamental constraint to inclusive urban growth, highlighting the need for institutional reform, participatory land-use planning, and integrated housing-land strategies.

Although public sector-led housing projects have expanded under Vision 2030 in Saudi Arabia, rising land prices and speculative real estate markets have marginalized lower- and middle-income groups, particularly in urban centers like Riyadh and Jeddah (Ministry of Municipal and Rural Affairs and Housing, 2023). Kuwait similarly faces land availability constraints, with a backlog of over 97,000 pending public housing applications, partly due to high land acquisition costs and zoning bottlenecks (Zawya, 2024).

Some OIC Member Countries have implemented more structured approaches to land provision for affordable housing. Türkiye's TOKİ model offers a strong example of state-mediated land assembly for public housing. TOKİ collaborates with municipalities to allocate land, often in exchange for in-kind infrastructure or future revenue sharing (TOKİ, 2025a).

In conclusion, evidence across OIC Member Countries demonstrates that housing affordability challenges cannot be addressed in isolation from land market dynamics. Access to well-located, serviced, and legally secure land remains a fundamental bottleneck to inclusive housing development. Therefore, comprehensive reforms in land governance—particularly in tenure regularization, transparent allocation, and anti-speculative regulation—are essential to the long-term viability of affordable housing strategies in the region.

4. GOOD PRACTICE MODELS IN DECENT HOUSING: INSIGHTS FROM OIC AND BEYOND

This Chapter provides a comprehensive mapping of good practices in the field of housing policy and delivery, drawing on both OIC Member Countries and selected non-OIC countries. The primary objective is to extract evidence-based, scalable, and context-sensitive approaches that have demonstrably improved housing affordability, access, quality, and sustainability. These practices offer valuable policy design references for countries with diverse institutional capacities and socio-economic contexts.

The analytical framework for this chapter builds upon a combination of research methods, including desk-based policy reviews, structured surveys, stakeholder interviews, and targeted field assessments. In alignment with the preceding chapters, this mapping exercise aims not only to showcase successful interventions but also to critically evaluate the institutional, legal, financial, and cultural enablers—or barriers—that determine their applicability and long-term viability.

The Chapter is anchored in a dual-tiered structure. As shown in Table 4.1, the first section presents in-depth case studies from five countries that offer comprehensive and multidimensional housing strategies: four OIC Member Countries—Malaysia, Morocco, Türkiye, and Egypt—and one detailed non-OIC case, Singapore, which serves as a reference model for integrated, state-led housing ecosystems. These countries were selected for their relevance to the OIC context, reform trajectories, and policy innovation across housing finance, land use, and social inclusion.

Malaysia	OIC Member	Field-Based Study
Egypt	OIC Member	Field-Based Study
Türkiye	OIC Member	Desk-Based Study
Morocco	OIC Member	Desk-Based Study
Singapore	Non-OIC Member	Desk-Based Study

Table 4.1. List of Countries of Field-Based and Desk-Based Studies

In the cases of Malaysia and Egypt, field-based research is conducted through country visits, allowing direct observation of institutional practices, program implementation, and stakeholder engagement across multiple levels. These on-site assessments aim to enrich the analysis with grounded insights and operational details that complement desk-based findings.

In addition to these five detailed cases, the Chapter highlights five supplementary OIC examples that illustrate successful affordable housing delivery and policy mechanisms at various stages of maturity. These include:

- **Indonesia,** with its large-scale Sejuta Rumah (One Million Houses) program and state-subsidized mortgage scheme (FLPP);
- **Iran,** through the Mehr Housing Scheme and its successor, the National Housing Action Plan.
- **Pakistan,** via the Naya Pakistan Housing Programme, which combines public-private partnerships with credit subsidies.
- **Algeria,** which has mobilized mass housing delivery through its Public Rental (Social Housing), Rental-Purchase (AADL), and Subsidized Promotional Housing (LPA) programs, and
- **Saudi Arabia,** which has implemented the digitalized and multi-institutional Sakani program, leveraging mortgage guarantees, subsidized land, and secondary market mechanisms.

These OIC cases reflect a broad spectrum of strategies—ranging from demand-side subsidies and rental housing to integrated public-private partnerships and institutional housing authorities—thereby offering replicable components for member countries with similar demographic and financial profiles.

The Chapter also draws comparative insights from five non-OIC countries that have demonstrated global leadership in affordable housing provision:

- **France,** through its employer-based Action Logement system, municipal social housing mandates (Loi SRU), and national rent assistance schemes.
- **The United Kingdom** with its Shared Ownership Scheme, Affordable Homes Programme, and equity-based support for first-time homebuyers.
- **Germany**, via its Sozialer Wohnungsbau system, rent cap mechanisms (Mietpreisbremse), and cooperative housing models.
- **Brazil,** through the Minha Casa Minha Vida program, which delivers subsidized housing through a tiered-income and PPP approach; and
- **India**, where the Pradhan Mantri Awas Yojana (PMAY) offers subsidy-linked credit, slum redevelopment, and rural-urban integration within a massive-scale delivery platform.

Indonesia	OIC Member	Additional Study
Iran	OIC Member	Additional Study
Pakistan	OIC Member	Additional Study
Algeria	OIC Member	Additional Study
Saudi Arabia	OIC Member	Additional Study
France	Non-OIC Member	Additional Study
United Kingdom	Non-OIC Member	Additional Study
Germany	Non-OIC Member	Additional Study
Brazil	Non-OIC Member	Additional Study
India	Non-OIC Member	Additional Study

Table 4.2. Other OIC and non-OIC Member Countries Analyzed

These international examples have been selected not only for their proven success but also for their potential transferability to the OIC context. They demonstrate how countries with large populations, urbanization pressures, and varying income groups have designed policy instruments that reconcile financial sustainability with social inclusion—often through state-backed mortgage subsidies, long-term rent support, cooperative housing, or hybrid ownership models.

Collectively, the examples presented in this chapter offer a diverse palette of legal, institutional, financial, and cultural models that OIC Member Countries can adapt to their local contexts. By showcasing both achievements and policy bottlenecks, the chapter seeks to support evidence-informed decision-making across the OIC housing policy landscape.

The chapter concludes with a comparative analysis section that synthesizes key takeaways from all country cases. This includes a matrix summarizing core policy tools, financing instruments, and institutional models, as well as an identification of common challenges and differentiating success factors—serving as a guide for adaptation and policy alignment across the OIC region.

4.1. MALAYSIA (Field-Base Study)

4.1.1. General Outlook

Malaysia presents one of the most instructive cases among middle-income countries grappling with housing affordability. The country has achieved remarkable urbanization and growth, but this has been accompanied by widening affordability gaps and structural mismatches between supply and demand. Understanding Malaysia's housing sector requires situating it within its broader socio-economic transformation since independence.

Since the 1980s, Malaysia has pursued rapid industrialization and urban expansion under successive Malaysia Plans. Large-scale migration to metropolitan regions such as Kuala Lumpur, Johor Bahru, and Penang created sustained housing demand. The government initially relied on homeownership-oriented policies, in line with broader developmental goals emphasizing asset creation and social stability. The 1990s and early 2000s reinforced this orientation by promoting ownership as a cornerstone of the middle-class dream.

However, homeownership as the dominant housing model has created long-term distortions. By prioritizing ownership subsidies and public–private housing schemes, Malaysia neglected rental pathways, tenure diversity, and broader affordability frameworks. Today, the housing system reflects these legacies: high rates of ownership on paper, but persistent affordability crises in practice.

Between 1990 and 2019, average housing prices rose by a factor of 5.6, while real household incomes increased only 2.8 times. This widening gap particularly affects the B40 group (bottom 40% income earners), defined as households earning below RM5,250 per month. More than three million households fall into this category. Alarmingly, 89% of Employees Provident Fund (EPF) contributors earn less than RM5,000 monthly, underscoring widespread financial fragility.

Malaysia's housing affordability challenges are primarily driven by rapid urbanization, structural income disparities, and a supply-side housing response that fails to match real demand. As shown in Figure 4.1, as of 2024, the country's urbanization rate had reached 79.2%, with projections estimating an increase to 80% by 2030 (Statista, 2025a; Olanrewaju & Woon, 2024). This urban shift exerts intense pressure on major metropolitan areas such as Kuala Lumpur, Johor Bahru, and Penang, where speculative investment and land scarcity have inflated housing prices far beyond the reach of most residents (Romeli, 2023; Abdullah, 2012).

Despite a growing housing stock, most newly constructed units remain unaffordable to the majority of Malaysians. In 2019, the national median house price stood at RM426,155, almost twice the affordability threshold based on a median household income of RM70,476 (Liu & Ong, 2021). Using the Median Multiple benchmarks, housing is only deemed affordable when priced at no more than three times annual gross income, which in this case would be RM 211,428 (Khazanah Research Institute, 2019).

The affordability gap is further amplified by long-term income stagnation. Between 1990 and 2019, average housing prices rose 5.6 times, while real income only grew by a factor of 2.8 (The Edge Markets, 2020; Liu & Ong, 2021). This has had a disproportionate effect on the B40 segment—those earning below RM 5,250 monthly—who comprise more than three million households in Malaysia. Alarmingly, 89% of Employees Provident Fund (EPF) contributors earn less than RM 5,000 per month, illustrating widespread financial vulnerability (Department of Statistics Malaysia, 2020).

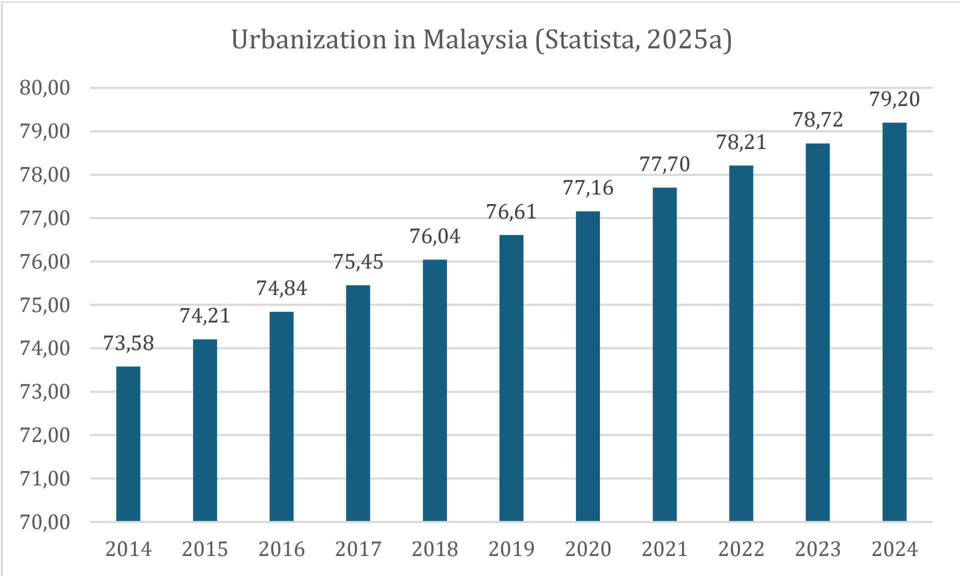

Figure 4.1. Urbanization in Malaysia *(Statista, 2025a)*

Compounding the issue is a persistent ***mismatch between supply and demand***. In 2023, Kuala Lumpur alone accounted for nearly 14% of the country's 25,816 property overhang units—unsold dwellings despite persistent demand (Olanrewaju et al., 2018; NAPIC, 2023). These units often fail to meet buyers' needs due to location, pricing, or unsuitable configurations. Vacancy rates rose from 6% in 2010 to over 10% in 2015, particularly in peri-urban developments (Ling, 2017).

The homeownership rate in Malaysia is 76.9%, according to the Department of Statistics Malaysia (DOSM), as reported in the Household Income and Basic Amenities Survey Report 2019 (Statistics.gov.my, 2019). This is a rise from the 76.3% rate in 2016. Between 2010 and 2019, homeownership in Malaysia increased by 4.4 percentage points to 76.9%. The "One Family One House" goal under the Home Ownership Programme (HOPE), organized by the National Affordable Housing Council (MPMMN) between 2022 and 2025, targets building 500,000 units of affordable housing during the period of the 12th Malaysia Plan (12MP), which ends in 2025. However, no homeownership goal was stated under this program.

Debt pressures add further strain. As of 2023, Malaysia's household debt-to-GDP ratio stood at 84.2%, with housing loans comprising over 60% of total household debt (Khazanah Research Institute, 2024). Developers are challenged by escalating costs of construction, compliance, and land acquisition, which limit their ability to produce affordable housing without sacrificing profit margins (Tan et al., 2017).

Spatial displacement exacerbates exclusion. Many "affordable" housing projects are sited far from city centers, lacking adequate infrastructure, transportation, or employment opportunities. This relocation increases living costs and deepens social inequities, particularly for B40 families (Wahi et al., 2018; Romeli, 2023). Over-reliance on private sector–driven development further prioritizes profitability over inclusive access.

In conclusion, Malaysia's urban housing challenges stem not from an absolute supply shortage but from structural mismatches—financial, geographic, and institutional. To address these issues, the country should pursue a localized, income-sensitive housing strategy that integrates affordability thresholds with spatial planning and economic realities.

Malaysia's experience highlights how rapid urbanization without responsive supply mechanisms leads to persistent affordability gaps—even in contexts with active housing production. For OIC countries facing similar urban growth patterns, Malaysia offers a key lesson: affordability cannot be measured only in supply volume, but must be indexed to income dynamics, urban location, and household needs.

By institutionalizing the Median Multiple method and openly reporting national affordability trends, Malaysia sets a baseline for evidence-based affordability policy. OIC countries can adapt this approach by aligning national statistics agencies, housing ministries, and urban planning bodies around a shared affordability metric that reflects both price and spatial equity.

4.1.2. Housing Policies and Programs

Malaysia's affordable housing strategy comprises a wide-ranging set of federal programs designed to assist both the B40 and M40 segments. These include long-established schemes such as the People's Housing Programme (PPR) and Perumahan Rakyat 1Malaysia (PR1MA,) as well as more recent financial assistance initiatives like MyDeposit, MyHome, and Rent-to-Own (RTO). This multipronged approach is framed within the Dasar Perumahan Negara (National Housing Policy) 2018–2025 and its operational arm, the National Affordable Housing Policy (Dasar Rumah Mampu Milik – DRMM).

The PPR program remains a key tool for providing low-cost rental and ownership housing to the urban poor. Between 1998 and 2016, over 102,000 units were constructed, resulting in a 91% reduction in Malaysia's squatter population. PPR units are typically sold for RM 35,000 or rented for RM 124/month, with additional social infrastructure such as childcare centers and prayer halls included (Dasar Perumahan Negara, 2018).

PR1MA, established under the PR1MA Act 2012, targets the M40 group by delivering quality, mid-cost homes in urban areas. The program evolved in 2022 to include broader support mechanisms such as digital inclusion (e.g., JENDELA@PPR broadband connectivity), employment training (SAKU), and Rent-to-Own schemes in partnership with banks like Maybank. In 2022 alone, PR1MA sold 4,218 units and launched three nationwide marketing campaigns: "Rileklah," "Super Duper," and "Rent-to-Own" (PR1MA, 2022).

The Rent-to-Own (RTO) model offers a pathway to homeownership for Malaysians who lack access to traditional financing due to informal income, poor credit records, or a lack of collateral. Under this model, tenants can rent units for a set number of years with the option to purchase the property at the end of the tenancy. PR1MA's RTO initiative strategically targeted M40 households by bundling affordable prices with delayed down-payment options (PR1MA, 2022).

MyDeposit provides 10% deposit assistance to first-time homebuyers purchasing properties under RM500,000, while MyHome offers RM30,000 in subsidies to developers willing to build affordable units under specific pricing thresholds. Surveys show that MyDeposit is particularly effective at alleviating the entry barrier for young and low-income households (Hamizah-Liyana Tajul-Arifin, 2020).

The DRMM introduces ten strategic pillars for systemic housing reform, which include:

- Establishing income-linked price caps (e.g., RM 150,000–300,000 based on Median Multiple methodology).
- Reducing compliance and development charges.
- Encouraging the use of IBS (Industrialized Building System) and BIM (Building Information Modelling) to reduce construction costs.

- Enhancing financial literacy via programs managed by the Credit Counselling and Debt Management Agency (AKPK).
- Creating a centralized housing data bank to align supply with income-specific demand (Liu & Ong, 2021).

Despite these comprehensive efforts, challenges persist. These include inconsistent implementation at the state level, overhang of unsold units due to pricing-location mismatches, and a continuing emphasis on homeownership over rental alternatives. Critics also note that household income growth and macroeconomic stability—critical determinants of affordability—remain underaddressed within the DRMM framework (Liu & Ong, 2021).

Malaysia's housing system continues to prioritize homeownership as the dominant tenure model, often at the expense of rental housing development and tenure diversity. This policy orientation restricts access for significant population segments, including informal workers, the elderly, youth, and low-income earners, who are either ineligible or unable to secure long-term mortgage financing (Ramli, Zainol, Sukereman, & Ishak, 2024).

The People's Housing Programme (PPR) serves as the country's primary public rental scheme. Offering units at RM 124 per month, PPR is critical in housing the B40 group. However, the scheme has long been criticized for issues related to poor maintenance, overcrowding, low-quality infrastructure, and crime—factors that undermine tenants' well-being and safety (PR1MA, 2022; Alias et al., 2025).

At the same time, Malaysia's private rental market is informal, under-regulated, and fragmented. Most rental agreements lack legal protections for either landlords or tenants, leading to tenure insecurity, discrimination, and substandard living conditions. These factors deter institutional investment in affordable rental housing and perpetuate the marginalization of renters (Sulaiman, Yahya, & Mahayuddin, 2016).

Moreover, public housing schemes are largely mono-tenure and mono-income, reinforcing spatial segregation. Affordable housing developments are often located on the outskirts of cities, far from employment hubs, educational institutions, healthcare facilities, and transportation infrastructure. This spatial mismatch exacerbates socio-economic exclusion and increases the cost burden on disadvantaged households (Ramli et al., 2024; Wahi, Abdullah, & Hanif, 2018).

While recent national development plans, including the 12th Malaysia Plan, highlight the importance of social sustainability, progress remains limited. Pilot programs under PR1MA, such as JENDELA@PPR (broadband access) and SAKU (employment support), show promise in addressing community well-being but lack nationwide scale (PR1MA, 2022).

A critical gap exists in ensuring housing continuity for individuals who have been formerly homeless. Research in the Klang Valley by Zyed and Badrudin (2025) demonstrates that the lack of affordable rental housing and integrated support services leads to cyclical homelessness. Despite the presence of short-term shelters, long-term reintegration fails due to limited access to stable tenancies, stigma, and the absence of mental health and employment support.

Scholars and practitioners call for a comprehensive rental housing policy, including a national tenancy framework, a rental database, and publicly managed social rental housing. Furthermore, rental incentives for developers, supportive services for disadvantaged groups, and participatory neighborhood planning are essential for achieving inclusive housing outcomes (Ramli et al., 2024; Zyed & Badrudin, 2025).

In conclusion, tenure diversity and rental housing reform are essential components of a sustainable and inclusive housing policy. While homeownership will likely remain central to Malaysia's housing agenda, institutionalizing rental housing—alongside social integration, legal protections, and service provision—is vital to fulfilling the broader right to adequate housing.

Malaysia's recognition of rental housing as a legitimate and essential tenure form—especially through the People's Housing Programme (PPR)—offers a critical policy shift for OIC Member Countries where homeownership is often overemphasized. While challenges in quality and management persist, Malaysia's national-scale public rental scheme represents a foundational step toward tenure diversity and housing security for the most disadvantaged.

Moreover, recent efforts to pair rental provision with digital inclusion (JENDELA@PPR) and employment pathways (SAKU) highlight the value of embedding social services within affordable housing ecosystems. OIC countries struggling with youth exclusion, urban marginalization, or cyclical homelessness can learn from Malaysia's gradual move toward integrated housing that is not just shelter, but a platform for upward mobility.

Malaysia's housing strategy is also increasingly reflecting a commitment to environmental sustainability and climate resilience, shaped by global imperatives such as the Sustainable Development Goals (particularly SDG 11) and Islamic ethical frameworks, including Maqasid al-Shariah. These twin paradigms advocate not only for ecological balance but also for human dignity, safety, and equity in housing provision (Yazid et al., 2025).

At the technical level, the adoption of Industrialised Building System (IBS) and Building Information Modelling (BIM) in affordable housing construction has become a national priority. PR1MA's partnership with construction firms and research institutions such as Universiti Malaysia Perlis has led to the integration of IBS in several housing projects, offering faster build times, reduced material waste, and improved construction quality (PR1MA, 2022).

PR1MA's broader sustainability agenda is operationalized through its CSR platform #PR1MAKita, which emphasizes community design, resource efficiency, digital access, and inclusive urban living. The initiative aligns with the Triple Bottom Line approach, which balances social, environmental, and financial sustainability, and embeds climate-sensitive design principles into affordable housing policy (PR1MA, 2022).

Faith-based contributions to the discourse are gaining traction. Maqasid al-Shariah posits that housing should preserve life, intellect, family, and wealth. According to Yazid et al. (2025), a sustainable housing system must fulfill these objectives by providing secure tenure, healthy environments, intergenerational value, and equitable financing. They argue for the institutionalization of Maqasid-driven policy metrics as a complement to conventional sustainability indicators.

Malaysia's Green Building Index (GBI) also provides a certification framework to encourage environmentally responsible design. While GBI adoption remains limited in low-income housing due to cost constraints, some elements—like natural ventilation, solar energy systems, and rainwater harvesting—are being incorporated into newer public housing developments (Ramli et al., 2024).

Urban and rural environments present distinct sustainability challenges. In urban settings, overcrowding, heat island effects, and high energy intensity necessitate high-rise design efficiency, robust transit connectivity, and effective energy management systems. In rural areas, priorities include land-sensitive layouts, off-grid water systems, and deforestation prevention. National planning frameworks are beginning to acknowledge these distinctions, but implementation remains uneven.

Category	Policy / Program / Model	Key Features	Objectives	Key Challenges & Critiques
MAIN HOUSING PROGRAMS	**People's Housing Programme (PPR)**	- **Primary public rental scheme** for the B40 (bottom 40% income group).	Provide a safety net of affordable housing for the urban poor and reduce squatter populations.	- **Poor Maintenance & Quality:** Issues with overcrowding, crime, and low-quality infrastructure.
		- Rent: **RM 124/month**.		- **Stigmatization:** Reinforces spatial and socio-economic segregation.
		- Also includes some units for ownership.		
		- Includes social infrastructure (childcare, prayer halls).		
	Perumahan Rakyat 1Malaysia (PR1MA)	- Targets the **M40** (middle 40% income group).	Deliver quality, affordable homeownership options for the middle class through a PPP model.	- **Overhang:** Some units remain unsold due to pricing-location mismatches.
		- Provides **mid-cost homes** in urban areas.		- **Affordability Gap:** Units can still be out of reach for the target M40 segment.
		- Offers **Rent-to-Own (RTO)** schemes.		
		- Includes social programs: **JENDELA@PPR** (broadband) and **SAKU** (employment support).		
	Rent-to-Own (RTO) Schemes	- Tenants rent a unit with an option to purchase it at the end of the lease term.	Provide a flexible pathway to homeownership for those who cannot access traditional mortgages (e.g., due to informal income or poor credit).	- **Limited Scale:** Not yet a widespread solution.
		- Partnerships with banks (e.g., Maybank's HouzKEY).		- Complex to administer.
		- Uses Islamic finance contracts (e.g., Ijarah).		
	MyHome & MyDeposit	- **MyHome:** Supply-side subsidy (RM30k) for developers building affordable units.	Stimulate the supply of affordable units and help first-time buyers overcome the initial down payment barrier.	- **Awareness & Uptake:** Bureaucratic complexity and low awareness can limit effectiveness.
		- **MyDeposit:** Demand-side assistance for a **10% deposit** on homes under RM500k.		

Table 4.3. Summary of Policies and Programs in Malaysia

Pilot projects test smart technologies in public housing, such as digital metering, remote energy controls, and predictive maintenance. These innovations not only improve operational efficiency but also enhance household affordability by reducing utility costs and system failures (PR1MA, 2022).

Nevertheless, several barriers inhibit widespread adoption:

- High upfront costs for green construction technologies.

- Limited financing incentives for developers.
- Absence of mandatory environmental benchmarks in state-level approvals.

To overcome these gaps, Yazid et al. (2025) propose the establishment of a national Sustainable Housing Commission tasked with developing green guidelines, standardizing measurement tools, and integrating sustainability into housing finance.

Malaysia is also emerging as a regional leader in embedding environmental sustainability and Islamic ethical values into affordable housing. Through the application of Industrialized Building Systems (IBS), Building Information Modelling (BIM), and the integration of Maqasid al-Shariah into housing policy discourse, Malaysia demonstrates that sustainability can be both technically rigorous and culturally resonant. For OIC countries exposed to climate shocks or rapid urban expansion, Malaysia provides a replicable example of how to align green construction standards with faith-based ethics, national development plans, and cost-sensitive technologies. The PR1MA Kita initiative and early experimentation with solar-ready housing and smart infrastructure underscore a broader lesson: climate resilience begins with inclusive housing design and locally adapted sustainability metrics.

In conclusion, Malaysia's affordable housing ecosystem demonstrates a strong institutional commitment and a diverse range of programs. However, for these efforts to translate into sustained affordability, stronger intergovernmental coordination, spatially differentiated planning, and demand-driven targeting are necessary. Table 4.3 demonstrates the summary of housing policies and programs in Malaysia.

4.1.3. Housing Financing Models

Malaysia's housing finance landscape reflects a growing institutional commitment to inclusive access through a hybrid of conventional and Islamic financial systems, coupled with public policy instruments and fintech-driven innovations. Despite this evolution, major affordability and accessibility challenges persist, particularly for the B40 and informal income segments.

Bank Negara Malaysia (BNM) serves as the strategic regulator and policy anchor for the national financial system. Its Financial Sector Blueprint 2022–2026 articulates a shift toward inclusive financing through digital transformation, credit risk management, and financial empowerment initiatives delivered via AKPK (Bank Negara Malaysia, 2022). The blueprint promotes consumer-centric reforms, enhances product-market fit for disadvantaged groups, and facilitates data-driven decision-making for housing loans.

Public housing finance schemes—MyFirstHome, MyDeposit, and Skim Jaminan Kredit Perumahan (SJKP)—focus on easing the upfront cost burdens that hinder homeownership for first-time and low-income buyers. These mechanisms provide deposit assistance, loan guarantees, and below-market financing. However, uptake remains constrained due to limited eligibility, low awareness, and bureaucratic complexity (Dasar Perumahan Negara, 2018; Liu & Ong, 2021).

Malaysia is a pioneer in Islamic housing finance, offering Shariah-compliant alternatives that align with religious principles. Key models include:

- **Murabahah (cost-plus sale):** Banks purchase properties and resell them to buyers with profit margins.
- **Ijarah Muntahia Bittamleek (lease-to-own):** Rent paid during tenancy contributes toward eventual ownership.
- **Musharakah Mutanaqisah (diminishing partnership):** Co-ownership model where buyers gradually purchase the bank's share.

Musharakah Mutanaqisah, in particular, has gained traction for its flexibility and fairness.

A notable example is Maybank Islamic's HouzKEY, a rent-to-own model using Ijarah contracts. It offers 100% financing with no payments during construction, easing the burden for aspiring homeowners with limited liquidity. Similarly, CIMB Islamic's Flexi Home Financing-i adopts the tawarruq structure and integrates digital applications for real-time approval tracking and personalized financial planning (PR1MA, 2022).

Digital innovation and ethical finance are further exemplified by Ethis Malaysia, the country's first Shariah-compliant crowdfunding platform approved by the Securities Commission. Ethis facilitates peer-to-peer funding for affordable housing through blockchain-secured contracts and transparency protocols, thereby expanding access to capital for developers and enabling ethical investment opportunities for individual investors.

Beyond ownership, financing strategies are evolving through Rent-to-Own (RTO) schemes, which PR1MA and private banks back. These initiatives are particularly relevant for Malaysians with informal income or poor credit histories. PR1MA's RTO scheme combines initial tenancy with a purchase option, enabling households to build equity over time. In 2022 alone, PR1MA's marketing campaigns, including "Rent-to-Own," contributed to the sale of over 4,000 housing units nationwide (PR1MA, 2022).

However, persistent access gaps remain. A significant share of B40 households (the bottom 40% income groups) are unable to access mortgages due to irregular income, a lack of credit history, or ineligibility for formal banking products. Nearly one-third of Malaysian households exceed the 30% income-to-housing cost threshold, indicating a high level of financial strain (Hamizah-Liyana Tajul-Arifin, 2020). Furthermore, most conventional schemes do not account for informal sector earnings, resulting in the systemic exclusion of gig workers and self-employed individuals.

To bridge this gap, BNM introduced the MyKNP program, a personalized advisory service in partnership with AKPK and CGC Malaysia. It offers tailored credit assessments to applicants who have been rejected for housing loans, helping them navigate alternative products or improve eligibility over time (Bank Negara Malaysia, 2022).

Despite innovation, critics point out that the current policy framework remains skewed toward ownership. EPF-linked housing withdrawals, while popular, deplete long-term retirement savings. Moreover, DRMM lacks detailed provisions for integrating Islamic financing into national housing delivery or for regulating emerging platforms such as Islamic fintech lenders.

In conclusion, Malaysia's housing finance system has made commendable strides in expanding access and diversifying mechanisms. However, systemic gaps in credit accessibility, income recognition, and institutional coordination persist. Moving forward, a more cohesive approach that integrates public and Islamic finance, strengthens financial literacy, supports digital tools, and addresses the realities of the informal sector is essential to achieving equitable housing affordability.

However, challenges persist. Developers often prioritize premium segments with higher returns, and quota obligations are frequently met through peripheral or poorly connected projects, undermining integration and access. Enforcement of these mandates is inconsistent across countries, partly due to Malaysia's decentralized land use governance (Liu & Ong, 2021).

Category	Policy / Program / Model	Key Features	Objectives	Key Challenges & Critiques
FINANCING MODELS	**Conventional Bank Loans**	- Standard mortgage products offered by commercial banks.	Primary mechanism for homeownership financing.	- **Exclusion:** Many B40 and informal workers are excluded due to lack of credit history or formal income proof.
	Skim Jaminan Kredit Perumahan (SJKP)	- **Loan guarantee scheme** to help those without a strong credit history secure a mortgage.	Improve access to formal mortgage finance for underserved groups.	- **Awareness and uptake** can be limited.
	Islamic Finance Instruments	- **Murabahah:** Cost-plus sale. - **Ijarah Muntahia Bittamleek:** Lease-to-own. - **Musharakah Mutanaqisah:** Diminishing partnership (co-ownership).	Provide Shariah-compliant financing alternatives that align with religious principles.	- **Complexity:** Products can be more complex to structure and understand than conventional loans.
	Islamic Fintech & Crowdfunding	- **Ethis Malaysia:** The first approved Shariah-compliant P2P crowdfunding platform for affordable housing. - Uses blockchain for transparency.	Mobilize alternative sources of capital from ethical investors and open up financing for developers and buyers.	- **Niche Market:** Still an emerging and relatively small part of the overall financing landscape.
	Employees Provident Fund (EPF) Withdrawals	- Members can withdraw savings from their EPF retirement account to finance home purchase.	Utilize existing national savings to facilitate homeownership.	- **Long-term Risk:** Depletes retirement savings, creating potential future welfare issues.

Table 4.4 Housing Financing Models in Malaysia

4.1.4. Lessons Learned for OIC Countries

Malaysia's housing sector offers valuable insights for OIC member states facing similar pressures of urbanization, affordability, and institutional complexity.

- **Income-Sensitive Affordability:** Affordability cannot be measured solely by supply volume. It must be indexed to household incomes and regional differentials. Malaysia's institutionalization of the Median Multiple method provides a replicable benchmark for OIC countries to track affordability trends transparently.
- **Layered Program Architecture:** Malaysia demonstrates the value of multi-tiered interventions. Programs like PPR (for low-income individuals), PR1MA (for middle-income individuals), and hybrid schemes (RTO, MyDeposit) complement each other, providing a spectrum of tenure options. OIC states can adapt this layered approach to address both informality and affordability gaps among the middle class.
- **Islamic Finance as an Inclusion Tool:** Malaysia shows how Islamic instruments can promote inclusive access while respecting faith-based norms. Musharakah Mutanaqisah and crowdfunding platforms, such as Ethis Malaysia, illustrate innovative pathways for countries with large unbanked populations.
- **Regulated Public–Private Partnerships:** Malaysia's reliance on private developers, regulated through quotas, subsidies, and incentives, illustrates how PPPs can mobilize private capacity while maintaining affordability. The emerging "4P" (Public–Private–People

Partnership) model emphasizes the importance of involving NGOs, academia, and communities in achieving social sustainability.
- **Tenure Diversity:** Overemphasis on ownership limits flexibility. By institutionalizing rental housing, OIC countries can serve youth, the elderly, and disadvantaged populations. Malaysia's PPR program, despite its flaws, provides a foundational example of large-scale public rental provision.
- **Sustainability and Ethics:** Malaysia integrates sustainability into housing policy through IBS, BIM, and the Green Building Index, while grounding reforms in Maqasid al-Shariah principles of dignity, safety, and equity. For OIC countries vulnerable to climate shocks, this combination of technical and ethical frameworks offers a culturally resonant model.

4.1.5. Summary

Malaysia's housing policy framework has evolved from a supply-centric, homeownership-dominated system to a more multidimensional landscape, incorporating affordability metrics, rental pathways, climate resilience, and ethical finance mechanisms. Initiatives such as the Dasar Rumah Mampu Milik (DRMM) have aimed to institutionalize affordability standards and improve governance coordination. However, the scale and depth of the housing affordability crisis—particularly for B40 and informal-income households—continue to reveal significant structural deficiencies (Liu & Ong, 2021).

One of the most critical issues remains the persistent mismatch between supply and demand. Despite high vacancy rates and thousands of overhang units in urban corridors, low-income families struggle to access well-located and appropriately priced housing (Olanrewaju & Tan, 2018). Much of the supply remains unaffordable, poorly sited, or mismatched to household needs. This inefficiency indicates not just a policy gap but a breakdown in data governance and market coordination.

The DRMM outlines ten strategic pillars, including income-based price caps, construction cost efficiency, and digital housing databases. However, implementation is uneven due to federal-state disjuncture, developer resistance, and limited political continuity. Moreover, the DRMM inadequately addresses broader macroeconomic conditions such as wage stagnation, job precarity, and the exclusion of informal earners from mortgage finance (Dasar Perumahan Negara, 2018; Ramli et al., 2024).

In summary, Malaysia stands at a pivotal juncture. The DRMM provides a vital policy scaffold, but its success depends on its translation into dynamic, context-aware action. This includes data integration, stakeholder inclusion, territorial cohesion, and strong institutional linkages. The future of housing affordability in Malaysia hinges not on isolated programmatic fixes, but on a holistic, systemic transformation rooted in equity, dignity, and long-term sustainability.

4.2. EGYPT (Field-Based Study)

4.2.1. General Outlook

Access to affordable and adequate housing is a critical component of socio-economic development, urban resilience, and inclusive growth. Housing in Egypt is at the heart of the country's social and economic development challenges. With a population exceeding 116 million in 2024 and more than 43% living in urban areas, the demand for affordable housing continues to outpace supply. Rapid population growth, informal urban expansion, rising land costs, and macroeconomic instability have deepened the housing crisis (Ahmed et al., 2017; Ead et al., 2023; Macrotrends, 2025a).

Egypt's urban growth has been uneven and fragmented. While the New Urban Communities Authority (NUCA) has expanded housing supply in desert cities like 6th of October, New Cairo, and New Aswan, the majority of low-income households remain in inner-city districts or peripheral informal settlements. Informality accounts for an estimated 40–50% of the urban housing stock, reflecting both unmet demand and weak regulatory enforcement.

Demand estimates suggest that 500,000–600,000 new units are needed annually to keep pace with household formation and backlog (Ahmed et al., 2017). Actual supply, however, hovers between 200,000 and 250,000 units, with only a fraction affordable to low-income households (Ead et al., 2023). The poorest quintile of Egyptians spends more than 40% of income on housing—well above international affordability thresholds. Cairo and other major metropolitan regions are struggling to accommodate increasing numbers of low- and middle-income households in the face of land scarcity, rising construction costs, and infrastructure deficits (Labib, 2022).

Over 60% of Egyptians work informally, leaving them ineligible for mortgages and even for formal rental contracts. Economic volatility further complicates affordability. The Egyptian pound has undergone repeated devaluations (in 2016, 2022, and 2024), inflation exceeded 30% in 2023, and lending rates surpassed 18%. Rising input costs have inflated housing prices, while subsidy reforms have eroded household purchasing power.

Egypt's housing sector illustrates the paradox of scale without equity. The state has invested heavily in housing production, but supply often fails to reach those in greatest need. Location, affordability, and tenure rigidity constrain access, leaving informal settlements as the default solution for millions.

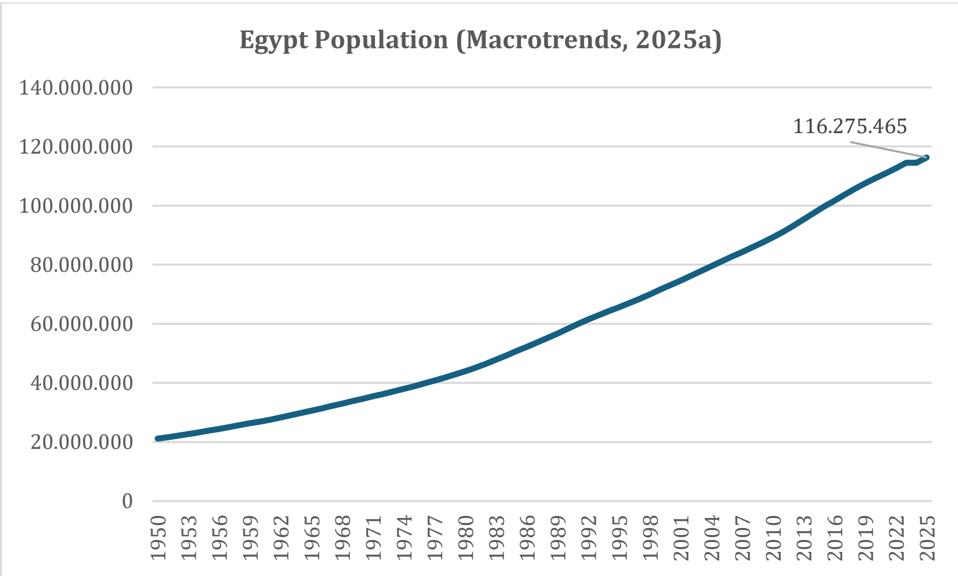

Figure 4.2. Egypt Population ***(Macrotrends, 2025a)***

Egypt's housing sector occupies a central role in the country's sustainable development ambitions, as outlined in the Egypt Housing Strategy prepared by UN-Habitat (2020). The Strategy emphasizes that access to adequate housing is not only a fundamental human right but also a critical enabler of economic opportunity, spatial justice, and social stability. As such, housing policy is viewed as a cross-sectoral agenda intersecting with employment, public finance, climate resilience, and governance reform. Aligned with Egypt Vision 2030, the national housing strategy aims to shift from a "supply-dominant" model toward one that integrates affordability, tenure diversity, and community-based upgrading of informal areas (UN-Habitat, 2020).

The country's urban growth has been both quantitative and spatially fragmented. While formal housing projects by public and private developers have expanded outward through new towns led by the New Urban Communities Authority (NUCA), the vast majority of urban dwellers—particularly low-income groups—remain in dense inner-city areas or peripheral informal settlements (El-Bialy, 2023). Informality, defined by lack of tenure security, basic services, and planning approval, now accounts for approximately 40–50% of Egypt's urban housing stock (Ahmed et al., 2017).

The affordability gap in Egypt is stark. As noted by Ahmed et al. (2017), housing units under state programs such as the National Housing Program (NHP) or Mubarak Youth Housing were often unaffordable for the intended beneficiaries when down payments and monthly installments were compared to actual income quintiles. In practical terms, the poorest quintile spends more than 40% of its household income on housing, which is well above the international benchmark of 30% (UN-Habitat, 2010). Further complicating matters is the large informal labor force—over 60% of Egyptians work in unregistered jobs—making them ineligible for mortgage qualification or rental contracts in formal schemes (Labib, 2022; Ibrahim & Hussein, 2024).

Despite significant investments in new cities and mega-projects, the inability of these developments to accommodate the urban poor—due to distance from employment centers, lack of transportation, or unaffordable payment schemes—has led to a persistent disconnect between supply and effective demand. Consequently, informal areas continue to absorb excess demand, often at the expense of livability, safety, and environmental sustainability.

4.2.2. Housing Policies and Programs

Egypt has long pursued state-supported housing as a core component of its social policy, yet the design, implementation, and targeting of affordable housing programs have evolved significantly over time. While the government has delivered a large number of housing units over the past two decades, persistent challenges remain regarding affordability, spatial exclusion, and socio-economic targeting. The country's affordable housing ecosystem features a wide range of policy instruments—from direct construction and land allocation to mortgage subsidies and public-private partnerships.

Egypt has one of the most ambitious public housing programs in the Global South. Its affordable housing ecosystem spans direct construction, subsidies, public-private partnerships (PPPs), and cooperative models.

Since the mid-20th century, Egypt's housing policy has been shaped by successive waves of state intervention. During the Nasser era (1950s–1970s), public housing was integral to a broader welfare state model. However, limited funding and maintenance failures led to physical and social degradation of much of this stock over time (Ahmed et al., 2017). During the Sadat and Mubarak periods, housing policy shifted toward state-led delivery via earmarked projects such as:

- **The Mubarak Youth Housing Program** (1996): Targeted middle-income young people, but units were often unaffordable to the poor due to insufficient subsidy levels and peripheral locations (Ahmed et al., 2017).
- **The Future Housing Program** (2005): Promoted homeownership but suffered from weak affordability targeting.
- **The National Housing Program (NHP)** (2005–2011): Aimed to deliver 500,000 units in six years. It employed PPP models and a limited cross-subsidization mechanism, offering units of 63 m^2 with a subsidy of 15,000 EGP. Despite achieving over 600,000 units, many were allocated to middle-class families instead of the poorest groups (Labib, 2022).

The Social Housing Program (SHP)

Launched in 2014, the **Social Housing Program (Sakan Kareem)** represents Egypt's flagship affordable housing initiative. Administered by the **Social Housing and Mortgage Finance Fund (SHMFF)**, the program offers subsidized mortgage financing, standardized designs, and nationwide deployment of social housing units—typically 75–90 m^2 apartments (El-Bialy, 2023).

Key features include:

- **Eligibility**: The program targets low-income households earning up to 6,000 EGP/month (as of 2023), with adjusted income thresholds updated according to inflation and macroeconomic conditions (IMF, 2024).
- **Subsidies**: Buyers receive upfront down payment support (25,000–60,000 EGP), and the state subsidizes interest rates, reducing effective mortgage rates to 3–7% over 20–30 years.
- **Delivery scale**: By 2022, the program had delivered over 400,000 units across 22 governorates, with new urban communities like Badr, 10th of Ramadan, and New Aswan playing a central role (Ahmed et al., 2017).

However, SHP faces key challenges:

- **Mismatch with informal workers**: Over 60% of the Egyptian labor force works informally and cannot document income, thus failing eligibility requirements (Labib, 2022).
- **Peripheral locations**: Many units are located far from job markets, increasing transportation costs and decreasing occupancy.
- **Lack of rental options**: Despite policy goals, most SHP units are ownership-based, limiting access for highly disadvantaged or mobile populations.
- **One-size-fits-all designs**: Units are standardized and lack cultural or climatic adaptation, leading to issues with livability and user satisfaction (Doha Eissa et al., 2016).

Cooperative Housing and Self-help Models

Cooperative housing has a long but underutilized history in Egypt. Since the 1950s, over 2,000 housing cooperatives have been established, often affiliated with professional syndicates or public institutions (Labib, 2022). However, legal ambiguities, bureaucratic hurdles, and a lack of financial autonomy have hindered their scaling.

A 2023 study on **reviving Egyptian cooperative housing** (EIJEST, 2023) emphasized the integration of cooperatives into broader development frameworks, aligning them with sustainable planning principles and devolved governance. Despite potential for participatory design and affordability, cooperatives remain marginal in Egypt's housing portfolio, accounting for less than 5% of national delivery (El Sherpeny, 2014).

PPP Framework and Legal Infrastructure: The Case of Haram City

PPP mechanisms in Egypt operate under Law No. 67 of 2010, which provides a legal framework for concession-based and build-operate-transfer (BOT) arrangements in infrastructure and public services. In housing, PPPs typically involve:

- State provision of serviced land through NUCA
- Private sector construction and financing
- Affordability obligations (e.g., a percentage of units priced for low-income households)

- Buy-back or subsidy guarantees from entities such as SHMFF

Despite these provisions, the uptake of PPPs in the housing sector has been inconsistent. According to El-Bialy (2023), fewer than 20 large-scale housing PPPs have been implemented since 2010, and most serve middle-income households.

The **Haram City project**, launched in 2007 by Orascom Development, is a notable PPP-based experiment in mixed-income housing. Initially conceived as part of the National Housing Program, the project received 1,904 acres of state land in the 6th of October area and aimed to integrate low- and middle-income households in a single development.

- **Unit Allocation**: The first phase provided 48–63 m^2 apartments for lower-income groups and larger units for the middle class. However, only 13% of units were affordable to the poor, while 42% were eventually resettled slum residents (Nicholas Simcik Arese, 2018).
- **Design and Services**: While buildings were uniform, social segregation emerged through spatial separation. Public services such as health units and public transit were insufficient, prompting informal adaptations by residents (e.g., converting gardens into workshops).
- **Outcome**: Despite initial ambitions, Haram City fell short on social integration and affordability goals. A lack of resident participation and weak management contributed to infrastructure decay, highlighting the fragility of PPP housing without long-term governance mechanisms (Doha Eissa et al., 2016).

Other Instruments and Pilot Schemes

Egypt has experimented with additional tools, including:

- **Cross-subsidization**: NUCA allocates high-value land for commercial development to finance social housing, though the impact remains limited (Ahmed et al., 2017).
- **Mortgage interest subsidies**: Through SHMFF, interest buy-downs have expanded mortgage access but exclude those without formal income documentation.
- **Smart Card targeting**: The Ministry of Social Solidarity piloted smart card-based housing allocation, but data integration issues and institutional silos constrained effectiveness (Labib, 2022).

Most housing programs lack robust monitoring and post-occupancy evaluation. As of 2023, Egypt had no national database tracking housing unit usage, resale patterns, or household satisfaction. This limits learning and adaptation, especially for replicating successful programs in different regions (El-Bialy, 2023).

International best practices suggest that targeting accuracy, flexibility in design, and post-delivery support mechanisms are essential for long-term sustainability—dimensions that are currently underdeveloped in Egypt's housing framework.

Egypt's large-scale housing programs reveal both the power and pitfalls of centralized delivery. OIC countries can draw lessons from Egypt's ability to scale up quickly through agencies like SHMFF and NUCA, while avoiding pitfalls such as over-standardization, weak post-delivery governance, and exclusion of informal workers. The value of mixed-income experimentation, cooperative revival, and PPPs is evident—but only when grounded in affordability logic, social integration strategies, and responsive urban design. A key takeaway is the need to **move beyond unit-count metrics** toward **measures that include diversity, tenure, and service integration as core indicators** of housing success.

Rental Market

One of the most significant constraints on Egypt's rental market is the legacy of rent control legislation, particularly Law No. 49 of 1977, whose roots can be traced back to socialist-leaning reforms in the 1950s and 1960s. A pivotal amendment during the 1960s made rental contracts indefinite in duration and froze rental values, effectively decoupling rents from inflation and market forces. These "old rent" contracts, still governing 8–10% of urban housing stock, have rendered rental investments unviable and led to deteriorated housing conditions over time (Ahmed et al., 2017; El Sherpeny, 2014). Due to the inability to adjust rents for inflation or repairs, property owners have little incentive to lease properties formally.

On the other hand, **post-1996 contracts** are governed by market rates but lack adequate tenant protections or rent guarantee mechanisms. This dual legal regime has contributed to a fragmented and inefficient rental market, in which:

- Landlords prefer informal arrangements to avoid tax and legal disputes
- Tenants face frequent evictions, insecurity, and price volatility
- Affordable rental options for low-income groups are scarce and often substandard

As a result, the formal rental sector has stagnated, while informal renting has proliferated, especially in peri-urban and unplanned areas (El Sherpeny, 2014).

Despite policy recognition of the need for tenure diversification, Egypt's flagship **Social Housing Program (SHP)** remains almost entirely ownership-based. Originally, SHMFF announced plans to include a 15–20% rental component within the SHP to accommodate disadvantaged groups (e.g., widows, persons with disabilities, youth). However, implementation has been limited, and nearly all delivered units are sold through mortgage-linked purchase schemes (Labib, 2022).

Several factors have contributed to this limitation:

- **Lack of rental management institutions** within SHMFF or NUCA
- **Fear of rent default and maintenance liabilities**
- **Absence of rental finance tools**, such as housing vouchers or public leasing entities

Consequently, disadvantaged populations without regular income, stable employment, or mortgage eligibility are effectively excluded from the largest publicly funded housing initiative in the country (Ahmed et al., 2017).

Sustainability

Sustainability and climate resilience have become urgent priorities in the global housing agenda, particularly for countries like Egypt, which face acute environmental stressors, including water scarcity, high temperatures, desertification, and urban air pollution. However, despite growing awareness and international commitments, the integration of sustainability principles into Egypt's affordable housing sector remains limited and inconsistent. Most publicly supported housing projects continue to rely on conventional construction materials, energy-intensive designs, and centralized urban expansion models that are ill-adapted to Egypt's climatic realities.

Egypt's housing stock contributes significantly to the country's environmental footprint. The construction sector accounts for over 15% of national energy consumption and nearly 25% of CO_2 emissions, driven by high cement usage, limited insulation standards, and inefficient energy systems

(Ead et al., 2023). In addition, rapid horizontal urban expansion—particularly through the development of new satellite cities—has consumed valuable agricultural land and increased residents' dependency on private vehicles, exacerbating carbon emissions and spatial inequality.

Moreover, Egypt is one of the most climate-exposed countries in the MENA region. The Nile Delta is threatened by sea-level rise, and urban heat islands are intensifying due to the presence of unshaded built-up areas and the lack of green infrastructure. These environmental risks disproportionately affect low-income households, who are more likely to reside in poorly constructed dwellings, with limited ventilation, no air conditioning, and precarious energy access.

Egypt's major public housing initiatives—including the **Social Housing Program (SHP)** and most PPP housing schemes—have largely neglected sustainability metrics in their design and implementation. Units delivered under SHP rely on conventional concrete frames, flat roofs, and minimal passive cooling elements, despite Egypt's long tradition of climate-responsive architecture (Ahmed et al., 2017).

Moreover:

- **Building codes and material standards** for SHP units do not require energy efficiency or water-saving features.
- **Design uniformity** across different climatic zones (e.g., Delta vs. Upper Egypt) leads to performance mismatches.
- **Site planning** in new urban communities often lacks shade, green space, and stormwater management systems (Labib, 2022).

According to Ead et al. (2023), Egypt's affordable housing policies operate under a "quantity-first" paradigm that prioritizes rapid delivery over environmental performance or long-term sustainability.

Recent academic efforts have explored alternative design and planning strategies for achieving sustainability in Egypt's housing sector. A notable study by Ead et al. (2023) used **system dynamics modeling** to simulate the environmental and economic impact of various housing policies. The findings suggest that integrating **thermal insulation, solar energy, compact design, and water-saving fixtures** can reduce lifecycle energy use by over 40%, while remaining cost-competitive when subsidies are appropriately structured.

Other studies have proposed:

- **Reintroducing traditional design elements** such as courtyards, wind catchers (malqaf), and thick walls for passive cooling.
- **Using locally sourced, low-carbon materials** such as stabilized mud bricks and recycled aggregates (ICCAE, 2024).
- **Decentralized wastewater treatment and greywater reuse**, especially in arid areas (El-Bialy, 2023).

However, these models remain at the conceptual or experimental level, with limited adoption in national programs.

Egypt lacks a national green building code or a mandatory environmental rating system for residential projects. While pilot initiatives have been launched by the **Housing and Building National Research Center (HBRC)**, they have not been institutionalized or scaled.

Additionally:

- The **absence of financial incentives** for green construction—such as tax breaks, preferential loans, or accelerated permitting—discourages private sector participation.
- There is **no dedicated agency or unit** within SHMFF or NUCA responsible for environmental performance monitoring.
- **Data on housing-related emissions or energy use** are fragmented and not systematically collected.

As a result, sustainability remains peripheral to Egypt's housing planning and policy discourse.

Beyond environmental sustainability, Egypt's affordable housing sector faces significant challenges in climate resilience:

- **New housing sites** are often located in exposed desert zones with limited heat protection or emergency infrastructure.
- **Flood vulnerability** is increasing in some governorates due to intense rainfall and poor drainage systems.
- **Building materials** used in low-income housing—particularly unreinforced concrete and hollow block—are prone to thermal stress and cracking (El Sherpeny, 2014).
- **Social weakness**—especially for elderly, female-headed, and disabled households—is not considered in housing allocation or disaster preparedness.

There are a few examples of climate-resilient housing prototypes designed specifically for Egypt's diverse ecological zones, but there is no formal integration of **National Adaptation Plan (NAP)** priorities into housing sector planning.

Egypt's experience demonstrates that **scaling housing delivery without integrating sustainability and resilience** can lead to long-term environmental and socio-economic liabilities. For OIC countries, key lessons include:

- Adopt **performance-based building codes** that require thermal comfort, energy efficiency, and climate responsiveness.
- Incentivize **green design and materials** through financial and regulatory mechanisms.
- Align affordable housing policies with **national climate adaptation strategies**.
- Invest in **context-sensitive prototypes** that reflect local environmental, cultural, and socio-economic conditions.

For climate-exposed OIC member countries, the housing sector must evolve from a unit-count logic to a **resilience-driven paradigm** that places environmental justice at its core.

4.2.3. Housing Financing Models

The development of an inclusive housing finance system remains one of the most complex and underperforming aspects of Egypt's affordable housing architecture. Despite a significant expansion of mortgage frameworks over the past two decades, especially through the establishment of the **Social Housing and Mortgage Finance Fund (SHMFF)** and associated subsidy mechanisms, access to formal housing finance remains limited to a narrow, salaried segment of the population. The exclusion of informal earners, high-interest rate volatility, and weak financial literacy continue to inhibit housing affordability for the majority of Egyptians.

Egypt's mortgage sector is regulated under **Law No. 148 of 2001 on Real Estate Finance**, which introduced a legal basis for long-term home loans, dedicated mortgage companies, and the establishment of the **Egyptian Mortgage Refinance Company (EMRC)**. Later reforms in 2014 attempted to expand inclusion through:

- The **merger of the Mortgage Finance Fund with the National Housing Fund,** leading to the creation of SHMFF.
- The allocation of state budgets to fund **interest-rate subsidies** for low-income mortgage applicants.
- The development of partnerships between commercial banks and SHMFF for disbursing soft loans.

However, mortgage penetration remains low. As of 2022, mortgage loans accounted for less than 1% of Egypt's GDP, far below the average for middle-income countries (Ahmed et al., 2017). Most housing purchases continue to be made through cash savings, informal credit, or developer-provided installment plans outside the banking system.

The SHMFF administers Egypt's largest mortgage support initiative under the **Social Housing Program**. Key features include:

- **Interest buy-down subsidies**, reducing effective mortgage rates to 3–7% for low-income households earning below 6,000 EGP/month (SHMFF guidelines, 2023).
- **Loan repayment terms** of 20–30 years with fixed monthly installments.
- **Mandatory down payments**, typically around 15–20% of unit value, partially subsidized through SHMFF cash grants.

While this model has improved affordability for some middle-income buyers, it excludes large segments of the working poor. According to Labib (2022), over 60% of Egyptians are informally employed and unable to produce proof of income, rendering them ineligible for mortgage financing despite real housing needs. Additionally, banks often impose conservative credit scoring and collateral requirements, further restricting access.

A study by Ibrahim and Hussein (2024) found that **credit rejection rates for informal applicants exceed 70%**, with women, rural residents, and young adults disproportionately excluded from formal housing finance systems. Furthermore, many public housing applicants lack awareness of mortgage procedures or fear long-term debt, indicating a need for broader financial education campaigns (El Sherpeny, 2014).

Macroeconomic instability has severely affected housing affordability. The Egyptian pound underwent significant devaluations in 2016, 2022, and early 2024, eroding household purchasing power and increasing import-driven construction costs. Inflation surpassed 30% in 2023, while average lending rates rose above 18% (IMF, 2024).

Although SHMFF interest subsidies cushion borrowers from market shocks, the **real cost of ownership** remains high when factoring in down payments, ancillary fees, and commuting costs to remote housing locations. For example, the average monthly mortgage payment for a subsidized 75 m^2 apartment is around 1,400 Egyptian Pounds (EGP)—more than 40% of the income of a minimum-wage worker (Ahmed et al., 2017).

In addition, IMF fiscal consolidation programs have gradually reduced energy subsidies, which previously helped lower construction and operational costs. As a result, housing developers pass on higher input costs to end-users, deepening affordability gaps (IMF, 2024).

Rental housing remains marginalized in Egypt's housing finance landscape. The **absence of rental guarantee mechanisms, public rental housing stock, and private sector incentives** has stifled the development of affordable rental markets. Rental laws such as **Law 49 of 1977**, which froze rents on old contracts, discouraged private investment in rental housing, while new market-rate rentals remain unaffordable for low-income earners (Ahmed et al., 2017).

Moreover, **no dedicated rental housing finance instruments** currently exist in Egypt. Leasing schemes, rent-to-own models, or community-based revolving funds have been proposed in academic and policy circles, but not operationalized at scale (El-Bialy, 2023).

The few **innovative models**, such as Orascom's rent-subsidized blocks within **Haram City**, suffered from social segregation and lacked sustainable subsidy frameworks. Informal renting dominates the low-income housing landscape, often without contracts, legal recourse, or service provision.

Egypt's financial inclusion landscape has improved moderately through initiatives such as Meeza digital wallets and the expansion of microfinance; however, these systems have not been effectively integrated into housing finance programs. SHMFF's reliance on traditional income verification and bank channels excludes mobile-income earners, gig workers, and seasonal laborers—groups that comprise a large share of the urban poor.

Moreover, women-headed households face greater barriers to accessing credit due to patriarchal norms, limited asset ownership, and weak enforcement of property rights (Labib, 2022). As a result, the gender gap in access to housing finance remains wide.

Egypt's mortgage market suffers from inadequate consumer protection and weak foreclosure procedures. Default rates are low in official figures but are likely underreported due to the self-exclusion of high-risk applicants. SHMFF bears most of the credit risk, but its subsidy pool is exposed to fiscal tightening and inflationary shocks. No mortgage insurance system currently operates at scale, and secondary mortgage markets remain shallow.

The lack of **credit history databases**, standardized borrower assessment tools, and legal enforcement mechanisms further limits the scaling of housing finance (Ibrahim & Hussein, 2024). A comprehensive risk-based regulatory framework is still lacking, which hinders private sector confidence.

With the issuance of Law No. 93 of 2018, the Social Housing and Mortgage Finance Fund (SHMFF) gained greater fiscal and administrative autonomy, enabling it to operate as a semi-independent financial entity. This reform allowed for diversified funding streams—including donor finance, state land leverage, and beneficiary payments—while expanding its mandate to support both ownership and rental housing. The Strategy identifies this as a critical step toward improving financial sustainability in Egypt's housing sector (UN-Habitat, 2020).

Egypt's experience with mortgage-based housing finance reveals both innovation and persistent exclusion. OIC Member Countries can learn from the **scale and architecture of SHMFF's subsidy model**, as well as from its limitations in addressing informal economies, rental finance, and macroeconomic volatility. Key takeaways include:

- Develop parallel financing tools for informal workers, including self-declared income channels, mobile credit scoring, or cooperative loan guarantees.
- Invest in **rental housing finance instruments**, such as public leasing, Islamic rent-to-own (ijara) frameworks, or voucher systems.
- Integrate financial inclusion policies with housing programs, especially for youth and women.
- Ensure flexibility in subsidy design to accommodate inflationary shocks and interest rate cycles.

Egypt's case underscores that **affordable housing cannot succeed without inclusive, diversified, and resilient housing finance systems**.

Category	Policy / Program / Model	Key Features	Objectives	Key Challenges & Critiques
MAIN HOUSING PROGRAMS	**National Housing Program (NHP)** (2005-2011)	- Public-Private Partnership (PPP) model. - Target: 500,000 units. - Offered 63 m² units with a ~15,000 EGP subsidy.	Rapidly increase housing supply through state-led, developer-executed projects.	- Poor targeting; units often allocated to middle-class, not the poorest. - Affordability remained an issue for low-income groups.
	Social Housing Program (SHP) (2014-Present)	- Flagship program run by SHMFF. - Offers subsidized mortgages (3-7% interest). - Down payment support (25k-60k EGP). - Targets households earning <6,000 EGP/month.	Provide affordable homeownership to low-income families on a massive scale.	- Excludes informal workers (60% of workforce). - Units often in peripheral locations, far from jobs. - Lack of rental options and standardized, non-adaptive designs.
	Cooperative Housing	- ~2,000 cooperatives established since the 1950s. - Often affiliated with professional syndicates.	Enable participatory, member-driven housing development.	- Marginalized (<5% of delivery). - Hindered by legal ambiguities, bureaucracy, and lack of financial autonomy.
FINANCING MODELS	**Social Housing & Mortgage Finance Fund (SHMFF)**	- Administers SHP subsidies. - Provides interest rate buy-downs to 3-7%. - Offers 20-30 year loan terms.	Expand access to formal mortgage finance for low-income, salaried workers.	- Excludes informal workers who lack income documentation. - High real cost of ownership due to down payments and commuting. - Exposed to macroeconomic shocks (inflation, currency devaluation).
	Formal Mortgage Market	- Regulated by Law No. 148 of 2001. - Involves banks and the Egyptian Mortgage Refinance Company (EMRC).	Develop a mature, long-term housing finance system.	- Very low penetration (<1% of GDP). - Conservative lending practices and high rejection rates, especially for informal workers, women, and youth.
	Rental Housing Finance			- **Virtually non-existent.** No dedicated instruments like vouchers, leasing schemes, or rent-to-own models at scale. - Legacy rent control laws (e.g., Law 49 of 1977) have stifled formal market development.

Table 4.5. Summary Table for Egyptian Housing Policies, Programs, and Financing Models

4.2.4. Lessons Learned for OIC Countries

Egypt's experience holds transferable lessons for OIC states facing similar pressures of urbanization, informality, and affordability gaps.

Key Insights:

- **Scale without inclusion is insufficient:** Large housing programs can deliver units, but without targeting informal workers and the poorest groups, exclusion persists.
- **Affordability must be real, not nominal:** Programs must link price and installment levels to actual household incomes, accounting for inflation.
- **Tenure diversity is critical:** Overemphasis on ownership neglects renters, youth, women, and the mobile poor. Rental programs and secure tenancy frameworks are essential.
- **PPP housing requires strong regulation:** Without clear affordability mandates, PPPs drift toward middle-class markets and spatial segregation.
- **Informal settlements must be integrated:** Policies should view informality as part of the solution, investing in upgrading rather than eradication.
- **Sustainability cannot be sidelined:** Egypt's housing expansion has neglected environmental resilience. OIC countries must embed green standards, climate adaptation, and local design into affordable housing.
- **Institutional architecture matters:** Agencies like SHMFF demonstrate how dedicated entities can coordinate subsidies, finance, and delivery at scale—though with equity safeguards.

Policy Transfer to OIC States

- Institutionalize affordability benchmarks for transparency.
- Create parallel financing systems for informal workers.
- Promote mixed-tenure housing: ownership, rental, and rent-to-own.
- Embed PPPs within national housing strategies with post-occupancy monitoring.
- Align housing with SDGs and Islamic ethical frameworks (maqasid al-shariah) to ensure justice and sustainability.

4.2.5. Summary

Egypt's experience in addressing housing affordability offers a nuanced and multi-layered case study that is both instructive and cautionary for peer countries across the OIC. With one of the most ambitious publicly financed housing programs in the Global South, Egypt has demonstrated the capacity of a centralized state to deliver housing at scale. However, the country also illustrates the risks of technocratic, volume-driven approaches that underplay issues of equity, inclusion, sustainability, and long-term viability.

On the one hand, Egypt's **Social Housing Program (SHP)**, backed by dedicated institutions such as the **Social Housing and Mortgage Finance Fund (SHMFF)** and implemented through the **New Urban Communities Authority (NUCA)**, has enabled hundreds of thousands of households to access formal housing units, particularly in new desert cities. The use of **subsidized mortgage instruments**, **digital application systems**, and **PPP land allocation frameworks** represents important institutional innovations that merit recognition.

On the other hand, persistent challenges remain:

- **Urban-rural and spatial disparities** continue to widen as housing projects are often placed in peripheral areas disconnected from jobs and services.
- **Informality**, both in housing construction and employment, limits the effectiveness of mortgage-based policies and regulatory enforcement.
- **Rental housing** remains structurally neglected, reducing tenure diversity and flexibility, especially for the poorest and most mobile groups.
- **Environmental sustainability and climate resilience** are insufficiently mainstreamed into housing design, construction, and site planning.
- **Targeting mechanisms** often exclude informal earners, women, and marginalized groups from accessing public housing benefits.

Moreover, Egypt's emphasis on ownership as the primary pathway to affordability has narrowed its policy options and excluded alternative models such as public leasing, cooperative housing, or voucher-based demand-side subsidies.

The findings of this section strongly align with the core directions proposed in the Egypt Housing Strategy (UN-Habitat, 2020), which underscores the need to transition from volume-centric approaches to people-centered, inclusive, and environmentally responsive housing systems. The Strategy advocates for a multi-pronged model of reform—one that combines legal modernization, diversified financing, formalization of informal settlements, and community-based participation. It emphasizes that Egypt's housing sector must be reframed not merely as a delivery mechanism, but as a lever for social equity, macroeconomic resilience, and climate adaptation. Embedding these strategic insights into future housing policy can ensure that Egypt moves from fragmented interventions toward a unified, rights-based, and integrated housing framework (UN-Habitat, 2020).

4.3. TÜRKİYE (Desk-Based Study)

4.3.1. General Outlook

The global housing crisis has become a central concern on the international development agenda, exacerbated by the economic, demographic, and spatial shifts accelerated during and after the COVID-19 pandemic. Across the world, governments are exploring multifaceted strategies to address mounting affordability pressures, urban inequality, and inadequate housing supply.

In Türkiye, the housing challenge has been shaped by a confluence of structural and cyclical factors, including rapid population growth, increasing internal migration, accelerated urbanization, and, most recently, a significant rise in the refugee and asylum-seeker population. The devastating earthquakes centered in Kahramanmaraş in February 2023 triggered mass displacement and acute housing demand in affected provinces, further exacerbating the housing shortage. In parallel, the aging of the existing housing stock, unplanned urban development, and rising construction costs have amplified the housing deficit.

This section analyzes Türkiye's housing system through an integrated lens. It draws upon the strategic priorities outlined in the Twelfth Development Plan (2024–2028) and the 2025 Presidential Annual Program to examine how national institutions—particularly the Housing Development Administration (TOKİ), the Ministry of Environment, Urbanization and Climate Change, and affiliated regulatory bodies—are addressing the challenge. It also considers the contributions of the private sector and civil society in shaping alternative housing finance and delivery mechanisms.

To contextualize these dynamics, it is necessary first to assess the macroeconomic landscape in which Türkiye's housing policies operate.

This section outlines the macroeconomic environment in which Türkiye's housing sector operates, emphasizing the structural strengths, recent policy shifts, and ongoing financial vulnerabilities. A clear understanding of macroeconomic fundamentals—such as inflation trends, interest rate dynamics, and fiscal policy priorities—is crucial for evaluating the sustainability of housing finance mechanisms. Türkiye's experience underscores the critical importance of aligning housing policy with broader economic stabilization and growth agendas.

Türkiye's economy has demonstrated notable resilience and dynamism, consistently achieving robust growth rates over the past two decades. Despite facing global financial crises, regional conflicts, and the disruptions caused by the COVID-19 pandemic, Türkiye has managed to sustain a positive growth trajectory, significantly outperforming many of its emerging market peers. The economy's structural diversification, young and dynamic population, and strategic geographical location have collectively underpinned its resilience.

During the post-pandemic recovery phase, Türkiye's economy initially experienced rapid expansion driven by strong domestic demand, accommodative monetary and fiscal policies, and robust export performance. However, this period of expansion was accompanied by mounting macroeconomic imbalances, notably high inflation, a widening current account deficit, and significant exchange rate volatility. To address these emerging challenges, policy authorities shifted towards a stabilization agenda beginning in mid-2023. This new macroeconomic policy framework, centered on monetary tightening and fiscal consolidation, aims to re-anchor inflation expectations, restore external balance, and support financial stability. In particular, the Central Bank of the Republic of Türkiye (CBRT) has progressively raised policy rates to curb inflationary pressures.

At the same time, the government has announced a multi-year fiscal consolidation strategy aimed at reducing the budget deficit and public debt ratios. According to the OECD (2025), real GDP growth is expected to moderate to 3.2% in 2024 and 3.1% in 2025, after a strong performance in 2022–2023. IMF projections are broadly consistent, forecasting growth at 3.0% in 2024 and a further moderation to 2.7% in 2025, reflecting the lagged effects of tighter financial conditions and slowing domestic demand (IMF, 2024, p. 4). Inflation, while expected by the OECD to remain high at 58.5% in 2024, is projected by the IMF to decline more gradually—reaching 43.0% by end-2024 and mid-20s in 2025—provided tight monetary policy is sustained (IMF, 2024, pp. 4–5; OECD, 2025, p. 11). To achieve this, the CBRT raised its policy rate from 8.5% in May 2023 to 50% by March 2024, resulting in one of the highest real policy rates among emerging markets, estimated at approximately 20% (IMF, 2024, p. 5).

The fiscal outlook has also improved. While the 2023 central government deficit widened due to earthquake-related spending, the IMF projects a narrowing to 3.1% of GDP by 2025 as fiscal consolidation gains traction through revenue mobilization and spending rationalization (IMF, 2024, p. 4). These efforts are aligned with commitments made in the Twelfth Development Plan and the 2025 Presidential Annual Program. On the external front, Türkiye's current account deficit is expected to decline to 1.7% of GDP in 2024, driven by strong service exports, normalized gold imports, and favorable energy prices. Meanwhile, gross international reserves are projected to exceed adequacy thresholds by the end of 2024, reflecting improved external financing conditions and growing confidence in the monetary policy framework (IMF, 2024, pp. 4, 17). The main economic indicators of Türkiye are shown in Table 4.6.

Nevertheless, the macroeconomic environment remains challenging. Inflation persists at elevated levels, reflecting both supply-side shocks and robust underlying domestic demand. Furthermore, Türkiye's external sector exposures—including reliance on short-term capital inflows and high energy import dependency—pose ongoing risks to macro-financial stability.

In the medium term, Türkiye's economic outlook will largely depend on the successful implementation of stabilization policies, the restoration of investor confidence, and the acceleration of structural reforms. Key priorities include enhancing central bank independence, strengthening the rule of law, improving the business climate, and fostering greater integration into global value chains. Additionally, fostering innovation, digital transformation, and the green economy are vital for sustaining high and inclusive growth over the coming decade.

Economic Indicators	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
GDP Growth, 2009 Prices, %	6,1	3,3	7,5	3,0	0,8	1,9	11,4	5,5	5,1	3,2
GDP, at Current Prices, Billion TL	2,35	2,63	3,13	3,76	4,32	5,05	7,26	15,01	26,55	43,41
GDP, at Current Prices, Billion USD	867	869	859	798	760	717	808	906	1.130	1.322
Population (million people)	78,20	79,28	80,31	81,41	82,58	83,39	84,15	85,28	85,33	85,67
GDP Per Capita, at Current Prices, USD	11.085	10.964	10.696	9.799	9.208	8.600	9.601	10.659	13.243	15.463
Export (Billion USD)	151,0	149,2	164,5	177,2	180,8	169,6	225,2	254,2	255,6	261,8
Import (Billion USD)	213,6	202,2	238,7	231,2	210,3	219,5	271,4	363,7	362,0	344,0
Export-Import Ratio (%)	70,7%	73,8%	68,9%	76,6%	86,0%	77,3%	83,0%	69,9%	70,6%	76,1%
Export/GDP	17,4%	17,2%	19,2%	22,2%	23,8%	23,7%	27,9%	28,1%	22,6%	19,8%
Import/GDP	24,6%	23,3%	27,8%	29,0%	27,7%	30,6%	33,6%	40,1%	32,0%	26,0%
Travel Income (billion USD)	33,2	23,8	28,1	32,1	38,8	14,3	28,1	45,8	50,1	56,3
Foreign Direct Investment (billion USD)	19,3	13,8	11,2	12,5	9,5	7,5	12,7	13,8	10,7	11,3
Unemployment Rate (%)	10,3	10,9	10,9	11	13,7	13,2	12	10,5	9,4	8,7
Employment Rate (%)	46	46,3	47,1	47,4	45,7	42,8	45,2	47,5	48,4	49,5
CPI (%)	8,81	8,53	11,92	20,3	11,84	14,6	36,08	64,27	64,77	44,38

Table 4.6. Main Turkish Economic Indicators ***(Ministry of Trade, 2025)***

The Twelfth Development Plan (2023) emphasizes macroeconomic coordination, green growth, and resilience. It envisions Türkiye becoming an environmentally friendly, digitally integrated, and socially inclusive economy by 2053. Structural goals include expanding employment, reducing informality, and improving female labor force participation, which remains below the OECD average (Twelfth Development Plan, 2023, pp. 45–55).

Despite ongoing challenges, Türkiye retains significant growth potential. Its demographic advantages, entrepreneurial culture, diversified industrial base, and proximity to major markets provide a strong foundation for future development. However, realizing this potential will require consistent policy discipline, enhanced institutional quality, and a renewed emphasis on inclusive and sustainable economic strategies.

For OIC Member Countries facing similar inflationary pressures, external imbalances, or fiscal constraints, Türkiye's macroeconomic trajectory offers key lessons on how to sequence housing reform alongside monetary and fiscal stabilization. The integration of housing policy into long-term development planning and medium-term fiscal frameworks can enhance resilience, attract institutional capital, and ensure that housing investments contribute to inclusive economic growth.

Housing Sector in Türkiye and Affordability Challenges

This section provides a comprehensive overview of Türkiye's housing sector, with a particular focus on affordability trends, urbanization pressures, and distributional inequities in housing access. It traces the evolution of housing production, financialization, and ownership dynamics over the past two decades, identifying key gaps between supply and demand, especially for low- and middle-income households. The analysis sets the stage for understanding why affordability has become a central policy challenge.

The housing sector in Türkiye has played a critical role in supporting economic growth, promoting social development, and shaping urbanization trends over the past two decades. Driven by demographic dynamics, internal migration patterns, urban regeneration needs, and government-supported housing initiatives, the sector has exhibited substantial expansion. The proliferation of residential developments, particularly in metropolitan areas such as İstanbul, Ankara, and İzmir, has been instrumental in accommodating Türkiye's growing urban population.

The early 2000s marked a significant shift in Türkiye's housing policies, characterized by the adoption of market-oriented reforms alongside targeted public interventions. The Housing Development Administration of Türkiye (TOKİ) assumed a central role in expanding access to affordable housing for low- and middle-income groups. Through its large-scale social housing programs, TOKİ has contributed to alleviating housing shortages while promoting homeownership among disadvantaged populations.

Private sector participation in residential construction has also increased markedly during this period. Major real estate developers, responding to rising urban demand and expanding credit availability, have diversified Türkiye's housing stock with a variety of housing typologies, including high-rise apartment complexes, gated communities, and mixed-use developments. Mortgage financing reforms introduced in the mid-2000s further catalyzed housing market growth by facilitating access to home loans for broader segments of the population.

However, despite robust housing production, Türkiye continues to face significant challenges in ensuring equitable access to affordable, adequate, and quality housing. Rapid urbanization has led to a surge in land and property prices, particularly in major urban centers. The resulting affordability constraints have disproportionately affected low- and middle-income households, exacerbating socio-spatial inequalities within cities.

Additionally, the housing sector is characterized by a high degree of informality. Although efforts to formalize housing through urban transformation projects have yielded some success, a considerable portion of the housing stock remains unregistered, poorly constructed, or inadequately serviced, particularly in peripheral urban areas. This informality poses risks to residents' tenure security, public safety, and access to basic urban services.

Urban regeneration initiatives, often pursued through public-private partnerships, have emerged as a prominent feature of Türkiye's housing sector landscape. These projects aim to upgrade aging and weak housing stock, improve urban infrastructure, and enhance resilience against natural disasters, particularly earthquakes. Nevertheless, concerns regarding displacement, gentrification, and the erosion of social cohesion have accompanied some regeneration efforts, necessitating more socially inclusive and participatory planning approaches.

Moreover, Türkiye's housing sector is increasingly influenced by external factors, including global financial conditions, foreign direct investment flows, and evolving real estate market dynamics. In recent years, foreign investment in residential properties—primarily from Middle Eastern countries—has intensified, particularly in İstanbul and coastal regions. While contributing to construction sector growth, this trend has also raised concerns about its potential inflationary impact on housing prices and implications for domestic affordability.

The COVID-19 pandemic introduced new dynamics into Türkiye's housing market. Shifts in housing preferences, such as increased demand for larger living spaces, suburban locations, and properties with access to outdoor areas, have influenced market trends. At the same time, pandemic-induced economic hardships have heightened housing insecurity among disadvantaged groups, underscoring the need for strengthened social housing policies and rental market interventions.

Looking ahead, the sustainability of Türkiye's housing sector will depend on several critical factors: the capacity to balance housing supply with affordability and inclusiveness; the ability to integrate green building practices and energy efficiency standards; and the effectiveness of policy measures aimed at enhancing housing resilience against natural hazards. Strategic policy interventions, multi-stakeholder cooperation, and innovative financing mechanisms will be crucial to ensuring that Türkiye's housing sector continues to make a positive contribution to broader economic, social, and environmental objectives.

Despite the sector's expansion and diversification, housing affordability has emerged as one of the most pressing challenges confronting Türkiye's urban population, particularly affecting low- and middle-income groups.

The significant rise in housing prices, coupled with stagnating real incomes and constrained access to affordable mortgage financing, has exacerbated the affordability gap in major urban centers such as İstanbul, Ankara, and İzmir. Over the past decade, Türkiye's housing market has experienced notable price inflation, fueled by rapid urbanization, limited land supply, rising construction costs, and strong investment demand. In particular, the COVID-19 pandemic further intensified housing market pressures, as preferences shifted towards larger dwellings and suburban locations, driving up prices beyond the reach of many prospective buyers.

The House Price Index (HPI) published by the Central Bank of the Republic of Türkiye (CBRT) indicates that nominal housing prices have more than tripled since 2015. Although the rate of increase has been partially offset by high inflation, real house prices have nonetheless risen substantially, signaling persistent affordability challenges. These trends have disproportionately impacted first-time homebuyers and young households, who face increasing barriers to entering the housing market.

Mortgage accessibility, traditionally an important facilitator of homeownership, has been undermined by high nominal interest rates, tightening lending standards, and elevated household debt burdens. While Türkiye introduced significant reforms to its mortgage financing system in the mid-2000s, including the development of a secondary mortgage market, the sector's potential remains underutilized. The mortgage-to-GDP ratio in Türkiye remains substantially lower than OECD averages, reflecting structural limitations in housing finance penetration.

Recent data from the Independent Industrialists and Businessmen's Association (MÜSİAD) (2023) underscore the widening gap between household incomes and housing costs in Türkiye. As of late 2023, the price-to-income ratio (PIR) in major metropolitan areas exceeded 11x, with İstanbul surpassing 15x—well above the OECD-recommended threshold of 5x. Moreover, rental prices per square meter rose by 155% in nominal terms between 2020 and 2023 across Türkiye. In some districts, tenants are spending more than 45% of their monthly income on rent, breaching the international affordability benchmark of 30%.

In addition to challenges in the ownership market, the rental housing sector presents its own set of affordability concerns. Rapid rent increases, particularly in metropolitan areas, have outpaced wage growth, placing significant strain on tenant households. A limited supply of quality, affordable rental units, weak regulatory protections for tenants, and the absence of large-scale institutional rental housing providers have exacerbated rental affordability issues.

The affordability crisis has also revealed significant spatial disparities. While metropolitan areas have witnessed extreme price inflation, secondary cities and the rural regions generally exhibit more moderate housing cost dynamics. Nevertheless, internal migration flows toward urban centers continue to concentrate affordability pressures in a limited number of high-demand locations.

Disadvantaged groups—including low-income households, single-parent families, the elderly, and displaced persons—face heightened risks of housing exclusion and insecurity. The prevalence of informal housing arrangements among low-income populations further exacerbates vulnerabilities, as residents often lack legal tenure, access to basic services, and protection against eviction.

Government interventions to address affordability have included various subsidy programs, public land allocations, and social housing initiatives, particularly through the activities of TOKİ. However, the scale of these interventions has been insufficient relative to the magnitude of affordability challenges, necessitating a broader, more comprehensive policy response.

Emerging models such as shared equity schemes, rent-to-buy programs, and affordable housing investment funds present potential avenues for improving access to housing. MÜSİAD (2023) has also proposed mechanisms such as rent-backed real estate funds, indexed mortgage instruments, and cooperative frameworks. However, their implementation remains limited and requires supportive regulatory structures and institutional coordination.

In sum, addressing Türkiye's housing affordability challenges will require an integrated, multi-faceted strategy encompassing supply-side interventions, demand-side supports, regulatory reforms, and targeted measures to protect disadvanted populations. Enhancing housing affordability is not only a social imperative but also a critical factor for ensuring urban sustainability, social cohesion, and inclusive economic development.

Türkiye's housing affordability challenges mirror those of many OIC countries, particularly in fast-urbanizing contexts where formal housing supply lags behind demand. Türkiye's efforts to combine large-scale production with targeted affordability criteria, while imperfect, provide valuable insights into balancing growth with inclusion. OIC Member Countries can adapt these approaches by strengthening affordability metrics, supporting data-driven housing planning, and diversifying financial instruments for disadvantaged populations.

4.3.2. Housing Policies and Programs

Strategic Policy Response: Twelfth Development Plan and the 2025 Presidential Annual Program

This section outlines Türkiye's strategic public policy frameworks that shape national housing priorities, particularly the Twelfth Development Plan (2024–2028) and the 2025 Presidential Annual Program. These documents reflect the state's evolving approach to housing as part of a broader vision for sustainable urbanization, disaster resilience, and inclusive growth. Together, they offer a comprehensive roadmap for balancing supply, affordability, and spatial equity in the face of demographic and economic pressures.

The severe housing affordability challenges and socio-spatial inequalities observed across Türkiye's urban landscape have prompted a comprehensive and structured policy response. Recognizing the pivotal role that housing plays in promoting social inclusion, economic stability, and urban resilience, Turkish authorities have embedded housing policies as a strategic priority within the nation's core development frameworks.

Twelfth Development Plan (2024–2028)

The Twelfth Development Plan (2024–2028), officially endorsed by the Parliament, serves as Türkiye's principal roadmap for addressing housing sector vulnerabilities over the medium term. Framed within a broader vision of achieving sustainable, inclusive, and resilient economic growth during the Republic's centennial era, the Plan places particular emphasis on developing an integrated, data-driven, and equitable housing system.

The main objective of the Plan regarding housing policies is to approach housing planning and management in an integrated manner for a sustainable urban environment, and to ensure, within the framework of the right to housing and in a data-driven and effectively functioning housing market, that everyone—especially low-income groups—has access to economically affordable, energy-efficient, resilient, safe, and healthy housing.

Upon closer examination, the Plan sets forth the following key targets:

- **Enhancing Access to Affordable Housing:** The Plan mandates a significant scaling up of safe, resilient, and economically affordable housing supply, especially for low-income households, women, persons with disabilities, and youth. Mass housing initiatives, targeting those most exposed to housing exclusion, are prioritized as instruments to correct market failures and promote urban inclusiveness.
- **Building Disaster-Resilient Cities:** Given Türkiye's exposure to seismic and climate-related risks, disaster resilience is embedded at the core of housing policies. The Plan stipulates legislative reforms to accelerate emergency housing responses post-disaster, improve zoning regulations, and ensure that disaster-related housing reconstruction is based on principles of sustainability, safety, and strengthened building codes. Fast-tracked eligibility, financing, and settlement mechanisms are envisioned to enhance preparedness and recovery capacity.
- **Accelerating Urban Transformation with Risk-Based Prioritization:** Urban transformation efforts are reoriented towards holistic and participatory models. Interventions are to be prioritized according to disaster risk profiles, building stock quality, social vulnerability indicators, and environmental considerations. Urban renewal projects must preserve local urban identity, aesthetics, and social ties while enhancing physical resilience. The Plan mandates the development of robust financial tools to expand urban transformation and calls for the establishment of a national information system to monitor projects.
- **Developing Real Estate Data Infrastructure:** Acknowledging the need for evidence-based policy design, the Plan emphasizes the modernization of real estate data management. It envisions the creation of technical infrastructures to track real estate value fluctuations, generate property value maps, and establish systems to monitor illegal construction. Enhanced cadastral modernization and urban 3D modeling are also prioritized to support spatially strategic planning and facilitate cross-financing mechanisms between high-value and low-value zones.

In summary, the Twelfth Development Plan aims to forge a housing system that is accessible, resilient, and smart, integrated within broader environmental, social, and economic sustainability agendas.

Complementary Initiatives under the 2025 Presidential Annual Program

The 2025 Presidential Annual Program, published in the Official Gazette on October 30, 2024, operationalizes the strategic directions outlined in the Development Plan, offering concrete sectoral targets, timelines, and fiscal allocations for implementation:

Construction Sector Modernization:
- A "green transformation" of the construction sector will be achieved, enhancing energy efficiency, resilience against natural disasters, and carbon neutrality.
- Advanced construction technologies—including smart building solutions, digitalized construction processes, and sustainable materials—will be scaled up.
- Resource efficiency in construction will be prioritized, including the increased use of recyclable materials.

Urban Transformation and Resilience:
- Urban transformation practices will focus on identifying and prioritizing risky and weak building clusters.
- Urban Transformation Strategy Documents will be mandated for all high-risk municipalities.
- An expanded and integrated national-level information system will monitor the progress and effectiveness of urban renewal projects.
- Major campaigns such as the "Half from Us" initiative in Istanbul will continue, aiming to subsidize transformation costs for homeowners.

Smart Urbanization and Green Space Expansion
- Disaster risk and resilience analyses will be incorporated into all spatial planning processes.
- The creation of disaster risk maps at the 1/1000 scale in critical regions is planned.
- Urban green space per capita will be increased significantly, with 85 million m^2 of "Nation Gardens" to be developed nationwide.

Housing Supply Expansion
- The social housing production goal is set at 100,000 new units, particularly targeting urban centers facing acute affordability pressures.
- Additional housing supply will be generated through the continuation of the "My First Home, My First Plot" land provision program, supporting incremental self-construction and cooperative housing models.
- Earthquake-related housing losses will be compensated through expedited public housing initiatives.

Digital Infrastructure and Real Estate Valuation
- A Real Estate Valuation Information Center will be established and integrated with the national land registry system.
- Urban cadastre updates, digital improvements, and 3D city and building modeling efforts will be accelerated.

Together, the Twelfth Development Plan and the 2025 Presidential Annual Program articulate a strategic vision wherein housing policy serves not merely as a social safety net but as a driver of national resilience, economic modernization, environmental stewardship, and inclusive urbanization. By combining supply-side expansion, financial innovation, smart regulation, and data-driven governance, Türkiye seeks to position its housing sector as a cornerstone of long-term sustainable development. For OIC Member Countries seeking to integrate housing into national development strategies, Türkiye's approach demonstrates the importance of aligning housing goals with disaster resilience, climate adaptation, and urban transformation objectives. Embedding housing into multi-sectoral planning frameworks can enhance policy coherence, attract multi-source funding, and improve housing outcomes for disadvantaged groups. Türkiye's reliance on forward-looking legislative targets and performance-based indicators may offer OIC countries a structured approach for embedding housing into broader development agendas while ensuring policy measurability and fiscal accountability.

Institutional Delivery and Financial Innovation in Türkiye's Housing Sector

This section explores Türkiye's institutional and financial innovations in the delivery of housing solutions, spanning public sector mechanisms, plot-based access models, blended finance instruments, civil society contributions, and capital market tools. These diverse approaches reflect Türkiye's attempt to overcome structural limitations in conventional mortgage systems and create multi-actor, multi-instrument ecosystems for housing affordability. Together, they demonstrate how institutional leadership and financial diversification can serve as mutually reinforcing pillars in the national housing framework.

Türkiye's Housing Development Administration (TOKİ) as a Public Model for Affordable Housing Delivery

The Housing Development Administration of Türkiye (TOKİ) functions as the primary state actor responsible for the production of affordable housing, urban transformation, and post-disaster reconstruction nationwide. Established in 1984 and operating under the jurisdiction of the Ministry of Environment, Urbanization, and Climate Change since the 2018 institutional reform, TOKİ has a broad statutory mandate that encompasses social housing production, disaster-resilient housing, urban regeneration, and the extension of housing credit to municipalities and housing cooperatives (TOKİ, 2024).

This comprehensive mandate enables TOKİ to act as an integrated institution addressing Türkiye's structural housing shortage while simultaneously promoting spatial equity and urban resilience. Between 1984 and 2002, TOKİ supported the construction of 43,145 housing units and extended loan support for 940,000 homes. Since 2002, following the adoption of the "Emergency Action Plan for Housing and Urbanization" by the 58th Government, the agency has undergone major operational scaling. As of 2022, TOKİ had delivered approximately 1.17 million housing units, 87% of which are categorized as social housing.

TOKİ's governance structure allows for vertically integrated operations, encompassing all stages of the housing delivery cycle—from demand assessments and site acquisition to design, construction, and allocation. This institutional embeddedness also supports its broader engagement with public infrastructure, including schools, hospitals, and mosques, further reinforcing its role as a community-builder rather than a mere housing supplier.

TOKİ operates through a hybrid financial model that emphasizes institutional self-sufficiency while enabling cross-subsidization. Unlike housing agencies that rely solely on annual public budgets, TOKİ's funding structure includes:

- Revenue from the sale of social housing units priced according to actual construction, land, and infrastructure costs, without any profit margin;
- Proceeds from revenue-sharing projects with private developers, particularly through mixed-income or market-rate components;
- Income from the sale of public or state-transferred lands under special legislative provisions;

- Repayments from long-term housing loans are extended to beneficiaries, typically over 15 to 20 years.

This hybrid structure ensures TOKİ's financial sustainability and capacity to cross-subsidize lower-income households using returns from middle-income or market-based projects. The model has proven resilient in the face of macroeconomic volatility and fiscal constraints.

An innovative early initiative within this model was the "Housing Certificate" program launched in 1989. This involved the issuance of publicly tradable securities equivalent to 1 m^2 of housing area. Citizens could gradually accumulate certificates, which were redeemable toward housing purchase or could be converted to cash. The certificates acted as both a savings and inflation-protection instrument and were initially applied in the 4,312-unit Halkalı Mass Housing Project in Istanbul. Although this program was eventually phased out, it set a precedent for capital-market-linked affordability mechanisms.

Affordability is central to TOKİ's mandate, and its pricing mechanisms reflect a deliberate strategy of social targeting. The framework includes the following features:

- Eligibility criteria restrict access to Turkish citizens who do not own a house and reside in the project's municipality.
- Unit prices are based exclusively on construction, land acquisition, and infrastructure costs, with no speculative component.
- Down payments are limited to 10% of the unit price, and monthly repayments are designed to align with the income levels of low- and moderate-income groups;
- Beneficiary selection is done primarily through a public lottery system, which ensures transparency, equity, and public trust.

Long repayment horizons and fixed installment structures complement these mechanisms. By institutionalizing these access principles, TOKİ aligns its practices with the United Nations Sustainable Development Goal 11.1, which calls for access to adequate, safe, and affordable housing for all.

TOKİ's operations follow a structured, centrally coordinated project cycle involving various stakeholders:

- Housing demand is assessed in coordination with governors, municipalities, and citizen applications.
- Land is procured either from the agency's own land bank or via inter-agency transfers of public lands.
- Urban planning and architectural design are conducted according to zoning plans and settlement patterns.
- Tendering and procurement follow transparent procedures in line with public procurement law.
- Construction is initiated upon site handover and finalized through provisional and final acceptance protocols.
- Sales or allocations are conducted through open lottery, direct sale, or auctions, depending on the project category.

This integrated model allows for the implementation of large-scale housing projects while maintaining public oversight, procedural transparency, and quality control. The agency's capacity to coordinate across ministries, local governments, and financial actors has proven critical for its operational scale.

Beyond its housing-focused mandate, TOKİ is tasked with broader socio-spatial objectives, including:

- Post-disaster reconstruction and rural resettlement;

- Infrastructure development for public services such as education, healthcare, and community facilities;
- Design principles favoring low-rise buildings, neighborhood identity, and socially cohesive urban environments.

TOKİ has also engaged in international cooperation, notably constructing affordable housing projects abroad and offering technical assistance to developing countries. The agency's emphasis on horizontal architecture and community values reflects its alignment with inclusive urbanism and long-term sustainability.

TOKİ's model offers valuable lessons for OIC Member Countries seeking to expand affordable housing under conditions of rapid urbanization and fiscal constraint. Its unique blend of:

- public land utilization,
- demand-responsive planning,
- hybrid financing (public-private-revenue sharing),
- institutional autonomy,
- And equity-centered eligibility rules make it a compelling model for adaptation. TOKİ demonstrates how legislative authority, integrated planning, and capital-market instruments can work in tandem to build a resilient and socially inclusive housing delivery system.

For OIC countries facing challenges such as urban informality, weak municipal capacity, and limited affordability, TOKİ offers a replicable institutional model for delivering large-scale housing through a centralized yet flexible public structure. Its vertically integrated approach—spanning land development, social housing provision, and post-disaster reconstruction—demonstrates how state-led delivery systems can efficiently mobilize land, coordinate across agencies, and provide affordable housing at scale without sacrificing governance or equity.

Ministry of Environment, Urbanization and Climate Change Practices: Land- and Plot-Based Access Strategies

In addition to institutional housing delivery through TOKİ, the Ministry of Environment, Urbanization, and Climate Change (MEUCC) has implemented a complementary pillar of housing policy focused on expanding land access, reducing entry barriers, and enabling self-build or incremental housing solutions.

One of the most prominent initiatives under this strategy is the *"My First Home, My First Workplace, My First Plot"* Program launched in October 2022, in partnership with TOKİ. This three-pronged initiative—considered the largest social housing initiative in the history of the Turkish Republic—has aimed to address affordability challenges not only through subsidized housing units but also by offering publicly serviced residential plots and commercial workplace units to eligible low- and middle-income groups.

The program envisages the allocation of one million residential plots in 29 provinces, all equipped with basic infrastructure, including electricity, water, and natural gas connections, and ready for construction. In parallel, 10,000 commercial workplace units were designated for distribution during the first phase, reflecting a broader focus on income generation, employment, and housing. The plots are provided at below-market prices, with installment-based repayment terms, thereby enabling fixed-income groups to acquire buildable land gradually.

This model facilitates affordable homeownership through incremental self-construction or cooperative housing arrangements, offering flexibility in housing form while maintaining affordability. Importantly, the initiative is not limited to residential needs: it also introduces livelihood-enhancing components (i.e., commercial units) into the housing policy ecosystem, contributing to the integration of economic functionality into urban form—an increasingly critical component of sustainable and inclusive urban development.

The program targets low-income households, particularly those who are unable to access formal mortgage markets or TOKİ's standard housing projects. By mobilizing state-owned land and offering it under favorable planning and regulatory conditions, the government enables alternative pathways to accessing land-based housing.

Eligibility criteria are clearly defined, and the allocation process is carried out through transparent application systems and lottery mechanisms, mirroring the procedural integrity found in other public housing programs. This initiative aligns closely with global best practices on land-based interventions to enhance housing affordability, particularly in contexts where construction finance is limited but land access remains a structural bottleneck.

For many OIC member countries facing severe land affordability constraints, this model demonstrates the feasibility of using serviced plots as a strategic tool for enabling incremental homeownership. The state-led provision of pre-zoned, infrastructure-ready plots reduces reliance on speculative land markets and promotes orderly urban expansion. Moreover, by integrating employment-supportive infrastructure, such as workspaces, the program fosters synergies among housing, livelihoods, and spatial justice.

It illustrates how ministries can operate alongside national housing agencies (such as TOKİ) to create a dual-track housing strategy: one focusing on direct housing delivery, the other on enabling environments for self-build and community-based housing.

4.3.3. Housing Financing Models

In response to Türkiye's deepening housing affordability problem and tightening credit conditions, the Ministry of Environment, Urbanization, and Climate Change (MEUCC) and the Ministry of Treasury and Finance have jointly introduced a series of housing finance packages aimed at expanding credit access, encouraging homeownership, and supporting the construction sector.

These measures, announced in May 2022, represent a coordinated effort to mobilize public financial institutions in support of national housing goals.

The three main packages launched under the Housing Finance Initiative include:

First-Time Homebuyers Support Package

This package, titled the "My First Home Housing Finance Package", targets first-time homebuyers and offers subsidized mortgage credit for the purchase of newly built residential units. Under the scheme:

- Public banks provide housing loans up to 2 million TL for first-hand (new) homes;
- The interest rate is set at a subsidized monthly rate of 0.99%.
- The goal is to expand access to formal mortgage instruments among previously excluded low- and middle-income households.

The program is designed to stimulate demand in the primary housing market, particularly among younger households and renters unable to accumulate savings for homeownership.

Expanded Housing Finance Package (FX and Gold-Indexed)

This package supports Türkiye's broader monetary "*enhancing the value of Turkish Lira*" strategy by encouraging the conversion of foreign exchange and gold assets into housing investment. Its core features include:

- Eligibility is contingent on converting at least 50% of the housing cost from pre-April 2022 foreign currency deposit accounts or physical gold sold to the Central Bank;
- Applies to both first- and second-hand homes up to 2 million TL;
- Offers housing loans with terms of up to 10 years at a monthly interest rate of 0.89%.

This structure links macroeconomic stabilization goals with housing affordability policy, creating financial incentives for both individual savers and the housing sector.

Construction Sector Guarantee Package

To boost housing supply and address the post-pandemic construction slowdown, a Credit Guarantee Scheme was launched for developers. The package offers:

- State-backed guarantees to eligible construction firms for projects that are at least 40% completed and less than 50% sold.
- Access to up to 20 billion TL in financing with maturities of up to 36 months.
- Conditional support based on the commitment to keep housing prices fixed at pre-announced levels for at least one year.

By supporting incomplete projects and mitigating investor risk, this instrument serves to accelerate construction timelines and increase housing stock without inflating prices.

This trilateral strategy—encompassing demand-side subsidies, currency-linked financial tools, and supply-side guarantees—represents an integrated policy framework that aligns financial innovation with housing access goals. For OIC Member Countries, the Turkish case illustrates how macro-prudential tools (e.g., interest rate targeting, foreign exchange liquidity management) can be adapted to meet the needs of the housing sector. It also underscores the importance of state-owned banks, credit guarantee institutions, and inter-ministerial coordination in designing targeted and scalable financing solutions for affordable housing.

Alternative Financing Models and Civil Society Proposals

In recent years, Türkiye has witnessed a proliferation of alternative housing finance models, many of which have emerged from private sector experimentation and civil society advocacy. These models—though diverse in structure—share a common goal: to expand homeownership and housing access for underserved income groups in formal mortgage markets.

Saving Financing System

In Türkiye, Saving Financing Companies (SFCs) operate under a comprehensive regulatory framework established by the Banking Regulation and Supervision Agency (BRSA), as defined in the "Regulation Governing the Incorporation and Operating Principles of Saving Financing Companies." This regulation ensures that SFCs function with transparency, financial stability, and strong consumer protection mechanisms.

To commence operations, SFCs must obtain a license from the BRSA, meeting strict criteria related to minimum capital adequacy, transparent ownership structures, and effective internal control systems. These conditions are designed to ensure that only financially sound and responsibly governed institutions operate within the system.

The BRSA requires SFCs to provide prospective clients with a pre-contractual information form at least one day before signing, outlining essential contract terms to enable informed consumer decisions. Moreover, clients are granted the right to withdraw from agreements within a specified period without incurring penalties—thus reinforcing transparency and flexibility in contractual obligations.

Client savings must be strictly segregated from corporate operational funds, and SFCs are mandated to manage these funds with the utmost fiduciary responsibility. Regular financial reporting and independent audits, as required by the BRSA, further promote systemic transparency and accountability. For group-based saving schemes, a key safeguard stipulates that at least 40% of the group must be fully subscribed before the savings phase can begin—enhancing the viability and stability of collective funding models.

As of June 2024, six licensed savings finance companies were actively operating under this framework. According to the 2025 Presidential Annual Program, these firms collectively managed 47.9 billion TL in assets and served nearly 399,000 customers. The Saving Financing System itself operates as a closed-pool model, in which participants contribute regular payments over a fixed term. The pooled capital is then allocated to members, typically in a rotational order, for the purchase of housing, offering access to low-interest financing that is independent of prevailing market rates.

This peer-based credit allocation system bridges the gap between formal financial institutions and informal savings habits, particularly benefiting low-income households that are often excluded from conventional mortgage markets. By offering a regulated and equitable alternative to bank loans, the Saving Financing System strengthens financial inclusion while supporting housing access.

Ultimately, the BRSA's ongoing supervisory role—ranging from licensing and inspection to enforcement and potential license revocation—ensures that SFCs operate in compliance with legal and ethical standards. This institutional vigilance reflects Türkiye's commitment to promoting a robust, secure, and accessible housing finance ecosystem tailored to diverse socioeconomic needs.

Land-First, Then Housing Model

An increasingly prominent approach in Türkiye's alternative housing finance landscape is the "Land-First, Then Housing" model. This two-phase structure allows participants to first acquire a share of residential land, either through a lump-sum payment or installments. In the second phase, they gradually contribute toward construction costs, ultimately obtaining full ownership of a completed unit.

This model effectively decouples the land acquisition phase from construction, enabling households to spread their financial commitments over time and thereby lowering the threshold for homeownership. For developers, it provides a mechanism to initiate housing projects with reduced upfront capital requirements, while offering participants flexible payment schedules better aligned with irregular or informal income flows—especially among low- and middle-income groups.

Typical implementations of this model follow a structured timeline, with construction generally commencing between 15 and 24 months after the land acquisition phase and concluding within approximately 36 months. Participants may opt to pay for construction in full or through installments. Should a participant choose not to proceed with the construction phase, options typically include selling their land share or authorizing the project developer to construct and sell the unit. In the latter case, revenue from the sale is shared between the original plot owner and the developer, according to pre-agreed terms. Depending on contractual arrangements, buyback options or delegated sales authorization may also be exercised, providing participants with additional flexibility in exiting.

While the model offers promising advantages in terms of affordability and flexibility, it also carries inherent risks—especially in cases of developer default, project delays, or construction cost escalation. To mitigate these risks, households are encouraged to conduct due diligence regarding the developer's capacity, legal clarity regarding plot ownership (e.g., title deed status, liens), and contractual safeguards regarding financing terms and delivery timelines. In most applications, notarized agreements and legally binding declarations are employed to provide formal security for all parties involved.

Given its modular structure and potential for affordability, the Land-First, Then Housing model represents a scalable tool that can complement state-led initiatives and broaden access to housing for low- and middle-income groups. Its phased and regionally adaptable structure makes it particularly well-suited to contexts where land is accessible but construction financing is limited or irregular. However, for the model to be implemented responsibly and at scale, regulatory oversight and standardized contractual practices are essential to ensure consumer protection and project viability.

Beyond the Turkish context, the Land-First, Then Housing model provides a replicable framework for OIC Member Countries where formal mortgage markets are underdeveloped, land acquisition is fragmented, and informal income sources prevail. By reducing the upfront capital burden and enabling gradual asset accumulation, the model can be tailored to the realities of countries with limited access to housing credit or weak institutional mortgage systems. Particularly in economies with surplus state or waqf land but constrained public budgets, this two-phase model allows public and private actors to share development risk while expanding tenure security and housing affordability. The model's flexibility also lends itself to hybrid arrangements involving public-private partnerships, especially where local authorities or Islamic charitable institutions (waqf) can allocate land as equity contribution. At the same time, construction is financed through participant contributions or blended finance tools. For OIC countries aiming to adopt similar models, establishing standardized contractual frameworks, public registry mechanisms for land share sales, and escrow-like safeguards for construction phases will be crucial in mitigating moral hazard and enhancing investor and consumer trust.

Housing Cooperatives in Türkiye: A Revivable Model for Inclusive Housing

Housing cooperatives have historically played a significant role in Türkiye's urban housing supply, particularly for middle-income groups. Originating in the 1930s, their prominence expanded through various state-supported frameworks, especially during the 1980s, when their share of licensed housing reached as high as 30%. However, shifting policy priorities, legal reforms, and the gradual withdrawal of financial and institutional support from central authorities led to a dramatic decline in their activity. By 2020, their share had dropped below 1% of the national housing supply (Koç, 2022).

Structurally, housing cooperatives represent democratically organized, member-owned entities aimed at producing housing for self-use rather than profit. Their governance model emphasizes principles such as self-management, mutual responsibility, social solidarity, and collective decision-making. Housing cooperatives, in contrast to purely commercial developers, are rooted in a participatory logic that fosters community cohesion, affordability, and long-term resident commitment.

Successful implementations in Türkiye have historically depended on a "triangular support structure" consisting of:

- Land provision by local governments,
- Financing mechanisms coordinated by central agencies, and
- Organizational support from cooperative unions and federations.

Cooperatives operated in the interstitial space between the market-driven private sector and the large-scale public provision by TOKİ, offering mid-scale, community-oriented developments. Despite their historical relevance, the 2000s witnessed a systemic marginalization of housing cooperatives. The dominance of private developers and the centralized production model adopted by the Housing Development Administration (TOKİ) reduced space for cooperative models. Nonetheless, cooperative housing remains a viable and underutilized strategy for delivering affordable, socially sustainable housing—especially when supported by regulatory stability, public land access, and low-cost financing options.

Revitalizing this model could bridge the gap between market-based production and socially inclusive housing needs in Türkiye and across OIC countries. Housing cooperatives may serve as effective tools for:

- Mobilizing informal savings and community capital,
- Fostering local ownership and responsibility,
- Delivering cost-efficient and context-sensitive housing solutions.

Given their participatory governance, cooperative-based production models also hold promise for reinforcing urban social fabric and promoting inclusive development in line with SDG 11.1. For OIC Member Countries, Türkiye's cooperative housing trajectory—despite its decline—provides valuable insights into both the opportunities and challenges of embedding community-based housing within formal policy frameworks.

NGO Proposals for Affordable and Inclusive Housing

In Türkiye's evolving housing ecosystem, civil society organizations have emerged as critical actors in proposing pragmatic and often innovative solutions to the deepening housing affordability crisis. Drawing on diverse constituencies and policy perspectives, several institutions—most notably MÜSİAD, GYODER, and GAPAS—have advanced strategic interventions that aim to complement state-led production and introduce market-responsive mechanisms rooted in social responsibility and equity.

Land Optimization and Regulatory Incentives (MÜSİAD)

The Independent Industrialists and Businessmen's Association (MÜSİAD), a long-standing advocate for housing affordability reform, articulated a comprehensive housing vision in its 2023 Urban Transformation Manifesto. This document proposed two key instruments:

- **Public Land Auctions with Price Caps:** MÜSİAD advocates allocating publicly owned land to developers through auctions that include binding price ceilings on final unit sales. This mechanism would ensure cost pass-through to consumers while maintaining developer viability. The model is projected to support the production of 400,000–500,000 affordable units annually if coupled with reductions in transaction costs and tax burdens.
- **Density Bonuses for Social Housing Contributions:** Drawing on European practice, MÜSİAD proposes granting additional development rights (floor area ratio bonuses) to developers who allocate a portion of their output to social housing, either as free units to the public sector or deeply discounted sales. This incentive structure is designed to embed social obligations into the regulatory planning regime.

In addition, MÜSİAD calls for:

- Strengthening and re-regulating housing cooperatives as a socially rooted alternative to speculative development;
- Expanding access to subsidized housing finance for cooperative members;
- Establishing specialized Urban Transformation Courts and promoting mediation mechanisms to resolve legal disputes in large-scale redevelopment areas.

These proposals emphasize the importance of multilevel governance—where central government, local authorities, the private sector, and citizens collaborate to co-produce inclusive and resilient housing solutions.

Public-Private Partnership (PPP) Model for Rental Housing (GYODER)

The Real Estate Investors Association (GYODER) has introduced a detailed Public-Private Partnership (PPP) model targeting affordable rental housing, particularly for households priced out of the ownership market. The model integrates four key stakeholders—public landowners, private developers, financiers, and tenant households—into a long-term contractual framework.

Core features include:

- Allocation of usufruct rights over public land to private developers for 30–40 years;
- Private responsibility for financing, constructing, and managing the project during the concession period;
- Rents for residential units are indexed to household incomes, while commercial components are leased at market rates to cross-subsidize operations.
- Reversion of property ownership to the state at the end of the concession term.

This model is particularly suited to long-term institutional investors, including pension funds, due to its predictable cash flows and embedded public guarantees. GYODER's framework underscores the role of the state not only as a regulator but also as a landholder and strategic coordinator of risk-sharing mechanisms.

Long Leasehold and Tenure Diversification (GAPAS)

The Real Estate Marketing and Sales Managers Association (GAPAS) has advocated for long leasehold-based housing models, adapting the UK's "leasehold" tradition to the Turkish context. The proposed system enables:

- Retention of land ownership by the public or private landholder;
- Purchase of the housing structure only (construction cost + margin) by the end-user;
- Annual or periodic ground rent payments to the landowner under a long-term lease agreement.

This approach offers a powerful tool to reduce upfront capital requirements for homebuyers while maintaining land value and long-term development rights for landowners. It also reduces land speculation, promotes affordability, and allows for more flexible and layered tenure arrangements.

The Turkish experience in developing and operationalizing non-traditional housing finance and delivery mechanisms provides valuable insights for OIC Member Countries confronting similar challenges of affordability, informality, and limited institutional capacity. From collective savings models and incremental ownership structures to land-based access initiatives and capital market instruments, Türkiye's housing innovations reflect a pragmatic response to complex socio-economic and spatial realities.

These models are particularly relevant in contexts where:

- Formal mortgage systems remain underdeveloped;
- Informal savings and cash-based economies dominate;
- Public land is available but inefficiently mobilized;
- Civil society and non-state actors can play constructive roles in co-producing housing policy.

At the same time, Türkiye's civil society organizations—such as MÜSİAD, GYODER, and GAPAS—have articulated an ecosystem of bottom-up, market-responsive, and socially anchored proposals that complement public provision. These include public land auctions with price caps, zoning-based incentives for social housing, PPP rental frameworks, and long leasehold tenure models.

Together, these state and non-state innovations offer a practical and flexible toolkit for bridging the gap between formal finance and community-level affordability needs. Crucially, they demonstrate that housing affordability cannot be addressed through state action alone.

Instead, sustained and scalable progress will require:

- Dynamic partnerships between public institutions, private investors, cooperative structures, and civil society;
- Legal and regulatory clarity to ensure tenure security and risk mitigation;
- Spatial equity in urban transformation strategies; and
- Financial inclusivity allows diverse populations to access adequate housing through varied and hybrid pathways.

For OIC Member Countries, Türkiye's experience does not present a one-size-fits-all model, but rather a portfolio of governance tools, financial instruments, and institutional mechanisms that can be tailored to distinct national contexts. These approaches—rooted in equity, resilience, and multi-actor cooperation—hold promise for creating housing systems that are not only economically viable but also socially just and locally owned.

Banking Loan Mechanism and Capital Market Instruments

Mortgage Finance Structure and Challenges in Türkiye

In Türkiye, elevated housing prices relative to household incomes and persistent inflationary pressures have significantly reduced the ability of many individuals to purchase homes outright. As a result, housing acquisition is increasingly dependent on borrowed capital, which can be accessed either directly or via financial intermediaries, depending on the development level of the financial sector. While housing affordability issues are closely linked to macroeconomic conditions and household income levels, the most fundamental challenge remains the structural shortage of long-term funding for housing finance.

The principal objective of a housing finance system is to mobilize capital for households seeking to purchase homes or for institutions engaged in large-scale residential development. An effective housing finance system is expected to intermediate between surplus and deficit units by collecting funds from savers and channeling them to borrowers. Its maturity and efficiency are typically measured by the availability of long-term mortgage loans in sufficient quantity and at sustainable terms.

A successful housing finance system must also ensure that loans offered by financial institutions are both affordable for borrowers and fiscally sustainable for lenders. While households often prefer long-term, fixed-rate, amortized mortgage products, lenders are exposed to interest rate risk throughout the loan. Therefore, a well-functioning mortgage market must strike a balance between ensuring the solvency of credit institutions and the continued ability of borrowers to repay their loans.

Key functional components of the mortgage finance ecosystem include the issuance of mortgage loans, determination of principal, interest, and ancillary service fees, and the securitization of mortgage receivables to generate long-term funds for further lending. Additional mechanisms include the insurance, rating, and structured management of mortgage-backed securities (MBS). The institutional and functional framework of the mortgage market thus plays a crucial role in deepening the housing finance sector.

Türkiye's mortgage finance market is structured around two interconnected sub-markets: the primary mortgage market, where loans are originated and disbursed to end-users, and the secondary mortgage market, which facilitates the purchase and sale of mortgage loans or related securities to ensure liquidity. While the primary market involves direct interaction between borrowers and lenders, the secondary market transforms illiquid mortgage assets into tradable instruments—such as covered bonds and MBS—providing long-term funding to financial institutions.

Although structurally distinct, these markets are interdependent. The development of the primary market is closely tied to the depth and efficiency of the secondary market, which enables the recycling of capital and supports credit expansion. At the same time, the stability of the secondary market hinges on the standardization, valuation accuracy, and transparency of underlying mortgage instruments issued in the primary market. Their interplay facilitates the integration of housing and capital markets, expanding financial inclusion and housing access.

In Türkiye, housing finance is a critical instrument not only for satisfying housing needs but also for ensuring financial stability. The healthy development of the mortgage market is contingent upon macroeconomic stability. However, the COVID-19 pandemic negatively impacted both the housing and mortgage finance sectors. Several structural constraints continue to inhibit the development of a robust, diversified mortgage system:

- Limited depth of capital markets and underutilization of securitization instruments;
- Overreliance on bank-originated mortgage credit as the dominant funding mechanism;
- Short maturity profiles of bank liabilities and exposure to interest rate mismatch risk;
- High market volatility hindering the pricing of long-term mortgage products.
- Limited investor appetite from private banks and systemic concentration of credit in state-owned banks;
- Shrinking supply of publicly owned urban land available for social housing development;
- Insufficiency of the Housing Development Administration (TOKİ) in meeting all social housing demand;
- Prevalence of informal tenure and non-transparent property valuation records;
- Unsustainable dependence on mortgage finance as the sole mechanism for housing access.

To address some of these challenges, Türkiye enacted Law No. 5582 in the year 2007, introducing a legislative framework for the creation of a secondary mortgage market. Although this reform succeeded in expanding the volume of mortgage lending in the primary market—reaching a total outstanding balance of TRY 357.4 billion as of March 2023—it fell short of establishing an efficient and liquid secondary market.

Historical fluctuations in mortgage interest rates illustrate their strong impact on housing sales. During low-rate periods such as June 2003 (annual 8.3%) and July 2020 (annual 9.1%), mortgage uptake surged. However, by March 2023, rates had risen above 17.3% annually, leading to a decline in mortgaged housing sales and a weakening correlation between interest rates and sales volumes. This decoupling suggests that mortgage rate policy alone is insufficient to ensure broad-based access to housing finance.

Efforts to establish a functioning secondary mortgage market in Türkiye have included various legal reforms. These include the Capital Markets Board's 2007 Communiqués on Mortgage-Backed Securities (MBS) and Housing Finance Funds, as well as the 2014 regulation establishing Mortgage Finance Institutions (MFIs). More recently, the government authorized public participation in a centralized secondary mortgage entity, United Mortgage Finance Inc., with a capital contribution of TRY 500,000.

Despite these initiatives, the secondary market remains underdeveloped. Attempts to securitize housing loans—such as the 2018 and 2019 issuance of asset-backed securities by Türkiye Development and Investment Bank based on portfolios from Ziraat, Halkbank, Vakıfbank, Garanti, Akbank, İş Bankası, and Yapı Kredi—have been limited in scope. Most mortgage securitizations are issued in Turkish lira but involve variable interest rates and often rely on external syndications, creating currency mismatch and pricing risk for banks.

Consequently, a core systemic gap remains: Türkiye has not yet succeeded in establishing a central, scalable mechanism to match surplus capital with long-term housing finance needs. The low level of household savings—particularly among low-income groups—has prevented the emergence of an organic, long-term mortgage market. Furthermore, commercial banks, which fund themselves with short-term deposits, face duration mismatches when issuing long-term housing loans. This has constrained the growth of sustainable mortgage finance.

Expanding the secondary mortgage market, promoting the issuance of mortgage-backed securities, and fostering capital market solutions—particularly those compatible with Islamic finance and pension fund structures—are essential to diversifying housing finance in Türkiye. A mature secondary mortgage market would not only support greater liquidity but also attract institutional investors, reduce systemic risks, and enhance the affordability and availability of long-term housing loans.

Real Estate-Backed Capital Market Instruments in Türkiye

Türkiye has increasingly turned to capital markets as a complementary pathway to finance housing development and expand homeownership, especially as conventional mortgage mechanisms have reached structural limitations. In this context, the country has pioneered a suite of real estate-backed financial instruments that operate within the regulatory framework of the Capital Markets Board (CMB) and aim to mobilize private capital while diversifying financing channels beyond state subsidies and bank credit.

These instruments—particularly Real Estate Investment Trusts (REITs), Real Estate Investment Funds (REIFs), and Real Estate Certificates—represent a shift from one-dimensional, supply-side subsidy models toward more market-integrated, investor-driven financing ecosystems. This transition reflects a growing policy consensus that capital market development is central to the sustainability and scalability of affordable housing systems, particularly in middle-income economies like Türkiye.

Since its establishment in 1995, Türkiye's **Real Estate Investment Trust (REIT)** regime has developed into one of the most institutionalized and resilient frameworks in the Global South. REITs operate as publicly listed joint stock companies and are required to:

- Invest primarily in real estate assets or real estate-based rights;
- Adhere to strict governance and transparency regulations;
- Be listed on the stock exchange within three months of incorporation;
- Maintain tax-exempt status conditional on asset allocation and income distribution rules.

By 2024, Türkiye hosted 48 publicly traded REITs, covering sectors ranging from residential housing to logistics, healthcare, and commercial real estate (Capital Markets Board of Türkiye, 2024). REITs enable institutional and retail investors to gain exposure to real estate markets with lower entry thresholds, while also promoting professional management and greater market accountability.

Although most REITs operate in the middle- to high-income housing and commercial segments, there is growing interest in leveraging the REIT structure for socially-oriented or mixed-income residential development, particularly through public-private collaboration and regulatory incentives.

Real Estate Investment Funds (REIFs) regulated under Capital Markets Communiqué III-52.3, offer an alternative pooled investment structure managed by licensed portfolio management firms. Unlike REITs, REIFs are non-corporate entities and are generally available only to qualified investors, including pension funds, institutional investors, and high-net-worth individuals.

REIFs are subject to portfolio constraints, with a minimum of 80% of assets required to be invested in:

- Residential and commercial real estate;
- Land and development rights;
- Real estate-backed securities or infrastructure-linked assets.

Their structure allows for international diversification, flexible asset allocation, and tax optimization, making them attractive for long-term institutional investors. REIFs have also facilitated the channeling of capital into land banking, urban regeneration, and large-scale mixed-use projects, especially in municipalities with limited fiscal capacity. As of 2024, dozens of REIFs were in active operation, often working in tandem with major construction groups and real estate developers.

Besides this, a major regulatory innovation was introduced with the amendment to Communiqué III-52.3, published in the Official Gazette on July 17, 2024, which established the legal basis for Project-Based REIFs. These funds are permitted to invest directly in ongoing residential real estate projects, provided that:

- At least 50% of the gross floor area is designated for housing use;
- The project has been independently appraised and certified by a CMB-authorized valuation expert.
- The fund structure includes clearly defined exit mechanisms and governance safeguards.

Project REIFs aim to bridge the gap between capital markets and real sector development, offering developers access to equity-like capital while providing investors exposure to real assets with identifiable income streams. They are also viewed as a potential platform for integrating end-user financing models, though current legislation does not yet allow households to convert fund shares into property titles directly.

One of the most significant recent developments in Türkiye's real estate capital markets is the launch of the country's first affordable housing real estate investment fund in August 2025. This pioneering fund represents a major policy innovation designed to channel institutional and individual capital into for-sale affordable housing projects, particularly targeting low- and middle-income groups that remain underserved by traditional mortgage systems.

The fund is structured to mobilize long-term institutional capital—particularly from pension funds, participation finance institutions, and socially conscious investors—toward housing developments that are both economically viable and socially impactful. Crucially, the fund is expected to be deployed in conjunction with Türkiye's "Land-First, Then Housing" model, wherein participants initially acquire land shares and subsequently contribute to the financing of vertical construction over time. This phased approach enables the REIF to co-finance the construction stage of projects where land ownership is already decentralized, thereby reducing speculative land hoarding and enhancing affordability through equity-based participation.

Unlike housing funds focused on rental stock, this REIF is specifically designed to promote affordable homeownership. In doing so, it draws on global best practices in the use of capital market instruments for socially targeted housing finance. Notable international precedents include:

- The Low-Income Housing Tax Credit (LIHTC)-linked REITs in the United States, which support the development of for-sale housing units within community land trust structures;
- HDB-linked resale market mechanisms in Singapore, which use institutional finance to maintain affordability in the public homeownership sector;
- Malaysia's PR1MA-linked private financing platforms, which blend public land allocation with private equity investment and structured end-user financing.
- Türkiye's Affordable Housing REIF adapts several core features from these models, including:
- Pre-defined affordability criteria, based on national household income segmentation;
- Project-level capital allocation, ensuring targeted investment flows only into qualifying developments;
- Blended financing structures, where public agencies contribute land or early-stage equity and private investors finance construction;
- Exit mechanisms, such as resale restrictions and anti-speculation covenants, to ensure long-term affordability and community retention.

Though still in its pilot stage, the fund is expected to serve as a scalable model for expanding affordable housing finance through regulated capital market vehicles. Its architecture provides an integrated platform for mobilizing long-term domestic savings—particularly through pension funds and participation banking—as well as for attracting impact-oriented foreign capital aligned with environmental, social, and governance (ESG) mandates.

If successfully implemented and scaled, Türkiye's affordable housing REIF could serve as a blueprint for other OIC member states, particularly those with:

- Surplus public or waqf land holdings;

- Strong retirement savings systems;
- Limited fiscal space for direct housing subsidies;
- And significant demand for dignified, affordable homeownership.

The model illustrates how capital market instruments can support fiscally sustainable and socially equitable housing strategies—without relying solely on state budgets or speculative real estate development.

Real Estate Certificates, introduced by TOKİ and the Capital Markets Board (CMB) in a 2017 pilot, aimed to create a fractional investment instrument linked to specific housing projects. The model enabled individuals to purchase certificates on the stock exchange, representing defined shares of a housing unit, which could later be redeemed for ownership or a pro-rata payout upon project completion.

Although conceptually promising, the initial 2017 issuance faced implementation challenges:

- Conflicts between primary (ownership-seeking) and secondary (liquidity-seeking) investors;
- Lack of clarity in conversion rights and prioritization;
- Low trading volume and price volatility on Borsa Istanbul.
- As a result, the instrument initially failed to achieve market depth and further issuance was suspended for several years.

However, in August 2025, the model was revived through a large-scale issuance led by TOKİ and Emlak Konut REIC for the Damla Kent Project. Public offering of the real estate certificates took place between 4–8 August 2025 via a "fixed-price book-building" method, with each certificate priced at TRY 7.59. The offering included 1,923,481,773 certificates, alongside an additional 897,111,722 certificates for oversubscription sales. All certificates offered—both in the base and additional allotments—were fully sold, generating a total issuance size of TRY 21.4 billion.

Market demand was notably strong: excluding the additional allotment, demand reached 3,595,903,893 certificates—equivalent to 1.87 times the initial offering. This level of oversubscription reflected renewed investor interest in real estate certificate instruments when backed by large-scale, high-visibility housing projects and supported by robust institutional sponsors.

The Damla Kent issuance demonstrates that, under the right market conditions—clear contractual frameworks, large project scale, and credible public-sector participation—real estate certificates can serve as a viable capital market instrument for financing housing developments in Türkiye. For OIC member states, this experience offers valuable insights into how fractional property investment models can mobilize retail and institutional capital without requiring full mortgage financing. In contexts where upfront capital barriers are high but securities markets are functional, adapting such instruments—potentially in Shariah-compliant formats—could expand housing access, enhance market participation, and reduce dependence on traditional lending channels.

While Türkiye has made significant institutional and legal advances in promoting real estate-backed investment vehicles, several constraints persist:

- Underdeveloped secondary markets limit asset liquidity and inhibit investor exit options.
- Regulatory fragmentation between housing authorities and financial regulators creates coordination gaps.
- Low financial literacy among potential retail investors undermines broader participation.

- The lack of incentive structures for pro-poor or rental housing investments reduces alignment with affordability goals.

Given the predominantly Muslim population in Türkiye and across OIC Member Countries, the integration of Islamic finance principles into real estate capital market instruments represents a crucial opportunity. Shariah-compliant structures—such as Sukuk al-Ijara (lease-backed certificates), Mudarabah-based funds, and Istisna-based development financing—can be effectively used to mobilize equity and quasi-equity capital for housing projects without violating interest prohibitions. In Türkiye, there have been early attempts to align Real Estate Investment Funds (REIFs) with Islamic finance by limiting investment to tangible assets and excluding conventional debt instruments. However, institutional-scale Shariah-compliant housing funds remain underdeveloped. Future innovation may include the issuance of real estate Sukuk backed by completed or income-generating housing assets, or the establishment of Waqf-linked REITs that pool charitable land holdings for affordable housing purposes. Aligning regulatory frameworks—particularly CMB guidelines—with the operational logic of Islamic finance could unlock capital from participation banks, pension funds operating under Islamic principles, and international impact investors targeting faith-based ESG strategies. Such integration would not only deepen domestic capital markets but also enhance the social acceptability and financial inclusivity of real estate investment vehicles across the OIC region. Future policy should prioritize:

- Greater harmonization between housing policy and capital markets regulation;
- Legal clarity on asset-backed securitization and fund-to-title conversion mechanisms;
- Targeted public incentives for REITs and REIFs investing in social or rental housing;
- Integration of retirement savings and Islamic finance into real estate capital market instruments.

In sum, Türkiye's experience reveals both the promise and the complexity of leveraging capital markets for housing development. As a replicable model for other OIC Member Countries, the country offers a blueprint for designing financial innovations that are technically sound, investor-friendly, and gradually adaptable to housing affordability objectives.

REIF-Pension Fund-Diminishing Partnership Housing Financing Ecosystem

Sümer (2024) introduced a sustainable housing finance model that combines principles from the sharing economy, asset-backed financing, and collective investment, offering shared returns. The framework also redefines the role of conventional, participation, and development banks, integrating them into the system. Within this model, an asset or portfolio management company establishes a housing fund structured as a real estate investment fund. Developers and investors transfer their housing units to this fund, while prospective homeowners invest in it either directly or through their pension accounts. By purchasing shares of the fund, they acquire partial ownership of the specific unit they intend to occupy. The fund leases the unit to the homebuyer, generating rental income. A partnership-based approach is adopted through the integration of diminishing musharakah. Accordingly, rental payments are proportional to the buyer's ownership stake: for example, if the buyer initially invests 20% of the property's value, they pay rent only on the remaining 80%. Over time, as buyers continue to invest and increase their shareholding, their ownership share grows, and their rental obligation decreases. To safeguard against speculation and housing market bubbles, independent valuation firms determine both sales and rental prices. The capital market authority regulates the process, while the housing funds are subject to regular independent audits. It is believed that this new interest-free financing model, as shown in Figure 4.3, will offer a sustainable alternative to traditional housing financing solutions.

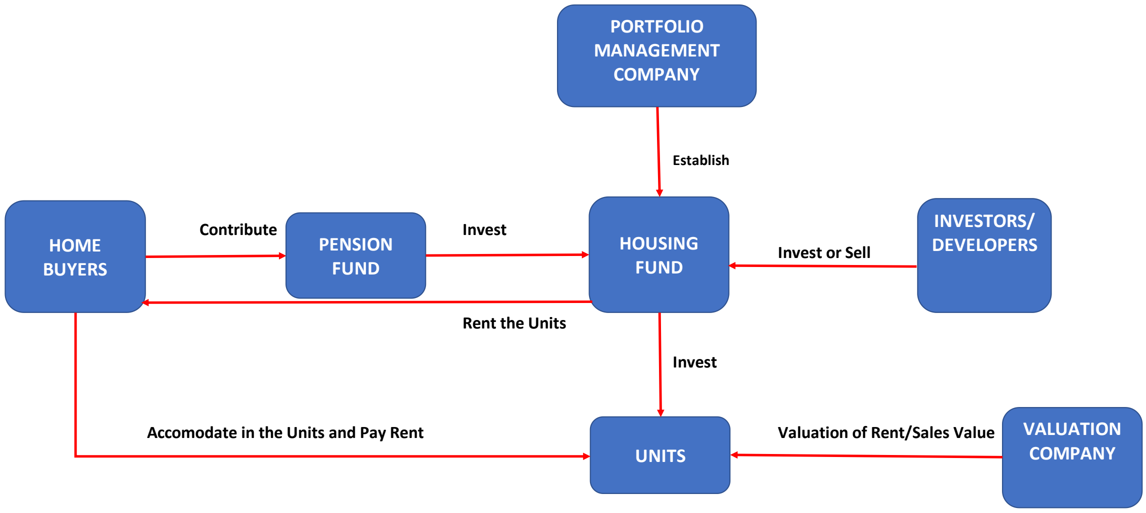

Figure 4.3. A New Sustainable Housing Financing Model (Sümer, 2024)

4.3.4. Lessons Learned for OIC Countries

Türkiye's multifaceted experience in addressing its housing challenges offers a rich repository of lessons for OIC Member Countries. Its journey—characterized by rapid urbanization, economic volatility, and a pressing need for affordable, resilient housing—provides actionable insights into the institutional, financial, and policy innovations necessary to build sustainable housing systems. The key lessons are as follows:

- **The Imperative of a Strong, Centralized Public Agency:** The Housing Development Administration (TOKİ) demonstrates the critical role a capable, vertically integrated public institution can play in delivering housing at scale. Its hybrid financing model—combining revenue from market-rate projects, public land sales, and long-term beneficiary repayments to cross-subsidize social housing—ensures financial sustainability without sole reliance on the state budget. Establishing a dedicated, empowered public housing agency with a clear mandate, operational autonomy, and a self-sustaining financial model is a crucial step for delivering large-scale affordable housing.
- **Strategic Use of Public Land as a Key Enabler:** Türkiye's "My First Home, My First Plot" program highlights the power of leveraging public land to lower the biggest barrier to homeownership: land cost. By providing serviced plots at below-market prices, the government enables incremental and self-build housing solutions, which are often more affordable and culturally adaptable than finished units. Systematically inventorying public land and deploying it strategically through subsidized plot distribution or land contribution in public-private partnerships can dramatically reduce the upfront cost of housing and promote orderly urban expansion.

- **The Need for a Multi-Pronged Financing Strategy:** Türkiye's experience underscores that over-reliance on any single financing mechanism, such as conventional mortgages, is insufficient. Its approach combines:
    - *Demand-side support:* Targeted, subsidized mortgage packages for first-time buyers.
    - *Supply-side incentives*: Credit guarantees for developers to complete projects.
    - *Capital market innovation:* Developing Real Estate Investment Trusts (REITs) and Funds (REIFs) to attract institutional capital.

A robust housing finance ecosystem requires a diversified toolkit. Countries should develop capital market instruments alongside traditional banking products and explore Islamic finance-compliant structures (like diminishing musharakah) to tap into a wider investor and saver base.

- **Embedding Resilience and Inclusivity into Policy Frameworks:** The Twelfth Development Plan explicitly integrates disaster resilience, green building standards, and social inclusion (targeting women, youth, and low-income groups) as core housing objectives. This proactive approach is essential for OIC countries, many of which face significant climate and seismic risks. Housing policies must be forward-looking, mandating building codes that prioritize disaster resilience, promoting energy efficiency, and utilizing data-driven criteria to ensure that the most susceptible populations are prioritized in housing programs.

- **Foster a Pluralistic Ecosystem of Delivery Actors:** While TOKİ leads public delivery, Türkiye's system benefits from proposals and models developed by civil society (MÜSİAD, GYODER, GAPAS), including cooperative housing, Public-Private Partnerships (PPPs) for rental housing, and long-leasehold models. The state cannot solve the housing crisis on its own. Governments should create an enabling environment—through supportive regulation, land access, and incentives—for private developers, cooperatives, NGOs, and community groups to contribute meaningfully to housing supply.

Category	Policy / Program / Model	Key Features	Objectives	Key Challenges & Critiques
STRATEGIC FRAMEWORKS	**Twelfth Development Plan (2024–2028)**	- Integrated, data-driven housing system.	Align housing policy with sustainable urbanization, climate adaptation, and inclusive growth.	- A strategic roadmap; implementation and funding details are delegated to annual programs.
		- Focus on disaster resilience, urban transformation, and affordability.		
		- Modernization of real estate data infrastructure.		
	2025 Presidential Annual Program	- **100,000 new social housing units.**	Operationalize the Development Plan with concrete targets, timelines, and fiscal allocations.	- Annual program; long-term sustainability depends on continuous political and fiscal commitment.
		- **"Nation Gardens"** (85M m^2 of green space).		
		- **"Half from Us"** urban transformation subsidy (Istanbul).		
		- Establishment of a **Real Estate Valuation Information Center.**		
MAIN HOUSING PROGRAMS	**TOKİ (Housing Development Administration)**	- Primary state agency for social housing and urban transformation.	Mass production of affordable, disaster-resilient housing. Achieved ~1.17 million units since 2002 (87% social housing).	- Centralized model may lack local contextual sensitivity.
		- **Vertically integrated model:** land acquisition, design, construction, allocation.		- Scale of delivery still insufficient to meet total demand.
		- **Hybrid financing:** cross-subsidization from market-rate projects, land sales, and long-term repayments.		- Focus on ownership excludes rental options.
		- Allocation via public lottery targeting low/middle-income, first-time buyers.		
	"My First Home, My First Plot" Program	- Provides **serviced residential and commercial plots** at below-market prices.	Lower the entry barrier to homeownership by decoupling land cost from construction cost.	- Requires beneficiaries to have capital/credit for construction.
		- Installment-based repayment.		- Success depends on availability of state-owned land.
		- Enables incremental self-build or cooperative housing.		
	Urban Transformation & Risk-Based Renewal	- Focus on upgrading aging stock in high-risk seismic zones.	Improve disaster resilience, safety, and infrastructure in existing urban areas.	- Risks of **gentrification** and **displacement** of low-income residents.
		- Uses PPP models and state subsidies (e.g., "Half from Us").		- Requires strong regulatory enforcement and community participation.

Table 4.7. Housing Programs in Türkiye

Category	Policy / Program / Model	Key Features	Objectives	Key Challenges & Critiques
FINANCING MODELS & INCENTIVES	**Housing Finance Initiative (2022)**	- **1. "My First Home" Package:** Subsidized mortgages (0.99% rate) for first-time buyers of new homes. - **2. FX/Gold Conversion Package:** Lower rate (0.89%) for buyers converting FX/gold into TL. - **3. Construction Guarantee Package:** State-backed loans for developers who agree to price caps.	Stimulate demand (ownership) and supply (construction) amidst high inflation and tight credit.	- Demand-side subsidies can inflate prices if supply is constrained. - Excludes those without savings or formal credit history.
	Saving Financing Companies (SFCs)	- Regulated, licensed entities that manage collective savings pools. - Members contribute regularly; funds are allocated (often by lottery) for housing purchases. - **47.9B TL in assets, 399k customers (2024).**	Provide an alternative, Shariah-compliant-friendly financing path for those excluded from banks.	- Still a relatively small sector compared to total housing need.<br- Requires high levels of trust and regulatory oversight.
	Land-First, Then Housing Model	- Two-phase model: 1) acquire land share via installments, 2) finance construction later. - Decouples large upfront cost, allows gradual investment.	Enable homeownership for households with irregular income flows.	- **Developer risk:** Project delays or bankruptcy can leave owners with worthless land shares. - Requires clear contracts and strong consumer protection laws.
CAPITAL MARKET INSTRUMENTS	**Real Estate Investment Trusts (REITs)**	- **48 publicly traded REITs (2024).** - Invest in real estate assets; must be listed and distribute income. - **Tax-exempt** status.	Mobilize institutional and retail capital for real estate development.	- Primarily focused on commercial and high-end residential, not affordable housing.
	Real Estate Investment Funds (REIFs)	- Pooled funds for qualified investors. - **Project-Based REIFs (2024):** Can invest directly in ongoing housing projects. - **Affordable Housing REIF (2025):** Pioneering fund to channel capital into for-sale affordable projects.	Diversify funding sources away from banks and state budgets into capital markets.	- New and untested in the affordable housing sector. - Complex regulatory environment.
	Real Estate Certificates	- Fractional investment instrument piloted by TOKİ (2017). - Investors buy shares of a specific housing project on the stock exchange.	Enable small investors to participate in real estate development.	- **Failed pilot:** Low liquidity, conflicts between investors, unclear conversion rights.
CIVIL SOCIETY & ALTERNATIVE MODELS	**Housing Cooperatives**	- Member-owned, democratic entities for self-build housing. - Historically provided ~30% of supply (1980s), now <1%.	Deliver cost-efficient, community-oriented, and socially sustainable housing.	- **Systematically marginalized** since the 2000s due to dominance of TOKİ and private developers. - Lack of access to low-cost financing and public land.
	NGO Proposals (MÜSİAD, GYODER, GAPAS)	- **MÜSİAD:** Public land auctions with price caps, density bonuses for social housing.	Provide innovative, market-responsive solutions to	- Remain as proposals; not yet adopted at a national policy level.

		- **GYODER:** PPP rental housing models with income-indexed rents.	complement state-led programs.	- Require significant regulatory changes to implement.
		- **GAPAS:** Long-leasehold models to reduce upfront costs.		
ISLAMIC FINANCE INTEGRATION	**Diminishing Musharakah & REIF-Pension Fund Model**	- Model proposed by Sümer (2024).	Provide a Shariah-compliant, interest-free, and sustainable housing finance alternative.	- **Theoretical model;** not yet implemented or tested at scale.
		- A Real Estate Investment Fund (REIF) holds properties.		- Requires deep coordination between capital market, pension, and housing regulators.
		- Buyers purchase shares in the fund (via pension funds or directly), increasing ownership stake over time.		
		- Pay rent only on the portion they do not own.		

Table 4.8. Housing Financing Models in Türkiye

- **The Critical Role of Data and Regulatory Infrastructure:** Türkiye's plans emphasize modernizing cadastral systems, creating real estate valuation databases, and developing 3D urban models. Reliable data is the bedrock of effective policy design, risk-based urban transformation, and attracting investment. Investing in land registry modernization, transparent property valuation systems, and urban information systems is a prerequisite for efficient housing markets, reducing informality, and enabling innovative financial mechanisms, such as securitization.

- **Align Housing Policy with Macroeconomic Stabilization Goals:** Türkiye's FX/Gold-conversion mortgage package illustrates how housing policy can be designed to support broader economic objectives, such as encouraging the repatriation of foreign assets and strengthening the local currency. Housing finance instruments should be designed with consideration for macroeconomic conditions. They can be powerful tools for achieving monetary and fiscal policy goals, but they must be carefully calibrated to avoid fueling asset bubbles or unsustainable household debt.

- **Adaptability and Context-Specific Solutions are Key**: Türkiye's model is not a one-size-fits-all solution. It offers a portfolio of tools—from large-scale state production to plot-based access and capital market funds—that can be selectively adapted. The success of a "Land-First, Then Housing" model or housing cooperatives, for instance, depends heavily on local legal frameworks, cultural norms around ownership, and the capacity of financial institutions. Policymakers should diagnose their specific national constraints (e.g., land availability, depth of capital markets, prevalence of informality) and adapt the most relevant components of Türkiye's approach, rather than attempting to replicate it in its entirety.

In conclusion, Türkiye's primary lesson is that solving the housing affordability crisis requires an integrated, multi-stakeholder strategy that combines strong public institutions, strategic land management, diversified finance, and a long-term commitment to resilience and inclusion. There is no single magic bullet; progress is achieved through the coherent alignment of public policy, private investment, and community participation within a stable and transparent regulatory environment.

4.3.5. Summary

Türkiye's multifaceted housing ecosystem presents a compelling case study for OIC Member Countries striving to balance affordability, financial sustainability, and urban resilience in the face of rapid demographic and spatial change. Over the past two decades, Türkiye has institutionalized a wide array of housing interventions—from state-led mass housing programs and urban regeneration initiatives to capital market integration and plot-based access strategies—anchored within a strong public governance framework.

The role of the Housing Development Administration (TOKİ) remains central to Türkiye's housing delivery model. With its vertically integrated project pipeline, hybrid financing capacity, and post-disaster reconstruction mandate, TOKİ has demonstrated how a public institution can operate at scale while targeting low- and middle-income populations. Its approach, emphasizing long-term affordability, eligibility criteria based on social need, and transparency in allocation mechanisms, offers valuable lessons in equitable housing provision.

Parallel to this, the Ministry of Environment, Urbanization, and Climate Change has expanded the scope of housing policy through land-based solutions such as serviced plot distribution and the "My First Home, My First Plot" initiative, which lowers entry barriers for self-build housing. These interventions illustrate the importance of enabling infrastructure, land regulation, and decentralized access modalities in broadening the housing opportunity structure.

Perhaps most notably, Türkiye has integrated real estate-backed capital market instruments—including REITs, REIFs, real estate certificates, and project-based investment funds—into its housing finance architecture. This financial diversification enhances the system's resilience and creates alternative pathways for mobilizing long-term capital, even though secondary market development and legal harmonization remain incomplete. The model's emphasis on bridging institutional investment with social objectives is especially relevant for OIC economies seeking to expand housing finance beyond state budgets and donor flows.

Türkiye's experience also highlights a critical dimension often overlooked in policy design: the capacity to coordinate across ministries, municipalities, regulatory bodies, and civil society. From MÜSİAD's cooperative-based proposals to GYODER's PPP frameworks and GAPAS' tenure innovations, the ecosystem benefits from a pluralistic policy dialogue that leverages both public authority and private sector dynamism.

Nevertheless, challenges persist. Structural bottlenecks such as urban-rural disparities, informality in land tenure, and exposure to natural hazards continue to affect housing security. Moreover, mechanisms to align climate resilience, social inclusion, and financial innovation are still in the process of evolving.

For OIC Member Countries, Türkiye offers not a singular model but a portfolio of interrelated practices—each adaptable depending on local institutional capacity, financial maturity, and political will. Its layered system, where state provision, market-based finance, and community participation interact dynamically, serves as a practical reference point for designing context-sensitive, investment-ready, and socially equitable integrated housing strategies.

Türkiye's housing trajectory reinforces a core principle: no single policy instrument can address the full complexity of the housing challenge. Rather, sustained progress depends on aligning public infrastructure, financial tools, institutional governance, and social priorities into a coherent, adaptive, and multi-scalar housing ecosystem.

4.4. MOROCCO (Desk-Based Study)

4.4.1. General Outlook

Over the past six decades, Morocco has undergone a profound demographic and spatial transformation, marked by intense urbanization, which has significantly reshaped housing demand across the country. From 29% in 1960, the urban share of the population reached approximately 67% by 2015 (the most recent data indicate 65.12%), reflecting a fivefold increase in the urban population—from 3 million to more than 20 million residents (Country Profile Morocco, 2014, p. 4). Although the pace of urban growth has slowed in recent decades, the average annual urban population increase is still projected to exceed 290,000 people through 2030, underscoring the ongoing strain on housing systems (Country Profile Morocco, 2014, p. 4).

According to the most recent official statistics (2024), Morocco's total population reached 37.8 million, comprising 6.89 million households, of which approximately 4.49 million reside in urban areas, as shown in Figure 4.5. and 4.6. The urbanization rate currently stands at 1.8% annually, with a population growth rate of 1.01%, underscoring sustained demographic pressures on urban housing systems. Notably, the three largest cities—Casablanca, Rabat, and Fes—continue to concentrate the bulk of urban expansion and housing demand. Despite the progress of the VSB programme, an estimated 10.9% of the urban population still lives in slum conditions, highlighting the persistent challenge of informal settlements.

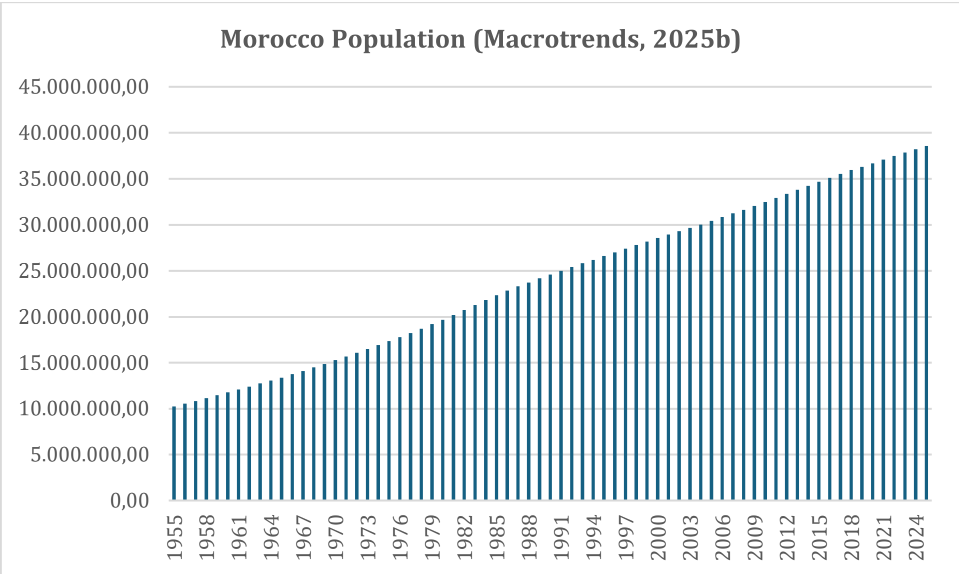

Figure 4.4. Morocco Population ***(Macrotrends, 2025b)***

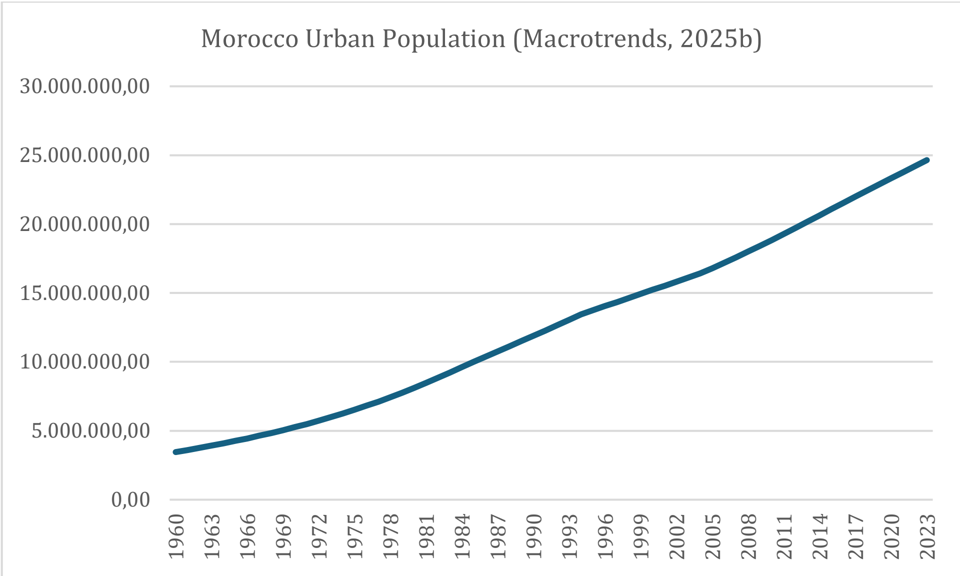

Figure 4.5. Morocco Urban Population ***(Macrotrends, 2025b)***

This demographic expansion has created both opportunities and acute challenges. On the one hand, urban areas have served as engines of economic growth and modernization. Conversely, rapid and sometimes unplanned urbanization has outpaced the development of adequate housing and infrastructure. Despite significant progress in formal housing provision, Morocco faces affordability constraints, especially for low- and middle-income households. According to UN-Habitat (2024, p. 16), nearly 30% of Moroccan households are considered cost-burdened, spending over 30% of their income on housing-related expenditures. Moreover, spatial disparities remain pronounced, with housing affordability being more critical in major agglomerations such as Casablanca, Marrakech, and Rabat, where land scarcity and high demand have driven up prices (Lall et al., 2019, p. 9).

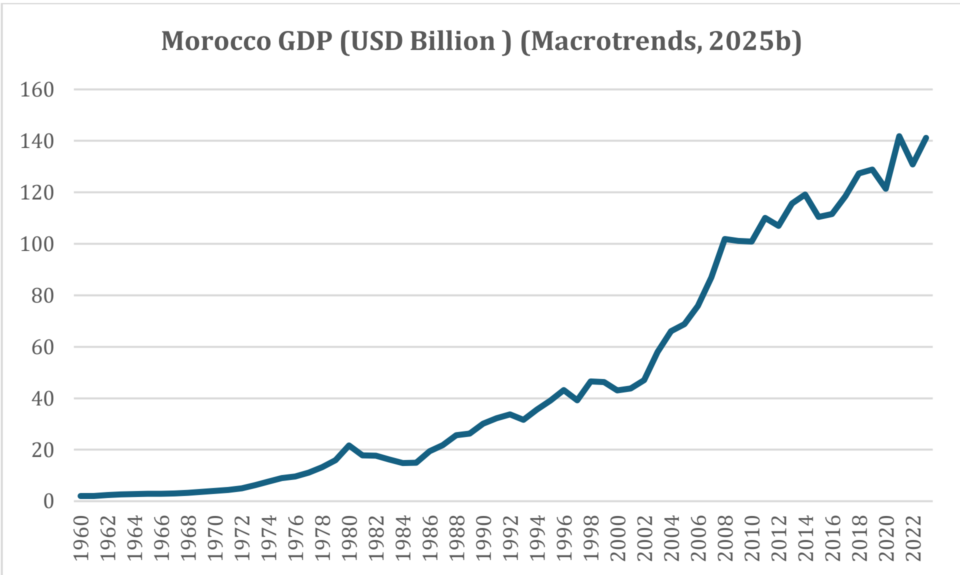

Figure 4.6. Morocco GDP (Macrotrends, 2025b)

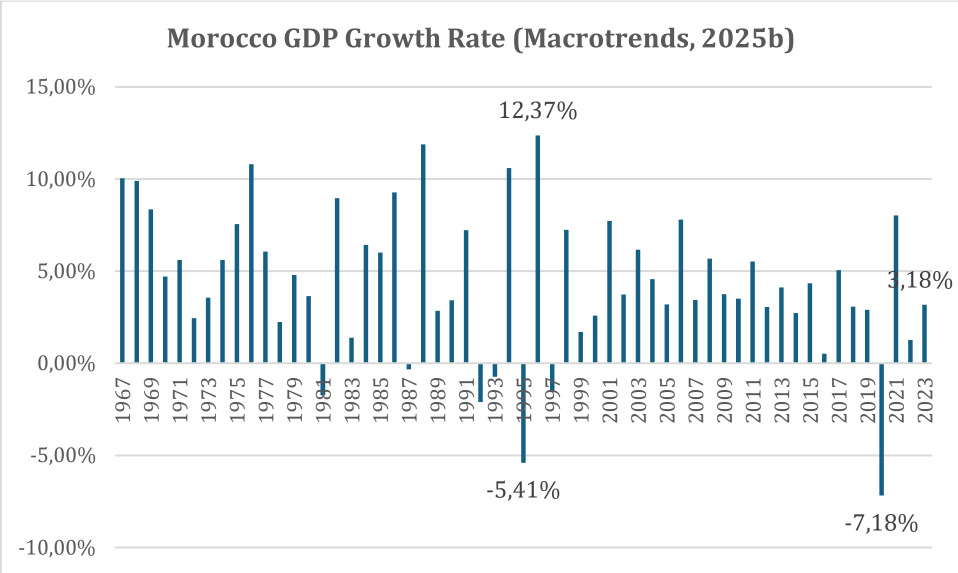

Figure 4.7. Morocco GDP Growth Rate *(Macrotrends, 2025b)*

The legacy of informal settlements continues to exert structural pressure on urban housing markets. Although the national housing deficit has declined substantially from an estimated 1.2 million units in the early 2000s to less than 400,000 in the early 2020s, many newly delivered units remain unaffordable or geographically peripheral (World Bank, 2023, p. 12; CAHF, 2024, p. 130). The Centre for Affordable Housing Finance (2024, p. 131) reports that the cheapest newly built formal house in Morocco costs approximately USD 14,478, while Morocco's Gross National Income (GNI) per capita stands at USD 3,020—resulting in a price-to-income ratio (PIR) of 4.8. This figure exceeds the generally accepted affordability threshold of 3.0 and reflects systemic housing inaccessibility.

Rural-to-urban migration has played a pivotal role in exacerbating urban housing pressure. Although natural urban growth has overtaken migration as the primary driver of urban expansion since the 2000s, rural migrants still account for an estimated 35% of annual urban population increases (Country Profile Morocco, 2014, p. 4). These groups are frequently relegated to peripheral settlements or informal housing zones due to limited access to credit and rising land values in well-serviced urban cores. The Moroccan High Commission for Planning emphasizes that this demographic trend has perpetuated urban inequality, housing informality, and increased exposure to climate-related vulnerabilities (Lall et al., 2019, p. 13).

Furthermore, the spatial organization of Moroccan cities has often reinforced socio-economic exclusion. Employment opportunities and basic services are heavily concentrated in urban cores. At the same time, low-income housing production is typically situated on the outskirts, resulting in high transport costs and diminished access to job markets (Lall et al., 2019, pp. 18–19). These spatial mismatches undermine housing functionality and social mobility, particularly for informal workers, women-headed households, and youth.

Morocco has pursued various strategic urban planning and housing reforms in response to these complex pressures. However, as the World Bank's urban development policy note emphasizes, "urbanization in Morocco has outpaced urban management," suggesting that the full potential of urban growth has not yet been realized for equitable and inclusive development (Lall et al., 2019, p. 1). Addressing affordability gaps will, therefore, require integrated approaches that reconcile housing production with land markets, employment access, and municipal service delivery. For OIC member countries experiencing similar urban growth pressures, Morocco’s experience illustrates the importance of aligning housing policy with spatial planning, land regulation, and service delivery.

Integrated strategies that simultaneously address informal settlements, housing affordability, and access to urban opportunity are critical to ensuring that urbanization translates into inclusive development. Morocco's demographic and spatial realities mirror challenges seen across the OIC space, making this case particularly relevant for peer learning.

4.4.2. Housing Policies and Programs

Morocco's approach to addressing its housing affordability challenge has evolved over the past two decades from a slum clearance-driven model to a more diversified and programmatic policy framework, aiming to increase housing supply and expand access for low- and middle-income groups. Central to this evolution has been the introduction of large-scale subsidy programs, regulatory reforms, and new institutional delivery mechanisms—all embedded within a broader strategy for economic inclusion and territorial equity.

As mentioned, one of the country's most prominent initiatives was the "Cities Without Slums" (Villes Sans Bidonvilles – VSB) program, launched in 2004 under the supervision of Al Omrane. The program's primary objective was to eliminate all slum settlements by relocating households to serviced housing units, upgrading informal areas, and regularizing land tenure where feasible. By 2010, over 154,000 slum households had been re-housed, and more than 40 cities had been declared slum-free (Al Omrane Group, 2010, p. 5). The program was primarily financed through the Solidarity Fund for Housing and Urban Integration (FSHIU), which was funded by a tax on cement (World Bank, 2006, p. 12). However, subsequent evaluations raised concerns about affordability mismatches, lack of proximity to jobs and services, and inadequate participatory planning, particularly in cities such as Casablanca and Tangier (World Bank, 2006, pp. 28–30).

Recognizing these limitations, Moroccan authorities shifted toward more demand-responsive and territorially integrated approaches. The most significant outcome of this transition was the launch of the "Logement à 250,000 MAD" (Social Housing Program), which provided tax exemptions and serviced land to developers constructing housing units priced below MAD 250,000 (~USD 24,000). This program, implemented between 2010 and 2022, succeeded in delivering more than 580,000 units nationwide (CDG Capital Insight, 2023, p. 24). Despite this scale, studies by CAHF and UN-Habitat noted spatial exclusion as a persistent problem, with units often located in poorly connected peripheries and lacking adequate social infrastructure (CAHF, 2024, p. 130; UN-Habitat, 2024, p. 16).

To address these shortcomings, the Affordable Housing Strategy 2023–2026 marked a paradigm shift by introducing a demand-side subsidy mechanism targeting households earning less than MAD 10,000/month (~USD 1,000). Eligible families receive a direct state subsidy of MAD 70,000–100,000 (~USD 7,000–10,000), depending on income brackets (Moroccan Government, 2024, p. 6). The shift from supply-side developer subsidies to beneficiary-centered support aims to enhance household agency in housing decisions and improve affordability outcomes.

The strategy also introduces new spatial targeting instruments that link housing delivery with urban planning objectives. These include zoning reforms to encourage higher-density construction in central urban zones, incentives for transit-oriented development, and integration with Morocco's national climate and energy strategies. Furthermore, the state is exploring mechanisms to leverage land value capture and public land banking as part of its future housing delivery toolbox (Ministère de l'Habitat, 2023, p. 14).

Complementing the core housing programs are thematic interventions targeting specific populations. For instance, the "Programme de Logement pour les Classes Moyennes" promotes middle-income housing supply by offering developers fiscal benefits and streamlined permitting procedures (Ministry of Finance, 2024, p. 14). Additionally, a 2021 pilot program on affordable rental housing, developed in cooperation with UNESCWA, aims to broaden tenure options and cater to youth and mobile workers (UNESCWA, 2022, p. 39).

However, structural tensions remain. The persistent dominance of ownership-focused policies limits flexibility and resilience in the housing system. Rental markets remain underdeveloped and often operate informally. Moreover, the affordability threshold is still not met for a substantial share of the population: CAHF (2024, p. 131) reports that the cost of a newly built formal house remains 4.8 times the average annual income, exceeding international affordability benchmarks.

Morocco’s nominal residential property prices have largely remained stable over the past five years, with only moderate fluctuations since their sharp rise in 2017–2019. Compared to consumer price movements, housing prices have shown relative rigidity, underscoring the structural inelasticity of Morocco’s residential property market. This has implications for affordability and investment behavior, especially in a context of fluctuating inflation and wage stagnation.

Recent market trends provide crucial context for assessing the implementation and outcomes of Morocco’s evolving housing policy instruments. In 2023, the Moroccan real estate sector demonstrated early signs of recovery following a prolonged period of stagnation. Overall real estate prices rose by 0.6%, including a 0.1% increase for residential units and 1.5% for land, accompanied by an 8.2% growth in transaction volume (CAHF, 2024). The increase in residential sales (9.5%) and modest appreciation in land values is attributed to renewed investor confidence and government-backed housing programs. However, despite these gains, affordability remains a critical concern. The cheapest newly-built, formal urban house—priced at MAD 250,000 (~USD 25,100) for 50m^2—remains out of reach for most households, especially given the average monthly wage of MAD 1,793 (~USD 180) and a minimum wage (SMIG) of MAD 3,422 (~USD 344) as of April 2024 (CAHF, 2024).

To address the affordability gap, the Moroccan government launched the “Daam Sakane” program in January 2024. This direct housing assistance scheme offers state subsidies of MAD 70,000–100,000 (~USD 7,034–10,048) to eligible low- and middle-income buyers purchasing newly built formal units. As of April 2024, 65,000 applications had been submitted, 90% of which were deemed admissible, although only 8,500 households had received disbursements (CAHF, 2024). The initiative aims to supplement the 2023–2026 Affordable Housing Strategy and marks a transition toward demand-side subsidies that prioritize end-user affordability over supply-side developer incentives.

At the same time, challenges persist. In early 2024, urban land prices dropped significantly—by 3.5% in Rabat, 4.9% in Casablanca, and 1.4% in Marrakech—creating favorable market conditions for new development. However, these prices remain high relative to median incomes, limiting effective demand among lower-income segments (CAHF, 2024). The rental market continues to reflect the structural imbalances of the broader housing system: a modest two-bedroom unit in urban areas rents for approximately MAD 5,500 (~USD 553) per month, far exceeding affordability thresholds for most households when utilities are included.

These figures reinforce the need for Morocco’s housing policies to not only expand supply but also promote spatial equity, improve financial access, and target disadvantaged demographics—particularly women, youth, and informal workers. The current suite of reforms, including digitalization of the subsidy process and stricter oversight of affordability conditions, represents progress, yet sustained inter-ministerial coordination and municipal capacity will be essential to achieving inclusive outcomes.

In summary, Morocco's suite of housing programs has gradually evolved from top-down, supply-driven models to more inclusive, flexible, and territorially grounded strategies. Yet, persistent affordability, spatial integration, and tenure diversity challenges require further policy innovation and sustained investment in urban infrastructure and local governance capacity. The trajectory of Morocco’s affordable housing policies—shifting from supply-side incentives to direct household support—provides a model for OIC countries seeking to refine their affordability strategies. Lessons around targeting, subsidy structure, and spatial integration can inform reforms in similarly constrained urban systems across the OIC region.

Rental Programs

Historically, Morocco's housing policies have strongly favored homeownership, reflecting a political and cultural preference for land-based asset accumulation and stability. According to national housing surveys, ownership rates rose from 53.1% in 1971 to over 75% in 2024, primarily driven by public subsidies, land titling programs, and the expansion of formal mortgage finance (Lam & Feather, 2016, p. 190). However, this ownership-dominant model has generated several long-term structural inefficiencies, including neglecting rental housing, limited flexibility for mobile populations, and reduced accessibility for young and informal workers.

As Morocco urbanized rapidly over the last four decades, the market for rental housing failed to evolve in tandem with demand. Regulatory uncertainty, weak legal enforcement of rental contracts, and limited institutional investment in rental property deterred developers from entering the sector. The private rental market became informal and fragmented, with limited quality control or tenant protections (UNESCWA, 2022, p. 38). As a result, renting has often been an option of last resort, associated with insecurity, overcrowding, and poor dwelling conditions.

In recognition of these constraints, Moroccan authorities have taken initial steps to rebalance the housing system through rental diversification. In 2021, the Government—supported by UNESCWA—introduced a pilot rental housing initiative that aimed to provide affordable units to mobile workers and young professionals in urban centers. This model utilizes public-private partnerships, where the state provides land through long-term leases, and private developers commit to maintaining affordability thresholds over a fixed period (UNESCWA, 2022, p. 39).

In parallel, the Programme de Logement pour les Classes Moyennes has offered incentives for developers to build mid-range housing, targeting households that neither qualify for social housing subsidies nor access market-rate units. While the program primarily supports ownership, it also includes flexible provisions for lease-to-own arrangements and mixed-tenure developments (Ministry of Finance, 2024, p. 14). These interventions represent an emerging awareness that tenure diversity is essential for housing system efficiency and social resilience.

Social inclusion is another priority embedded in Morocco's evolving housing vision. The National Housing Strategy 2025–2035 outlines targeted measures to support female-headed households, representing a significant proportion of Morocco's urban poor but remaining underrepresented among housing beneficiaries. The strategy also addresses the needs of rural-to-urban migrants, whose exclusion from formal tenure systems continues to fuel informality and urban segregation (Ministry of National Territory Planning, 2024, p. 4).

Further efforts are being made to integrate universal design principles, including disability access, gender-sensitive layouts, and community amenities that foster cohesion. Morocco's pilot green housing projects in Marrakesh and Tangier—implemented in partnership with the EIB and IsDB—incorporate both environmental sustainability and inclusive design objectives (EIB, 2024, p. 9; IsDB, 2024, p. 33).

Nonetheless, tenure diversification and inclusion remain in the early stages. The rental housing stock remains informal and underregulated. Cooperative housing models, common in other MENA countries such as Tunisia, are absent from Morocco's legal and institutional framework. Similarly, social housing units are often indistinct from subsidized ownership projects, lacking the long-term management and social services associated with European-style "public housing" systems.

Morocco's housing sector must institutionalize tenure diversity through legal reform, fiscal incentives, and municipal capacity-building. Expanding secure, well-managed rental housing—particularly for youth, migrants, and disadvantaged groups—will foster equitable urban development and reduce overreliance on ownership-driven models. Morocco's efforts to promote tenure diversity underscore the need for flexible housing systems that reflect evolving social needs. For OIC countries with high youth populations and informal labor markets, expanding secure rental options and inclusive policy frameworks is key to equitable urban development.

Sustainability

As climate change intensifies and urbanization accelerates, the need for environmentally sustainable and climate-resilient housing has become increasingly urgent in Morocco. The country is highly exposed to extreme weather events, coastal erosion, and desertification, which directly impact housing quality, settlement stability, and urban infrastructure. According to Morocco's national planning agencies, addressing these risks requires shifting from conventional, resource-intensive construction methods toward integrated, low-carbon, and adaptive urban development (Ministry of National Territory Planning, 2024, p. 5).

Morocco's 2025–2035 National Housing Strategy recognizes climate resilience as a core pillar of housing policy reform. The strategy outlines a multidimensional agenda that includes energy-efficient design standards, integration of renewable energy in residential construction, water-saving technologies, and incentives for eco-friendly materials (Ministry of National Territory Planning, 2024, p. 4). These goals are aligned with Morocco's broader commitments under the Paris Agreement and its Nationally Determined Contributions (NDCs), which aim to reduce greenhouse gas emissions by 42% by 2030.

A key development in this area has been implementing green housing pilot projects in Marrakesh and Tangier, which were developed in partnership with the European Investment Bank (EIB) and the Islamic Development Bank (IsDB). These pilots aim to test innovative financing and construction models for climate-friendly housing and serve as replicable templates for larger-scale national programs (EIB, 2024, p. 9; IsDB, 2024, p. 33). Core components of these initiatives include passive building design, solar water heating systems, insulation standards that exceed national codes, and community-level waste management infrastructure.

Financial sustainability is a central concern in scaling such models. As the EIB (2024, p. 10) highlights, upfront costs for green construction in Morocco can be 10–20% higher than traditional methods. However, long-term savings in energy bills and increased asset durability offer compelling value propositions, particularly when combined with concessional loans or blended financing tools. The EIB and IsDB have provided technical assistance to Moroccan institutions in structuring such instruments, including the development of green mortgage products and climate-resilient housing bonds.

Moreover, Morocco's green housing initiatives are increasingly framed within a social inclusion perspective. The IsDB (2024, p. 33) emphasizes that green housing should not be limited to middle- or high-income groups. The pilot projects in Tangier include units reserved for disadvantaged populations, such as women-headed households and rural migrants, ensuring that sustainability gains are distributed equitably.

Despite this progress, several implementation barriers remain. Municipalities often lack technical expertise in sustainable urban planning, and enforcement of energy efficiency standards remains weak, particularly outside major cities. Construction materials with low embodied carbon, such as compressed earth blocks or recycled aggregates, are still not widely used, and training programs for green building professionals are underdeveloped (Ministry of National Territory Planning, 2024, p. 5).

In the coming decade, Morocco's ability to scale sustainable housing will depend on effective institutional coordination, localized capacity building, and continued access to international climate finance. Integrating climate resilience into affordable housing frameworks is not merely an environmental imperative—it is a socio-economic necessity that directly affects urban equity, public health, and national development outcomes.

Morocco’s climate-aligned housing programs offer a compelling model for OIC countries facing environmental vulnerabilities. Embedding sustainability in housing policy—through green finance, design standards, and inclusive delivery—can help Member Countries build urban systems that are both resilient and equitable.

4.4.3. Housing Financing Models

Access to housing finance remains a defining constraint for expanding homeownership and improving housing affordability in Morocco. While Morocco has made notable progress in developing its financial sector and diversifying mortgage instruments since the early 2000s, structural barriers persist, particularly for low-income households and those engaged in informal economic activities. The country's financial system has traditionally favored salaried borrowers with formal employment contracts, excluding a large urban population from mortgage markets (World Bank, 2006, p. 16).

In response to this systemic exclusion, Morocco introduced the Fogarim Guarantee Fund in 2004, explicitly designed to enable credit access for individuals with modest and irregular incomes. Administered by the state and supported by the Caisse de Dépôt et de Gestion (CDG) and the Ministry of Economy and Finance, Fogarim provides partial guarantees to banks issuing loans to informal sector borrowers. The guarantee covers up to 70–80% of the loan amount in case of borrower default. It is financed by borrower-paid insurance premiums and fiscal transfers from the Solidarity Fund for Housing and Urban Integration (FSHIU) (Lam & Feather, 2016, p. 194; World Bank, 2006, p. 17).

Fogarim's impact has been significant: between 2004 and 2014, the program supported over 117,000 mortgage loans, totaling USD 1.85 billion in value and benefiting more than half a million people. Approximately 76% of recipients were from the lowest-income quintiles, and a majority of the borrowers were women, highlighting the program's inclusivity outcomes (Lam & Feather, 2016, p. 195). The average loan size was USD 15,749, with an average repayment term of 20 years. An important innovation was the incorporation of life insurance as collateral, enhancing the risk profile of borrowers with limited financial documentation (Lam & Feather, 2016, p. 196).

Alongside Fogarim, Morocco operates FOGALOGE, a second guarantee scheme tailored to middle-income households. However, both schemes face mounting pressure from macroeconomic instability. Between 2022 and 2023, inflation and currency depreciation raised construction costs, while the Central Bank's tightening of monetary policy elevated mortgage interest rates to an average of 4.2% annually (Bank Al-Maghrib, 2024, p. 18). Combined with stringent down payment requirements—typically ranging from 20–30%—and informal income sources that are difficult to verify, these conditions have contributed to a decline in new mortgage uptake, particularly among Fogarim-eligible households (CAHF, 2024, p. 132).

Another persistent challenge is the geographic mismatch between housing supply and financial service coverage. Banks and mortgage providers tend to concentrate their lending operations in economically dynamic urban centers, while low-income housing production is often located on city outskirts or in secondary towns. This limits access to financial advice, credit information, and in-person banking services for many potential beneficiaries, especially women, informal workers, and rural-to-urban migrants (Country Profile Morocco, 2014, p. 10; Lall et al., 2019, p. 19).

Despite these constraints, Morocco's housing finance ecosystem has developed a relatively diverse institutional landscape. Major banks such as Crédit Immobilier et Hôtelier (CIH) and Banque Populaire offer tailored mortgage products, often linked to state-backed guarantee schemes. Recent reforms have also introduced efforts to digitize credit scoring systems, incorporate social performance indicators into underwriting, and encourage savings-based homeownership mechanisms for informal workers (CDG Capital Insight, 2023, p. 29).

Nevertheless, Morocco's mortgage market penetration remains limited. In light of this, a strategic shift toward blended financial models—incorporating demand-side subsidies, microfinance instruments, and community-based savings schemes—becomes imperative. Furthermore, future policy frameworks must address gender disparities, land collateral risks, and the affordability gap for both new construction and rental housing investments.

In Morocco, the ratio of outstanding mortgage loans to GDP has consistently remained below 2% over the past decade, highlighting the limited penetration of mortgage finance in the country's housing market. This stagnation reflects systemic limitations in mortgage market expansion. Despite some growth in absolute lending volumes, Morocco's housing finance sector remains shallow relative to GDP benchmarks observed in peer economies. This suggests persistent constraints in financial inclusion, access to credit, and the uptake of formal housing finance products.

In conclusion, while Morocco's housing finance system has introduced impactful innovations—particularly through the Fogarim model—its scalability is hindered by interest rate volatility, income informality, and spatial inequities. Building a truly inclusive housing finance framework will require adaptive regulation, institutional coordination, and expanded engagement with community and informal finance actors. **For OIC countries facing similar constraints in mortgage accessibility and financial inclusion, Morocco's dual approach—combining state-backed guarantees with digital and savings-based reforms—offers valuable pathways.** Integrating financial innovation with affordability targeting can enhance access to homeownership for underserved populations in both urban and peri-urban areas.

4.4.4. Lessons Learned for OIC Countries

Morocco's two-decade-long journey in addressing its housing affordability crisis offers a rich repository of lessons for other OIC member countries facing similar pressures, including rapid urbanization, informality, and financial exclusion.

The Imperative of Integrated Urban Planning: Morocco's experience clearly demonstrates that housing policy cannot be developed in isolation. The shortcomings of the VSB and social housing programs—particularly the creation of affordable but poorly located housing stocks—highlight that success requires integrated strategies that simultaneously address housing production, land market regulation, spatial planning, transportation infrastructure, and economic opportunities. Isolated housing projects risk exacerbating urban sprawl and socio-economic exclusion. Policies must be coherent across sectors to ensure new housing is connected to jobs and services.

- **Strategic Transition from Supply-Side to Demand-Side Support:** Morocco's policy evolution provides a compelling model for transitioning from developer-centric subsidies (e.g., tax breaks for builders) to direct household subsidies (e.g., "Daam Sakane"). Demand-side mechanisms are often more efficient, as they enhance household choice and agency, allow for better targeting of the neediest populations, and stimulate a more responsive and competitive market for affordable units. In contrast, supply-side models can lead to homogeneous, poorly located stock.

- **Financial Innovation for Inclusion is Possible and Powerful:** The Fogarim guarantee fund is a globally recognized example of how targeted public intervention can de-risk lenders and dramatically expand mortgage access to informally employed and low-income populations—demographics traditionally considered "unbankable." This model is highly replicable in OIC countries with large informal sectors. The key lessons are the need for a clear design (e.g., incorporating insurance), strong public institutional backing (e.g., from a national development fund like CDG), and awareness that its effectiveness can be vulnerable to macroeconomic volatility (e.g., rising interest rates).

- **The Critical Role and careful Management of the Private Sector**: Engaging the private sector is essential for scaling housing delivery, but it requires careful stewardship. Morocco's experience demonstrates that while tax incentives can mobilize substantial private investment (e.g., 580,000 units), without robust accompanying regulations on location, quality, and integration, private developers will naturally minimize costs and risks, often at the expense of spatial equity. OIC countries should look to Morocco's newer PPP models that emphasize mixed-income, transit-oriented developments and include stronger public oversight and performance-based contracts.

- **The Growing Importance of Tenure Diversity:** Morocco’s historical over-reliance on homeownership has left critical gaps in its housing system, particularly for youth, migrants, and low-income families who need flexibility. Its recent piloting of affordable rental programs signals a vital recognition: diverse tenure options are not a secondary concern but a core component of a resilient and inclusive housing system. OIC countries with young populations and growing informal labor markets should prioritize developing secure rental markets and other flexible tenure models from the outset.

- **Mainstreaming Sustainability and Social Inclusion:** Morocco’s pilot green housing projects in partnership with the EIB and IsDB illustrate that environmental resilience and social inclusion must be embedded into housing policy from the design stage, not added as an afterthought. Making sustainability a core pillar, supported by green finance mechanisms and technical capacity building at the municipal level, is a long-term investment in equitable development. For OIC countries in climate-exposed regions, this is not a luxury but a necessity.

4.4.5. Summary

Morocco's experience addressing housing affordability over the past two decades demonstrates a complex interplay between state-led initiatives, evolving market dynamics, and shifting social and environmental priorities. While the country has made substantial progress in reducing its quantitative housing deficit—particularly through programs like Villes Sans Bidonvilles and large-scale subsidized housing—affordability, spatial inclusion, and tenure diversification remain critical and unresolved dimensions of the housing challenge.

Morocco benefits from a robust public apparatus at the institutional level, notably the Ministry of National Territory Planning and Al Omrane Group, which provides centralized direction and operational delivery. Strategic reforms have led to the diversification of housing instruments, with a notable transition from supply-side subsidies to demand-side mechanisms, exemplified by the Affordable Housing Program 2023–2026. Introducing direct household subsidies signals a more targeted and flexible approach to affordability.

Financial innovations such as the Fogarim Guarantee Fund have been instrumental in expanding mortgage access to informal sector workers and low-income populations. However, the rising cost of finance, a spatial mismatch between housing and opportunity, and the limited depth of Morocco's mortgage market continue to constrain system-wide impact. Meanwhile, public-private partnerships have allowed private developers to scale housing supply, but spatial equity and quality remain concerns—particularly in peripheral zones.

Category	Policy / Program / Model	Key Features	Objectives	Key Challenges & Critiques
MAIN HOUSING PROGRAMS	**Villes Sans Bidonvilles (VSB) (2004)**	- Large-scale slum clearance and rehousing program.	Eradicate slum settlements by relocating households to formal, serviced housing units.	- **Spatial Exclusion:** New units were often built on peripheral, poorly connected land, far from jobs and services.
		- Managed by **Al Omrane Group**.		- **Affordability Mismatch:** Issues with participatory planning and long-term affordability for residents.
		- Financed by a **cement tax** (Solidarity Fund FSHIU).		
	Logement à 250,000 MAD (2010-2022)	- **Supply-side subsidy:** Tax exemptions and serviced land for developers building units under MAD 250k (~$24k).	Rapidly increase the supply of low-cost housing.	- **Persistent Spatial Exclusion:** Units were often concentrated in urban peripheries without adequate social infrastructure.
		- Delivered over **580,000 units**.		- Did not fully solve the affordability gap for the lowest incomes.
	Affordable Housing Strategy (2023–2026) & "Daam Sakane"	- **Paradigm shift to demand-side subsidies.**	Improve affordability by empowering household choice and targeting support more effectively.	- **Early Stage:** As of 2024, while 65k applications were submitted, only 8,500 households had received funds.
		- Direct cash assistance of **MAD 70,000–100,000** to eligible low/middle-income households.		- Success depends on adequate supply of units in the right locations.
		- **Income ceiling:** < MAD 10,000/month.		
	Programme de Logement pour les Classes Moyennes	- Incentives (tax benefits, streamlined permits) for developers to build mid-range housing.	Cater to the "sandwich class" that doesn't qualify for social housing but can't afford market rates.	- Still primarily ownership-focused; includes some lease-to-own provisions.
FINANCING MODELS	**Fogarim Guarantee Fund (2004)**	- **State-backed guarantee** covering **70-80%** of loan value in case of default.	Dramatically expand mortgage access to "unbankable" populations by de-risking lenders.	- **Macroeconomic Vulnerability:** Effectiveness is reduced by high inflation and rising interest rates (avg. 4.2% in 2024).
		- Targets **informal workers** and low-income borrowers.		- **117,000 loans** (2004-2014) showed high inclusivity (76% lowest quintile, majority women).
		- Financed by insurance premiums and FSHIU transfers.		
	FOGALOGE	- A second guarantee scheme tailored to **middle-income households**.	Support homeownership for the middle class.	- Faces similar macroeconomic pressures as Fogarim.
	Market Context & Challenges	- **Mortgage-to-GDP ratio <2%** (very low penetration).	Develop a deeper, more inclusive housing finance system.	- **Structural Barriers:** Income informality, geographic exclusion, and high transaction costs limit access to finance.
		- **High down payment** requirements (20-30%).		
		- **Geographic mismatch:** Banks are in city centers, affordable housing is on the outskirts.		

Table 4.9 Housing Programs and Financing Models in Morocco

The Moroccan Government's recent emphasis on rental housing, tenure diversity, and social inclusion reflects a growing awareness that ownership-based paradigms alone are insufficient for a dynamic,

inclusive housing system. Women-headed households, rural migrants, and youth remain underrepresented in existing policy tools, necessitating more nuanced and equity-driven interventions.
Perhaps most significantly, Morocco has begun to embed climate resilience and sustainability within its housing frameworks. Pilot projects supported by the EIB and IsDB mark a critical transition toward environmentally adaptive housing models, though challenges persist in mainstreaming green standards, financing mechanisms, and municipal technical capacity.

Morocco's reform trajectory thus offers valuable insights for its policy roadmap and peer countries across the MENA region and the OIC space. The challenge ahead is not simply to build more housing but more inclusive, resilient, and equitable cities.

4.5. SINGAPORE (A Non-OIC Member Country Desk-Based Study)

4.5.1. General Outlook

Singapore stands as one of the most influential and instructive global examples of how affordable housing can be delivered at scale through an integrated, state-led, and socially inclusive model. Despite facing acute spatial constraints, a dense population, and limited natural resources, Singapore has successfully provided accessible, high-quality, and resilient housing to over 80% of its population through public housing schemes, most notably via the Housing and Development Board (HDB). The country's housing system is characterized by its strong institutional coordination, innovative financing mechanisms such as the Central Provident Fund (CPF), public-private partnership models like Executive Condominiums (ECs), and a profound commitment to social inclusion, ethnic integration, and climate resilience.

This section provides a comprehensive analysis of Singapore's housing ecosystem through multiple lenses: the pressures of urbanization and affordability gaps, institutional frameworks and land governance, housing finance innovations, policy instruments that bridge demand and supply, tenure diversity and rental housing, and environmental sustainability. While the context of Singapore as a city-state may differ from most OIC member countries, the underlying policy architecture, long-term visioning, and executional discipline offer critical lessons. For OIC countries grappling with informal urban growth, housing inequality, and fiscal constraints, Singapore's approach presents a transferable framework for rethinking affordable housing-not as a sectoral issue, but as a multidimensional pillar of inclusive urban development.

Singapore's journey toward housing affordability begins with its unique urban constraints: extreme land scarcity, dense population growth, and the legacy of slum settlements. As a city-state with no hinterland, Singapore faced acute housing shortages during rapid post-independence urbanization. Understanding how the state strategically responded to these pressures offers valuable insights for OIC countries facing urban expansion, unregulated settlements, and spatial inequality —challenges that Singapore managed to transform into drivers for inclusive housing reform.

Singapore's housing affordability discourse cannot be dissociated from its extreme spatial limitations and demographic pressures. With a land area of only 730 square kilometers and a population exceeding 5.9 million, the city-state operates under one of the highest population densities in the world, approximately 8,000 people per square kilometer, far surpassing that of most OIC countries (Phang, 2024). Unlike many cities that can expand horizontally, Singapore's urban growth is tightly contained by geopolitical boundaries and military buffer zones, compelling the state to maximize vertical density and multifunctional land use (Sustainable and Affordable Housing Policy – Singapore Perspective, 2022).

Urbanization has been rapid and sustained, driven not only by natural population growth but also by strategic economic immigration policies targeting high-skilled workers. As a result, the demand for centrally located, well-serviced housing continues to outstrip supply, despite the extensive public housing stock.

For OIC Member Countries with growing megacities (e.g., Jakarta, Cairo, Karachi), Singapore demonstrates how physical constraints can be turned into opportunities through vertical housing strategies, integrated planning, and density optimization-if supported by state capacity.At the time of independence in 1965, Singapore faced a critical housing crisis: over two-thirds of the population lived in overcrowded kampungs, often lacking basic amenities such as sanitation, tenure security, or structural safety (Public Housing in Singapore, 2021). The state responded by empowering the Housing and Development Board (HDB), formed in 1960, with legal powers under the Housing and Development Act, to launch a nationwide slum clearance and rehousing campaign.

Between 1960 and 1980, HDB built over 350,000 housing units, often replacing informal settlements with fully serviced high-rise estates. The speed, scale, and effectiveness of this intervention are rarely matched globally, reflecting Singapore's unique model of state developmentalism (Hamizah & Tajul, 2020).

This history is especially instructive for OIC countries managing unplanned settlements. Many countries rely on donor-led, project-based slum upgrading, which often lacks permanence. Singapore shows the power of long-term state commitment, backed by land acquisition tools and fiscal control.

Despite HDB's quantitative achievements, affordability gaps remain, particularly in:

- The private housing market, where prices have far outpaced median incomes, price-to-income ratios of 12:1 are common in central districts (Teng et al., 2021);
- The HDB resale market, where second-hand flats have experienced speculative inflation despite being initially subsidized.

Affordability is increasingly strained for young adults and middle-income families who fall outside targeted subsidy groups. Moreover, the attractiveness of housing as an investment asset, enabled by liberal capital policies and CPF-linked financing, has increased demand elasticity in a context of constrained supply (Chua, 2020).

This experience resonates with several OIC economies where formal housing is increasingly unaffordable, not only due to supply shortages but also because of asset speculation, lack of public housing stock, and limited mortgage maturity.

Singapore's response has been multipronged:

- Price controls in public housing through subsidized sale prices and income ceilings;
- Resale levy systems to recover part of the subsidy when flats are resold, preventing windfall capital gains;
- Mortgage servicing ratio (MSR) caps to ensure households do not over-borrow;
- Fresh Start Housing Scheme, targeting low-income families who lost previous ownership status (Affordable Housing Singapore, 2019);
- BTO mechanism, aligning construction with real demand, unlike speculative supply in many markets.

These policies reflect a demand-side and supply-side hybrid approach, which has kept the homeownership rate above 90%, the highest in the world (HDB, 2023).

4.5.2. Housing Policies and Programs

Singapore's housing success is rooted in its institutional coherence and long-term vision. The centralized governance model, anchored in the Housing and Development Board (HDB), exemplifies how a single entity can drive planning, construction, financing, and social allocation. This section outlines how strategic alignment between state agencies, fiscal tools, and legal powers created one of the world's most efficient and equitable housing systems, offering structural lessons for OIC member countries struggling with fragmented urban governance and weak implementation capacity.

Singapore's housing governance is anchored in a centralized, state-dominated architecture that enables alignment between land policy, housing provision, and macroeconomic planning. At the apex of this system is the Ministry of National Development (MND), under which multiple specialized agencies function with operational autonomy yet strategic coherence.

The Housing and Development Board (HDB), created through the Housing and Development Act (1959), serves as the primary developer, administrator, and financier of public housing. It not only constructs housing units but also manages allocation, sales, resale rules, pricing strategies, and maintenance across its portfolio (Housing and Development Act, 1959; Yuen, 2021). The Urban Redevelopment Authority (URA) complements HDB by managing Singapore's land use and zoning through statutory master plans (Singapore Housing Practice Series, 2022).

This vertical integration enables Singapore to avoid the policy fragmentation seen in many OIC countries, where housing, planning, and finance are often siloed among competing ministries. Moreover, institutional continuity-HDB has operated under largely stable legal and budgetary mandates since the 1960s-provides a degree of path dependency that ensures consistent outcomes (Hamizah & Tajul, 2020).

A critical enabler of Singapore's housing system is its near-total state control over land. The Land Acquisition Act of 1966, inspired by developmental state models, allowed the government to acquire land at below-market rates for public purposes. As a result, the state now owns approximately 90% of the land in Singapore (Phang, 2024). This legal-institutional structure gives the state extraordinary leverage to:

- Pre-empt speculative land hoarding;
- Allocate land for HDB projects at cost-based, rather than market-based, prices;
- Recycle value captured from land appreciation into further infrastructure investment (Phang, 2024).

By contrast, many OIC countries struggle with fragmented land titling systems, unregistered parcels, or politically contested expropriation procedures. Singapore's model illustrates that land is not merely an input to housing, but a strategic instrument of governance, economic redistribution, and urban form control.

For OIC member countries, especially those undergoing rapid informal urbanization (e.g., Pakistan, Nigeria, or Egypt), establishing a centralized urban land registry and pre-emptive public land banking authority could enable long-term, pro-poor housing strategies.

A dual-layered planning framework governs Singapore's urban development: the Concept Plan (long-term, 40–50 years) and the Master Plan (medium-term, revised every 5 years). These plans integrate spatial, demographic, and economic scenarios to identify where and how housing growth should occur.

URA uses GIS-based zoning simulations, housing demand models, and transport accessibility indices to optimize the location and density of housing sites (New Planner Article, 2023).

HDB then operationalizes these plans through a Build-To-Order (BTO) mechanism. Unlike speculative mass building, BTO flats are constructed only when a certain percentage of buyers have committed, ensuring demand-driven supply and fiscal prudence (Yuen, 2021). The integration between planning and construction also enables real-time responsiveness to population dynamics, including birth rates, migration, and aging trends.

OIC countries often lack such forward-planning tools and instead rely on short-term project approvals. Singapore's model shows the importance of coupling physical planning with demographic and economic forecasting.

Singapore's housing system is distinctive not only for its centralization, but also for the layered coordination across scales:

- **Macro-level:** HDB aligns its strategies with fiscal policy (e.g., housing grants linked to CPF), monetary tools (e.g., mortgage controls), and land-use policy.
- **Meso-level:** New towns are developed as complete ecosystems with commercial, educational, and medical facilities, designed under the Town Council Management Model.
- **Micro-level:** Flats are governed by precinct-level policies on ethnic integration, resale rules, and estate upgrades.

This multiscalar framework minimizes implementation gaps. By contrast, many OIC countries suffer from "last mile" delivery failures due to weak municipal capacities and poor inter-agency cooperation. Singapore illustrates the value of embedded coordination, where execution is not outsourced to local actors without capacity, but rather managed through state-mandated agencies with devolved but supervised functions (Hamizah & Tajul, 2020).

Singapore's housing framework is also a normative project, aimed at shaping citizenship, interethnic harmony, and familial interdependence. The Ethnic Integration Policy (EIP), in place since 1989, mandates quotas for ethnic groups in every HDB block and neighborhood to avoid spatial segregation. While controversial, the policy has ensured ethnic mixing in residential patterns-a sharp contrast to segregated or enclave-based housing in many OIC member countries (Tan, 2021).

Similarly, policies such as the Proximity Housing Grant (which offers cash incentives for children to live near parents) reinforce extended family systems and reduce the future fiscal burden of elderly care (Yuen, 2021). This interweaving of housing with social policy goals provides a multidimensional model of housing as infrastructure for society, not just shelter.

In OIC contexts where housing is often treated as an economic good or aid instrument, Singapore's approach reframes housing as a driver of social cohesion, equity, and national identity. With this institutional foundation firmly in place, the focus shifts to how specific housing programs and affordability instruments were designed to deliver these societal objectives.

At the core of Singapore's housing ecosystem lies a robust and evolving suite of affordability instruments designed to meet the needs of diverse income groups. From Build-To-Order (BTO) flats to targeted CPF-linked grants and resale regulations, the system balances state support with household responsibility. This section unpacks these programs to explore how affordability is engineered through pricing logic, eligibility filters, and equity redistribution, providing insights particularly relevant for OIC countries seeking cost-effective, demand-aligned subsidy mechanisms.

Principles of Affordability: Subsidy, Eligibility, and Ownership Logic

Singapore's public housing system is anchored in a "housing-as-asset" welfare model, where affordability is ensured not by rent control or public leasing, but through subsidized homeownership (Phang, 2024). The state aims to make ownership possible for every eligible citizen by tightly managing four critical variables:

- **Eligibility:** HDB flats are available only to Singaporean citizens or approved family units meeting income ceilings. As of 2023, monthly household income must not exceed SGD 14,000 for new flat purchases (HDB, 2023).
- **Subsidy:** New HDB flats are priced below market value, with the discount embedded in the sales price (not given as a cash subsidy).
- **Ownership Tenure:** HDB flats are sold under a 99-year leasehold; owners cannot buy multiple units or use flats for short-term rental (Tan, 2021).
- **Use of CPF:** Buyers can draw from their mandatory retirement savings (CPF Ordinary Account) to cover down payments and service mortgage installments (Hamizah & Tajul, 2020).

This design ensures affordability without distorting the fiscal budget and embeds housing access into a broader savings-and-asset accumulation strategy.

For OIC countries with constrained fiscal space, Singapore offers a model where "price-based" subsidies (discounted sales) replace cash grants and can be cross-subsidized through land value capture mechanisms (Phang, 2024).

The Build-To-Order (BTO) Scheme: Demand-Responsive Supply

Introduced in 2001, the BTO scheme revolutionized public housing allocation. Instead of building large-scale flats in anticipation of demand, the HDB only launches projects when at least 70% of flats are booked in advance (Public Housing in Singapore, 2021). This approach:

- Reduces unsold inventory and fiscal waste;
- Aligns construction timing with population trends (e.g., marriage rates, fertility);
- Stabilizes prices by limiting speculative construction cycles.

The BTO program prioritizes first-time homebuyers, married couples, and families with children, ensuring the flats support social reproduction and household formation.

For OIC countries suffering from vacant housing projects and misaligned supply, Singapore's BTO approach is a replicable solution to match production with verified demand, especially in urban peripheries.

Housing Grants: Targeted Affordability Enhancers

Singapore employs a multi-layered housing grant system designed to enhance affordability for diverse household types and income groups. The Enhanced CPF Housing Grant (EHG), offering up to SGD 80,000, supports lower-income first-time buyers and is scaled according to income tiers. The Proximity Housing Grant (PHG) provides subsidies of up to SGD 30,000 to families purchasing flats near parents or children, reinforcing intergenerational support systems and social cohesion. Additionally, tailored schemes such as the Step-Up and Fresh Start Housing Schemes assist disadvantaged families, particularly those who have lost previous ownership status, by enabling re-entry into the public housing system through structured grant packages. All grants are disbursed through the Central Provident Fund (CPF) and automatically offset mortgage obligations, thereby reducing monthly out-of-pocket expenditures while reinforcing the state's long-term savings-and-housing integration model (Hamizah & Tajul, 2020; Affordable Housing Singapore, 2019).

For OIC member countries with limited fiscal space and weak mortgage systems, the integration of targeted housing grants into contributory savings mechanisms offers a viable template to promote inclusive homeownership.

Regulation of the Resale Market: Preventing Capital Windfalls

While Singapore permits the resale of HDB flats after a Minimum Occupation Period (MOP) of five years, it imposes multiple controls:

- **Resale Levies:** Sellers must pay a levy when purchasing a second subsidized flat to recover the earlier subsidy.
- Income ceilings and ethnic quotas are applied even in the resale market to maintain social equity and prevent income stratification (Chua, 2020).
- No subletting or flipping is allowed for profit; buyers must use flats for owner-occupation.

This framework prevents HDB flats from becoming speculative commodities and ensures that subsidy benefits circulate through generations.

This mechanism is highly relevant to OIC countries where public housing is often sold off and then rapidly privatized or rented out informally.

Rental Housing Options and Special Needs Programs

While homeownership remains the dominant model, Singapore has rental schemes for households who cannot buy:

- **Public Rental Scheme:** For very low-income groups earning < SGD 1,500/month. Rents are set at 2–10% of household income (Hamizah & Tajul, 2020).
- **Interim Rental Housing:** For families in transition (e.g., divorcees, job loss).
- **Assisted Living Flats (launched in 2021):** Combining small units with community care for seniors.

Singapore's housing model recognizes that homeownership alone cannot meet the needs of a diverse society. Through public rental schemes, transitional housing, assisted living, and ethnic integration policies, the country has developed a multi-tenure framework that embeds inclusivity into spatial design. This section analyzes how housing can become a tool for gender equity, interethnic coexistence, and lifecycle security dimensions, especially pertinent for OIC countries with young, mobile, and socially fragmented urban populations.

Singapore maintains one of the world's highest homeownership rates, with over 90% of households owning their homes, mostly via HDB's 99-year leasehold model (HDB, 2023). This structure allows the state to retain ultimate land control while granting individuals long-term, inheritable tenure.

Unlike many countries that emphasize ownership for wealth creation, Singapore's tenure system is non-speculative by design:

- Owners are restricted from owning multiple subsidized flats.
- Subletting and resale are tightly regulated;
- Leasehold expiration ensures long-term land recycling and avoids intergenerational inequity (Phang, 2024).

For OIC countries with fragmented land markets and inheritance-based sprawl, leasehold public housing provides a replicable mechanism to manage intergenerational equity and urban land conservation.

Singapore's Public Rental Scheme provides a formal, state-guaranteed rental option for households with incomes below SGD 1,500 per month, offering rents ranging from SGD 26 to SGD 275, depending on income and household size (Hamizah & Tajul, 2020). Administered by the Housing and Development Board (HDB), the units are state-owned and maintained, ensuring quality and consistency across rental estates. Priority allocation is granted to the most disadvantaged groups, including elderly persons, single-parent families, and individuals with disabilities. All applicants are subjected to a rigorous means-testing and needs assessment process to ensure an equitable distribution and efficient use of resources. This rental model, though limited in scope, serving just 5% of Singapore's population, demonstrates that targeted public rental housing can coexist with a predominantly ownership-based system, providing a safety net without creating dependency.

For OIC countries where informal rentals dominate and tenure insecurity is widespread, Singapore's structured, dignified rental provision offers a compelling model for institutionalizing rental housing as part of a multi-tenure strategy.

Singapore has introduced transitional rental housing and community care models to meet the needs of disadvantaged groups:

- Interim Rental Housing (IRH) supports households in transition, e.g., divorcees, displaced families, by offering short-term rentals in repurposed flats.
- Assisted Living Flats, launched in 2021, cater to the aging population with integrated services (e.g., meals, housekeeping, social support) while allowing autonomy.
- Joint Singles Scheme allows unrelated low-income singles over 35 to co-rent public housing units.

These innovations reflect a lifecycle-based housing strategy, ensuring that housing tenure evolves with age, income, and social status.

OIC countries with demographic transitions, such as aging populations or increasing divorce rates, could adopt similar flexible housing arrangements with built-in care services or social reintegration pathways.

One of the most distinct features of Singapore's housing strategy is the Ethnic Integration Policy (EIP), which mandates ethnic quotas at block and neighborhood levels. Established in 1989, EIP ensures no single ethnic group dominates a housing precinct, preserving interethnic contact and national cohesion (Tan, 2021).

Additionally:

- Resale transactions are blocked if they breach ethnic quotas.

- HDB towns include multi-religious facilities, schools, and cultural nodes.
- Community bonding is fostered via Neighbourhood Committees, Upgrading Programmes, and grassroots initiatives.

While EIP has faced criticism for limiting resale opportunities, it remains a key tool to manage social fragmentation and spatial segregation. In OIC cities where ethnic or sectarian clustering fuels polarization, spatial quotas, if transparently administered, promote coexistence and reduce ghettoization risks.

Singapore's HDB policies also promote inclusion along gender, family, and ability lines:

- Priority schemes for single-parent families, such as the Assistance Scheme for Second-Timers (ASSIST);
- Enhanced housing grants for caregivers of disabled or elderly dependents;
- Barrier-free design standards, such as ramps, elevators, tactile guides, and universal unit layouts.

Women, especially those divorced or widowed, receive tailored access pathways under specific grant schemes. Housing is thus leveraged as a platform for inclusion, not merely shelter. These principles of tenure diversity and social inclusion offer direct relevance for OIC Member Countries aiming to embed gender justice and disability responsiveness into housing systems. However, beyond social equity, housing must now rise to meet another urgent challenge: climate change. In the face of escalating environmental risks, Singapore's model demonstrates how public housing can evolve into an infrastructure of resilience, both in form and function.

Sustainability

As climate change intensifies, housing systems must evolve from structures of shelter to engines of environmental resilience. Singapore's Green Towns Programme, BCA Green Mark scheme, and water-sensitive housing innovations place sustainability at the heart of affordable housing. This section examines how the country utilizes housing policy as a climate mitigation and adaptation tool—an increasingly vital approach for OIC member countries facing extreme weather, energy vulnerability, and resource scarcity.

As a low-lying island nation, Singapore is highly exposed to the impacts of climate change, particularly rising sea levels, extreme heat events, and flash flooding. Over 30% of its land lies below 5 meters above sea level, and more than 80% of residents live in densely built HDB environments (Sustainable and Affordable Housing Policy – Singapore Perspective, 2022). In this context, public housing is not only a social instrument but a critical infrastructure for climate adaptation.

Urban resilience is embedded within housing policies through the integration of green infrastructure, energy-water systems, and climate-responsive master planning, a synthesis rarely seen in developing contexts.

Many OIC countries face similar exposure to urban climate risks (e.g., coastal flooding in Bangladesh, urban heat in Nigeria, and drought in North Africa), but they lack housing-specific resilience strategies.

Launched in 2020, the Green Towns Programme reflects Singapore's strategic shift toward embedding environmental sustainability within public housing infrastructure. Built on three core pillars, the programme targets reductions in energy use, urban heat, and emissions across entire HDB towns. First, the Cooler Towns initiative mitigates heat stress by expanding green cover, installing vertical greenery on facades, and applying heat-reflective materials on rooftops. Second, the Energy-Efficient Systems component introduces smart LED lighting with motion sensors and deploys solar photovoltaic panels across residential blocks to harness renewable energy and reduce electricity bills. Finally, Sustainable Mobility efforts reconfigure neighborhood layouts to prioritize pedestrian connectivity and integrate housing estates with Singapore's MRT and bus systems, thereby reducing reliance on private vehicles. These integrated approaches are piloted in selected towns such as Tampines and Tengah, setting replicable standards for climate-responsive public housing.

OIC countries with rapidly growing cities and high cooling-energy demands can draw inspiration from this area-based, performance-measured model of environmentally conscious urbanism (Public Housing in Singapore, 2021; BCA, 2021).

The Building and Construction Authority (BCA) introduced the Green Mark Scheme in 2005 to standardize environmental performance benchmarks. All new public housing developments must now achieve at least Green Mark GoldPlus certification, which measures:

- Thermal performance of the building envelope
- Energy and water consumption per dwelling unit
- Integration of renewable energy sources
- Indoor environmental quality and ventilation

Incentives are aligned with performance: developers exceeding minimum thresholds may benefit from additional floor area (Gross Floor Area) or reduced permit processing time (BCA, 2021). OIC countries designing green building codes (e.g., Malaysia, Jordan, Turkey) can adapt the Green Mark model with locational climate criteria and performance-based incentives.

Singapore integrates sustainability at the community level through:

- **MyNiceHome Gallery:** Educating citizens about sustainable living practices at the point of flat purchase
- Eco Learning Journeys and Green Homes Awards to foster behavioral shifts
- Smart Town Framework, which empowers precincts with environmental dashboards and resident feedback systems

This bottom-up participation model ensures that environmental design translates into lived behavior. A frequent gap exists in top-down green housing initiatives in other countries. In OIC urban contexts where ecological awareness is low or fragmented, community-led green education embedded in housing programs can improve adoption and reduce resistance.

Given its limited freshwater resources, Singapore has developed a multi-scalar water management strategy that integrates housing estates into the national water resilience agenda. Public housing precincts play an active role in this ecosystem. Rainwater harvesting systems are incorporated into estate infrastructure, diverting storm water through open canals and vegetated swales to reduce surface runoff and enhance groundwater recharge. Greywater reuse is becoming increasingly mainstream, with innovations such as air-conditioning condensate recycling systems being deployed in pilot blocks. Furthermore, water-sensitive urban design (WSUD) is integrated into landscaping plans, promoting the filtration, retention, and reuse of non-potable water through permeable paving, bioswales, and retention ponds. These micro-scale interventions are aligned with Singapore's "Four National Taps" strategy, which emphasizes decentralized resilience alongside desalination and NEWater reuse plants.

For water-scarce OIC Member Countries, such as Jordan, Morocco, or Singapore, housing-integrated WSUD practices offer scalable, low-tech, and cost-effective pathways to urban water security (Sustainable and Affordable Housing Policy – Singapore Perspective, 2022; Singapore Housing Practice Series, 2021).

What distinguishes Singapore's housing instruments is not just design, but execution quality:

- HDB uses data dashboards to monitor household size, income, and loan servicing capacity.
- Allocation is based on transparent point-based systems considering marital status, dependents, prior ownership, etc.
- Regular audits prevent misuse or misreporting, key risks in many public housing regimes.

Yet effective housing provision also depends on accessible, sustainable financing mechanisms-an area where Singapore offers one of the most integrated housing finance ecosystems globally.

4.5.3. Housing Financing Models

Housing affordability in Singapore is not merely a function of subsidies, but of integrated, long-term financial planning. The Central Provident Fund (CPF), coupled with HDB's concessional lending and macroprudential mortgage controls, creates a uniquely stable and inclusive financing environment. This section explores the structure and safeguards of Singapore's housing finance system and offers scalable lessons for OIC Member Countries grappling with underdeveloped credit markets and rising household debt burdens.

Central Provident Fund (CPF) as a Housing Finance Pillar

The cornerstone of Singapore's housing finance architecture is the Central Provident Fund (CPF), a compulsory, multi-purpose savings scheme established in 1955 for Singaporean citizens and permanent residents. It integrates retirement, healthcare, and housing objectives into a unified contributory framework, covering both employed and self-employed individuals (Sümer, 2024).

Participants contribute to multiple accounts, with allocations and rates determined by age and income levels. These include: the Ordinary Account (OA) - used for retirement, home purchases, and investments; the Medisave Account - allocated for hospitalization and medical insurance; the Special Account—reserved for long-term retirement-related investments; and the Retirement Account, which supports monthly payouts from age 55 onwards (CPF.gov.sg, 2024).

Within this structure, the Ordinary Account serves as the primary housing finance vehicle. Individuals can utilize their CPF OA funds to make down payments on Housing and Development Board (HDB) or private housing units, service monthly mortgage installments, and pay stamp duties or legal fees (Phang, 2024). The asset-based welfare logic of CPF transforms individuals into long-term savers and reduces reliance on unsecured consumer credit. CPF account balances earn government-guaranteed interest ranging from 2.5% to 3.5% annually, allowing households to preserve and grow their housing-related savings while repaying loans (Hamizah & Tajul, 2020).

This integrated and mandatory savings model supports financial stability across multiple life domains—housing affordability, healthcare coverage, and retirement income. For OIC countries with weak pension systems and limited access to mortgage finance (e.g., Egypt, Jordan, Kyrgyzstan), the CPF provides a blueprint for a Sharia-compliant, long-term savings-based housing finance system. Adaptations could be built around Islamic finance principles such as takaful (mutual insurance) and wakalah (agency-based investment), enabling CPF-like schemes that align with both financial sustainability and religious frameworks.

HDB Concessionary Loans and Eligibility Conditions

For eligible buyers of public housing, the HDB offers concessionary mortgage loans at fixed interest rates of 2.6%, lower than market rates. These loans are only extended to:

- Singaporean citizens purchasing a flat for owner-occupation;
- Applicants with no prior private property ownership;
- Households that meet income ceilings (SGD 14,000/month for families).

HDB loans can finance up to 85% of the flat's value, with the remainder covered by CPF withdrawals or cash. The loan term is capped at 25 years or until age 65, whichever is shorter (HDB, 2023). These conditions promote financial prudence and prevent debt overextension, especially among young or low-income families. OIC member countries with weak credit appraisal mechanisms can benefit from such standardized public lending models, particularly if integrated with national ID and social registry systems.

Private Mortgage Market and Macroprudential Controls

Singapore maintains a dual-track mortgage system: while HDB finances most public housing, buyers of private condominiums or executive units must turn to commercial banks, which are regulated by the Monetary Authority of Singapore (MAS). To prevent asset bubbles and household over-leverage, Singapore employs stringent macroprudential rules:

- **Mortgage Servicing Ratio (MSR):** Monthly repayment cannot exceed 30% of the borrower's income for HDB and executive flats.
- **Total Debt Servicing Ratio (TDSR):** All debt obligations (credit cards, car loans, housing) must be below 55% of gross monthly income.
- **Loan-to-Value (LTV) limits:** First-time buyers can borrow up to 75%; second-time buyers only 45–55%, depending on their credit profile.

These controls prevent subprime lending and excessive housing speculation problems that have destabilized many OIC urban housing systems, particularly in times of currency or interest rate shocks (Teng et al., 2021).

Adapting TDSR-style ceilings and compulsory credit scoring frameworks can enhance financial resilience in OIC housing markets.

Loan Recovery, Default Management, and Social Safeguards

While default rates on HDB loans remain extremely low (under 1%), Singapore employs a graduated arrears management system. Borrowers facing repayment issues are:

- Referred to HDB's Financial Service Team for debt counselling;
- Allowed to restructure their loans or adjust repayment terms;
- In extreme cases, they are allowed to downgrade to smaller flats with CPF support.

There is no blanket foreclosure or mass eviction practice, which protects social cohesion and maintains political legitimacy in housing governance (Chua, 2020). For OIC countries facing political sensitivity around eviction and asset repossession, Singapore's "soft landing" default strategy offers a humane and systemic template.

CPF Housing Grants and Cashflow Relief Tools

In addition to concessional loans, Singapore supplements affordability through CPF-linked housing grants that directly offset mortgage burdens:

- The Enhanced CPF Housing Grant (EHG) provides up to SGD 80,000 based on monthly household income.
- These grants are deposited into CPF OA, not given in cash, and used automatically to service loans.
- This minimizes moral hazard while maintaining liquidity support.

In many OIC countries where down payment is the largest barrier to homeownership, integrating housing grants into contributory pension accounts, rather than cash transfers, could balance affordability and fiscal discipline. Alongside these state-led financing strategies, Singapore's engagement with the private sector through well-regulated partnerships forms another cornerstone of its housing delivery model.

4.5.4. Lessons Learned for OIC Countries

Singapore's housing system, while unique in its context as a city-state with a highly centralized government, offers a powerful set of transferable principles for OIC member countries grappling with rapid urbanization, informality, and affordability crises. The core lesson is that success hinges not on any single policy, but on the *orchestration of a coherent, long-term, and adaptive housing ecosystem*.

The key takeaways are:

- **The Imperative of Integrated Governance and Centralized Land Control:** Fragmented authority among ministries and agencies is a major barrier to effective housing delivery. Singapore's model, centered on a powerful, multi-functional housing authority (HDB) with control over planning, construction, financing, and allocation, ensures policy coherence and eliminates bureaucratic bottlenecks.

Application for OIC Countries: Establish or empower a single, high-capacity national housing agency with a clear mandate and long-term funding. This agency should work in lockstep with urban planning and land authorities. Crucially, this must be supported by state-led land assembly through land banking and pre-emptive acquisition laws. This allows the government to control land costs, prevent speculation, and direct urban growth strategically, rather than reacting to market forces.

- **Mandatory, Savings-Linked Financing as a Sustainable Model**: Relying solely on government subsidies or commercial banks leads to fiscal strain and excludes the informal sector. Singapore's Central Provident Fund (CPF) integrates housing with retirement and healthcare savings, creating a pool of patient capital for housing loans and reducing reliance on debt-based financing.

Application for OIC Countries: Develop *a compulsory national savings scheme* akin to the CPF. This is highly adaptable to an Islamic finance framework using principles like Mudarabah (profit-sharing) for investment returns and Takaful (mutual insurance) for risk management. This provides a sustainable, scalable, and Sharia-compliant source of housing finance that promotes individual responsibility alongside state support.

- **Demand-Responsive Supply to Avoid Mismatch and Waste:** Building housing based on speculative projections often results in vacant units in the wrong locations. Singapore's Build-To-Order (BTO) system only constructs homes once a critical mass of eligible buyers has committed, ensuring that supply is precisely matched to actual demand.

Application for OIC Countries: Adopt a *pre-sale or registration-based system* for public housing projects, especially in urban expansion areas. This prevents the common problem of massive, unoccupied housing estates and ensures fiscal resources are used efficiently. It requires strong data collection on household demographics and housing needs.

- **Embedding Environmental Resilience from the Outset:** Climate change is a critical threat to urban areas. Singapore treats public housing estates as key infrastructure for climate adaptation and mitigation, integrating green building standards (Green Mark), renewable energy, water-sensitive design, and heat reduction strategies directly into housing policy.

Application for OIC Countries: Integrate *mandatory climate-resilient building codes* and green standards for all public housing projects. This is not a luxury but a necessity, particularly for coastal OIC countries exposed to flooding (e.g., Bangladesh, Indonesia) and those in arid regions facing water scarcity and extreme heat (e.g., Morocco, Jordan). Pilot "green towns" can demonstrate the viability of these approaches.

Singapore's model demonstrates that affordable housing is achievable through **strategic state intervention, institutional coherence, and a long-term vision**. The goal is not to replicate Singapore's specific structures exactly, but to adapt its underlying principles—integrated governance, sustainable finance, demand-aligned supply, social inclusion, and environmental resilience—to local contexts. For OIC countries, this means building housing systems that are not merely about constructing units, but about building equitable, cohesive, and resilient cities for the future. The most important ingredient, as Singapore demonstrates, is unwavering political will and the consistency to see complex reforms through over the course of decades.

Category	Policy / Program / Model	Key Features	Objectives	Key Challenges & Critiques
CORE INSTITUTIONAL FRAMEWORK	**Housing & Development Board (HDB)**	- Single, centralized statutory board under the Ministry of National Development.	Be the primary developer and administrator of public housing to provide affordable, high-quality homes for the masses.	- Model requires a highly capable and centralized state, which may not be replicable in all contexts.
		- **Vertically integrated:** Controls planning, land acquisition, construction, sale, financing, and management.		- Critics argue it can lead to a lack of market dynamism and choice.
		- **Land Acquisition Act (1966):** State owns ~90% of land, acquired at below-market rates.		
	Urban Redevelopment Authority (URA)	- Responsible for national land use planning via **Concept Plan (40-50 yrs)** and **Master Plan (5 yrs)**.	Ensure long-term, strategic spatial planning that integrates housing with transport, jobs, and amenities.	- Requires sophisticated technical capacity for data-driven planning.
		- Uses GIS and demand modeling to optimize housing location and density.		
MAIN HOUSING PROGRAMS	**Build-To-Order (BTO) Scheme**	- Flats are built only after a minimum (e.g., 70%) of units are pre-booked.	Match supply precisely with demand to avoid vacant units and ensure fiscal prudence.	- Can lead to waiting times for new flats (typically 3-4 years).
		- Prioritizes first-time buyers, married couples, and families.		
	Homeownership (99-Year Leasehold)	- **Primary mechanism:** >90% of the population lives in owner-occupied HDB flats.	Create an "asset-based" welfare system where citizens build wealth through home equity.	- Creates a dual market with expensive private housing.
		- **Income Ceilings:** Eligibility is restricted (e.g., SGD 14,000/month household income).		- Resale prices can become unaffordable, risking intergenerational inequality.
		- **Subsidized Sale Price:** Flats are sold below market value.		

Table 4.10. Housing Programs in Singapore

Category	Policy / Program / Model	Key Features	Objectives	Key Challenges & Critiques
FINANCING MODELS	**Central Provident Fund (CPF)**	- **Mandatory national savings scheme.** - **Ordinary Account (OA)** can be used for down payment and mortgage servicing for HDB/flats. - Savings earn government-guaranteed interest (2.5-3.5%).	Integrate housing finance with retirement and healthcare savings, reducing reliance on debt.	- Locking savings into housing exposes citizens to property market risks. - Model depends on high employment and formal sector participation.
	HDB Concessionary Loan	- Offered directly by HDB at a **fixed rate of 2.6%.** - **Loan-to-Value (LTV):** Up to 85%. - Strict eligibility: citizenship, first-time buyer, income ceiling, owner-occupation.	Provide a stable, low-cost financing option insulated from market interest rate fluctuations.	- Only available for HDB flats, not private property.
	Housing Grants (e.g., EHG, PHG)	- **Enhanced CPF Housing Grant (EHG):** Up to SGD 80,000 for low-income families. - **Proximity Housing Grant (PHG):** Up to SGD 30,000 for living near parents/children. - Grants are paid into the CPF OA, not given as cash.	Target financial support to specific groups (low-income, multi-generational families).	- Grants are tied to the CPF system, which may not exist in other countries.
	Macroprudential Measures	- **Mortgage Servicing Ratio (MSR):** Max 30% of income for mortgage repayment. - **Total Debt Servicing Ratio (TDSR):** All debt obligations ≤ 55% of income. - **Loan-to-Value (LTV) Limits:** Stricter for second-time buyers.	Prevent household over-leverage and speculative bubbles in the property market.	- Requires a strong financial regulatory authority (e.g., MAS).

Table 4.11 Housing Financing Models in Singapore

4.5.5. Summary

Singapore's affordable housing system stands as one of the most cohesive and institutionalized models globally, reflecting a rare blend of strategic land governance, financial integration, social engineering, and climate responsiveness. From its foundational focus on eradicating slums in the 1960s to its contemporary challenges of intergenerational affordability and climate adaptation, Singapore has evolved a housing ecosystem rather than a series of disconnected projects.

The state's overwhelming control over land, planning, financing, and allocation has enabled it to shape not just the built environment but also societal norms around homeownership, family structure, ethnic integration, and environmental responsibility (Phang, 2024; Chua, 2020). Housing is not merely shelter in Singapore-it is a nation-building, wealth-building, and climate resilience mechanism embedded in policy.

Notably, Singapore has shown that affordability is not solely a function of subsidy volume, but rather of systemic alignment. Policies around pricing, eligibility, tenure, and sustainability are all fine-tuned to long-term demographic and spatial realities. Singapore's housing model has been widely examined in global academic and policy literature. Five core themes consistently emerge from this body of work: integrated land and housing governance, the role of mandatory provident fund systems, embedded social integration policies, institutional adaptability, and environmental sustainability (Phang, 2018; UN-Habitat, 2016; World Bank, 2021; OECD, 2024). These dimensions are not only celebrated as technical innovations but also as strategic instruments that allow the state to maintain affordability while reinforcing long-term social equity and spatial resilience.

For OIC countries seeking evidence-based reform models, this cross-referenced literature confirms that Singapore's distinctiveness lies not in any singular policy tool, but in the orchestration of a housing ecosystem that adapts over time and serves as a platform for both nation-building and environmental stewardship.

Ultimately, the Singaporean model shows that affordable housing is achievable at scale, not through singular interventions, but via institutional coherence, fiscal realism, and sustained political will. For OIC countries, adopting Singapore's adaptive, ecosystem-based logic-even if not its exact structures-could foster housing systems that are not only affordable but also equitable, resilient, and future-proof.

4.6. GOOD PRACTICE MODELS IN AFFORDABLE HOUSING FROM OTHER OIC MEMBER COUNTRIES

Housing systems across the Organization of Islamic Cooperation (OIC) Member Countries vary significantly in institutional design, financial maturity, and delivery capacity. Nevertheless, a growing number of OIC countries have implemented innovative and large-scale housing interventions that offer replicable insights for others facing similar affordability challenges. This section examines five such country cases—Indonesia, Iran, Pakistan, Algeria, and Saudi Arabia—each representing a distinct approach to addressing housing deficits through a mix of public policy, financial instruments, and institutional reform.

These cases were selected based on the scale of their national housing programs, the diversity of tools deployed (e.g., mortgage subsidies, land grants, rent-to-own schemes), and the strategic alignment of housing with broader development goals. Indonesia demonstrates how targeted interest subsidies and secondary mortgage liquidity can drive mass housing production. Iran's policy evolution reflects the importance of moving from quantity-centric delivery to service-integrated planning. Pakistan's mix of Islamic housing finance and public-private partnerships offers a hybrid model for financially underserved populations. Algeria's rent-to-own and tiered subsidy approach emphasizes affordability and asset building, while Saudi Arabia exemplifies digitalized, market-enabling housing ecosystems supported by sovereign wealth resources.

Taken together, these five cases illuminate a spectrum of policy innovations relevant to other OIC countries grappling with urban growth, fiscal constraints, and housing informality. The following subsections provide in-depth, country-specific analyses of each model, concluding with cross-cutting lessons for policy design, financial innovation, and institutional governance.

4.6.1. Indonesia

Indonesia, the world's fourth most populous country, has long faced a chronic housing backlog exacerbated by rapid urbanization, income inequality, and widespread informal employment. In response, the government launched the Sejuta Rumah Program (One Million Houses Program) in 2015, aiming to deliver one million housing units annually for low- and middle-income households. This initiative represents one of the largest public housing programs in the OIC context, and by 2023 had delivered over 6.3 million units (Ministry of Public Works and Housing, 2022).

The program aligns closely with Indonesia's broader development agenda under the National Medium-Term Development Plan (RPJMN) 2020–2024, which emphasizes inclusive growth and poverty reduction through housing provision (Bappenas, 2021). Recognizing the urgent need to bridge the housing deficit—estimated at 7.6 million units in 2015—the government repositioned housing not merely as a shelter issue, but as a catalyst for economic growth, urban resilience, and social equity.

At the core of the Sejuta Rumah Program lies the Housing Financing Liquidity Facility (FLPP), a state-backed secondary mortgage fund established in 2010. The FLPP provides below-market interest rate loans—typically at 5% fixed for 20 years—to eligible homebuyers earning less than IDR 8 million per month. These loans are distributed via state-owned banks such as Bank BTN, with funding sourced from the state budget (PT SMF, 2023).

Complementing the FLPP is the Tapera scheme, a mandatory savings fund launched in 2020. Tapera deducts a portion of employees' monthly wages to create long-term savings accounts earmarked for future home purchase. It represents a shift toward an asset-based welfare model, allowing workers to accumulate equity while easing reliance on consumer credit (Hamid & Indriani, 2022). The institutional ecosystem also includes PT Sarana Multigriya Finansial (PT SMF), which functions as a mortgage liquidity facility to strengthen the capital base of housing finance institutions.

The Sejuta Rumah initiative is implemented through a multi-actor, decentralized model involving central and local governments, private developers, cooperatives, and civil society organizations. Approximately 70% of units are delivered by the private sector, while the rest are supported by public agencies and public-private partnerships (UN-Habitat, 2023).

A notable feature of Indonesia's approach is its hybrid delivery mechanism, which includes both developer-driven production and self-help housing. The Bantuan Stimulan Perumahan Swadaya (BSPS) program supports incremental housing construction by offering non-repayable grants for materials and technical assistance. From 2020 to 2023, nearly 900,000 households benefited from BSPS, particularly in rural and peri-urban areas (Ministry of Public Works and Housing, 2022).

Indonesia's housing policy has achieved substantial scale, with over one million homes delivered annually in peak years. The combination of mortgage subsidies, liquidity mechanisms, and savings schemes reflects an integrated approach to affordability. However, challenges persist. First, the location of many FLPP-subsidized units in peri-urban or remote areas raises concerns about access to transport, jobs, and services (World Bank, 2021). Second, the FLPP is available only to formal sector workers, excluding the significant share of Indonesians—estimated at 55%—working informally (ADB, 2020).

The effectiveness of Tapera also remains uncertain, as long-term savings require policy continuity and strong institutional governance. Additionally, rising urban land prices, especially in Greater Jakarta, constrain the viability of low-cost housing projects. The rental market remains largely informal and underregulated, leaving low-income renters exposed to eviction and poor housing quality (UNESCAP, 2023).

Indonesia’s multi-pronged approach to affordable housing offers valuable lessons for OIC Member Countries. The FLPP illustrates how secondary mortgage markets and interest rate subsidies can unlock homeownership for low-income families. Tapera, on the other hand, exemplifies how mandatory, contributory savings schemes can serve as long-term housing finance tools—especially in countries with limited pension infrastructure.

The BSPS model demonstrates the importance of incorporating incremental housing and self-construction support, particularly in contexts where formal housing is unaffordable or culturally inappropriate. Indonesia’s experience also underscores the need for inter-agency coordination and digital platforms to manage beneficiary databases, monitor construction, and reduce leakage. Most importantly, the policy shift from purely quantitative targets to more inclusive, service-integrated housing signals a maturity that other OIC countries can emulate.

4.6.2. Iran

Iran has pursued ambitious mass housing programs for decades, driven by rapid population growth, urbanization, and state-centric development models. The most prominent among these was the Mehr Housing Scheme, initiated in 2007 during the Ahmadinejad administration. It aimed to provide 2 million low-cost housing units, primarily for first-time homebuyers, through the allocation of free land and heavily subsidized loans (MHUD, 2015).

The scheme’s political underpinnings rested on the constitutional commitment to housing as a right and the central government's role in providing welfare. However, by the late 2010s, critical shortcomings—particularly in location choice, service infrastructure, and cost overruns—undermined the project’s effectiveness (UN-Habitat, 2021). In response, Iran transitioned to a new model with the launch of the National Housing Action Plan (NHAP) in 2019, followed by the more ambitious National Housing Movement Plan (NHMP) in 2021. The new plans aimed to construct four million housing units over four years while improving spatial planning and delivery mechanisms (MHUD, 2022).

Iran’s housing policy is coordinated primarily through the Ministry of Roads and Urban Development (MHUD), with implementation delegated to provincial Housing and Urban Development Organizations. The Ministry allocates public land and oversees coordination with utility companies for infrastructure provision.

Financially, housing is supported through specialized state banks such as Maskan Bank, which offers subsidized mortgage loans. For the NHMP, the government established a special housing account that enables prospective buyers to save for two years before becoming eligible for a loan at 12–18% interest rates—still high by regional standards due to inflationary pressures (Central Bank of Iran, 2022).

Under the earlier Mehr scheme, most financing came from the Central Bank in the form of below-market loans to developers and homebuyers. However, inflationary monetization, weak targeting, and lack of credit risk assessment undermined long-term sustainability (Farzanegan, 2017). Iran’s reliance on public banks and exclusion of non-bank housing finance instruments—such as mortgage-backed securities—has further limited its financial diversification (UN-Habitat, 2021).

The original Mehr Housing Scheme focused on peripheral urban land, often far from employment centers, and suffered from infrastructural delays and high vacancy rates. In many cases, essential services such as water, power, and public transport were either delayed or absent, resulting in uninhabitable housing (Madani & Zarabi, 2020).

The NHMP attempts to correct these design flaws by integrating land use planning into urban master plans and working more closely with municipalities to align housing production with public service delivery. Additionally, the government seeks to promote housing cooperatives and construction consortia to boost efficiency and reduce costs. Land supply remains centralized, but with better regulation to prevent speculative lock-up.

Importantly, both NHAP and NHMP include quotas for female-headed households, low-income renters, and informal settlers. Although data transparency remains limited, there has been a concerted effort to move from volume-based indicators toward quality metrics—such as service access and livability. The Mehr scheme delivered over 2.2 million housing units between 2007 and 2018, making it one of the largest mass housing efforts in the Islamic world. However, the units were frequently criticized as "ghost settlements" due to low occupancy, weak public services, and poor integration with transport networks (Habibi & Deffner, 2021). Units were often assigned without proper vetting, leading to a mismatch with actual housing need.

The NHMP has been more cautious in its execution, emphasizing targeted subsidies and phased delivery. However, high inflation, volatile exchange rates, and construction material shortages continue to inflate costs, affecting affordability. Moreover, despite the presence of a housing savings account system, real wages have eroded so significantly that saving for homeownership has become infeasible for many middle-class households (World Bank, 2023).

The rental market, which shelters over 40% of urban dwellers, remains largely unregulated, with rent inflation outpacing wage growth. Informal settlements persist on the urban fringe, particularly in Mashhad, Tehran, and Ahvaz, signaling gaps in housing inclusion and enforcement.

Iran's housing experience presents a compelling cautionary tale and policy pivot. The transition from the quantity-focused Mehr scheme to the more spatially conscious NHMP underscores the critical importance of location, infrastructure, and governance in mass housing. Countries aiming for high-volume delivery must ensure that housing units are connected to services, economic opportunities, and social infrastructure.

Secondly, Iran's use of public land and subsidized lending—while admirable in scope—illustrates the dangers of inflation-driven financing and inadequate cost recovery. For OIC countries with similar macroeconomic volatility, embedding housing finance within broader macro-stabilization frameworks is essential.

Finally, Iran's move toward housing cooperatives, quotas for disadvantaged groups, and performance-based selection mechanisms offers useful design elements for inclusive housing allocation. These approaches, if coupled with robust monitoring and digital transparency, could provide scalable lessons for OIC member countries grappling with affordability, informality, and urban growth.

4.6.3. Pakistan

Pakistan's housing shortage has long posed a structural development challenge. The housing backlog was estimated to exceed 10 million units by 2020, with 47% of the urban population residing in informal or substandard housing (World Bank, 2021). Recognizing the economic and political salience of the issue, the government launched the Naya Pakistan Housing Programme (NPHP) in 2018 as part of its broader pro-poor development strategy. The program aimed to construct five million housing units by 2023, focusing on low- and middle-income households, including informal sector workers.

Unlike earlier, mostly supply-driven approaches, the NPHP was designed to harness a mix of public land, credit subsidies, and institutional reforms. The creation of the Naya Pakistan Housing and

Development Authority (NAPHDA) in 2020 underpinned these efforts, providing a centralized governance structure for planning, implementation, and coordination across federal, provincial, and local levels (NAPHDA, 2022).

At the heart of Pakistan's housing finance innovation is the Mera Pakistan Mera Ghar (MPMG) initiative, launched in 2020. The scheme subsidizes mortgage interest rates for eligible households, with rates as low as 3–5% for loans up to PKR 2.7 million and tenures extending to 20 years. These loans are disbursed through over 20 participating banks and backed by partial credit guarantees from the Pakistan Mortgage Refinance Company (PMRC) (SBP, 2022).

The PMRC, established in 2017 with support from the World Bank, acts as a secondary mortgage market institution, enhancing liquidity for primary lenders. Through refinancing, it extends the maturity of housing loans, reduces interest rate risk, and promotes uniform lending standards. It has also launched green mortgage bonds to diversify funding sources and attract ESG-aligned investors (PMRC, 2022).

Complementing these efforts, Islamic finance institutions such as Meezan Bank and Akhuwat have developed Sharia-compliant housing finance tools—murabaha-based loans, diminishing musharaka structures, and interest-free loans supported by philanthropic capital—tailored to the country's predominantly Muslim and informally employed population (Akhuwat, 2023).

NPHP implementation is highly decentralized, with provincial governments responsible for land identification, titling, and infrastructure provision. The federal government, through NAPHDA, acts as a facilitator and co-financier. In Punjab and Sindh, the program has prioritized the conversion of idle public land into serviced plots for public-private partnerships (PPPs). Developers are granted concessional land leases and are incentivized with tax breaks and fast-track approvals (NAPHDA, 2022).

To ensure affordability, beneficiary selection is based on income documentation, biometric verification, and eligibility scoring systems. However, these mechanisms have at times been exclusionary toward informal earners without formal payslips or bank accounts. In response, the government has piloted housing microfinance windows with actors like Khushhali Bank and First MicroFinance Bank, offering smaller loans without collateral, especially for incremental housing (IFC, 2021).

While more than 70,000 units have been initiated under NPHP, implementation delays, legal disputes over land, and capacity constraints at the municipal level have slowed construction. Moreover, real estate speculation and cost inflation, particularly in cement and steel, have driven up final unit prices, challenging the affordability threshold for lower-income groups.

The NPHP represents a significant policy shift by mainstreaming housing finance reforms and mobilizing private capital for affordable housing. The subsidized loan program reached over 100,000 approved beneficiaries by 2023, with women comprising more than 25% of applicants (SBP, 2023). The PMRC, meanwhile, has helped refinance over PKR 25 billion in loans, enabling longer tenures and lower rates for lenders and borrowers alike.

Nevertheless, challenges remain acute. Land titling remains inconsistent, especially in peri-urban and katchi abadi (informal settlement) areas. Judicial bottlenecks, unclear ownership histories, and overlapping mandates among land authorities have slowed PPP implementation. Furthermore, despite efforts at inclusivity, a significant portion of the urban poor remains excluded due to inadequate outreach, rigid credit scoring, and a lack of tailored products for informal livelihoods (World Bank, 2022).

Another critical gap is the underdevelopment of the rental housing sector, which shelters over 35% of urban households. With little to no rental subsidy or legal protection mechanisms, renters remain exposed to eviction and poor-quality housing. Moreover, coordination failures between NAPHDA and provincial housing departments have led to fragmented program implementation and weak monitoring.

Pakistan's evolving housing ecosystem offers several key insights for OIC Member Countries. First, the use of targeted interest subsidies and a dedicated secondary mortgage facility has demonstrated how public finance can catalyze private lending in underserved markets. The PMRC model is particularly replicable in OIC countries with shallow capital markets and limited long-term funding instruments.

Second, integrating Sharia-compliant microfinance institutions into the affordable housing value chain expands outreach to informal and unbanked populations. The dual-track approach—offering both formal mortgages and micro-housing loans—ensures that housing access is not limited to salaried or formally employed individuals.

Finally, Pakistan's attempts at land monetization through PPPs show promise but also highlight the need for clear land governance, legal harmonization, and transparent allocation systems. As such, OIC countries must prioritize institutional reforms alongside financial innovations to achieve inclusive and scalable housing delivery.

4.6.4. Algeria

Algeria has long viewed housing as a cornerstone of its post-independence social contract. With rapid urbanization, a growing youth population, and legacy issues from colonial land tenure systems, the country faced a housing deficit that exceeded 3 million units by the early 2000s (UN-Habitat, 2021). In response, Algeria implemented a series of state-led housing programs over two decades that have collectively delivered over 3.5 million units, with the dual aim of addressing social equity and reducing urban informality.

The most prominent initiatives include the Logement Public Locatif (LPL), or public rental housing scheme; the Logement Promotionnel Aidé (LPA), a subsidized ownership model for the middle class; and the AADL program, a unique rent-to-own mechanism. These programs are all coordinated by the Ministry of Housing, Urban Planning, and the City (MHUV), often in cooperation with wilayas (provinces) and specialized public companies such as AADL and OPGIs (Offices for Property Management and Promotion).

Algeria's housing policy architecture is characterized by centralized planning and public financing. The government allocates large annual budgets for housing—often exceeding 10% of public expenditure in peak years—funded predominantly through hydrocarbon revenues (IMF, 2021). The housing budget is channeled into three main schemes:

- **LPL (Public Rental Housing):** Fully state-funded, this program targets households earning less than DZD 24,000 (approx. USD 175) monthly. Beneficiaries are selected via scoring systems that prioritize household size, disability status, and years on waiting lists.
- **LPA (Assisted Promotional Housing):** A hybrid model for middle-income households, combining state subsidies, private developer contributions, and household co-payments. LPA units are sold at below-market prices with subsidized mortgage options.
- **AADL (Agence Nationale de l'Amélioration et du Développement du Logement):** Launched in 2001, AADL operates a rent-to-own system. Households make regular rental payments over 20–25 years, at the end of which ownership is transferred. As of 2023, over 500,000 units had been delivered under AADL phases I and II (MHUV, 2023).

The financial instruments supporting these schemes include low-interest loans (1–3%) offered through specialized state banks such as CNEP Bank and BNA. Additionally, the government provides free or subsidized serviced land to reduce development costs. To combat growing construction material prices, state procurement of cement and steel at controlled rates is also utilized.

Housing allocation in Algeria is highly bureaucratic and politicized. Applications are submitted through provincial portals, where verification committees assess eligibility based on income, housing status, and household composition. While this system has enabled broad coverage, it has also led to inefficiencies, with complaints over delays, and non-transparent selection processes.

Geographically, most LPL and AADL projects have been implemented in peri-urban areas of major cities such as Algiers, Oran, and Constantine. Satellite cities like Sidi Abdellah and Bouinan have emerged as new urban nodes, hosting large clusters of public housing. However, the location of many developments—often far from employment hubs and lacking adequate transport—has raised concerns about social integration and livability (World Bank, 2018).

In recent years, the government has emphasized green building principles, introducing thermal insulation requirements and encouraging solar water heating in new housing developments. A "Smart Cities" pilot initiative is also being integrated into major housing clusters like Boughezoul.

Algeria has one of the most extensive state-led housing delivery systems in the MENA and OIC regions. The government's commitment to mass housing has dramatically reduced slum proliferation and improved housing conditions for millions. The AADL rent-to-own model, in particular, has allowed middle-income families to gradually acquire ownership without requiring immediate capital or mortgage approval—a critical innovation in a country with limited formal housing finance (UN-Habitat, 2021).

Nevertheless, the system is not without flaws. First, high fiscal dependency on oil and gas revenues makes the current model unsustainable in the long run. With declining hydrocarbon receipts since 2014, delays in project execution and payment backlogs have become more frequent (IMF, 2021). Second, the supply-centric nature of Algeria's housing strategy has resulted in a glut of poorly inhabited satellite towns, often lacking in schools, clinics, and retail outlets.

Moreover, the rigidity of the rental system, especially for LPL units, has discouraged labor mobility. Many tenants are reluctant to relocate due to administrative hurdles and weak rental markets. There is also limited engagement with the private sector beyond construction contracts, and real estate finance markets remain underdeveloped, with housing loans accounting for only 2% of GDP in 2022 (World Bank, 2023).

Algeria's experience offers both replicable innovations and cautionary lessons. The AADL program provides a particularly relevant model for OIC countries seeking to bridge affordability gaps for middle-income households without over-reliance on conventional mortgage finance. Its rent-to-own mechanism allows gradual asset accumulation and can be adapted in contexts with shallow banking systems.

The LPA framework, which blends public subsidy with household contribution and developer involvement, may serve as a basis for designing mixed-financing models that maintain affordability while enhancing private sector participation. Algeria also demonstrates the importance of a strong institutional backbone for mass delivery—although future sustainability will require improved governance, better targeting, and more robust public-private coordination.

For OIC countries with volatile commodity-dependent budgets, Algeria's experience underscores the importance of housing policy delinking from fiscal cycles. Diversification of finance—via housing bonds, Islamic capital markets, or community savings schemes—will be critical to sustaining momentum. Lastly, Algeria's effort to green its housing stock can inform climate-aligned housing strategies across the OIC, especially in arid and resource-constrained environments.

4.6.5. Saudi Arabia

Saudi Arabia's housing policy has undergone a significant transformation over the past decade, evolving from a largely state-dependent supply model toward a market-enabling, demand-driven approach. With rapid urbanization and a youthful population—more than 60% of Saudis are under the age of 30—the demand for affordable housing intensified in the 2010s. The government responded by embedding housing reform within the broader framework of Vision 2030, with an explicit target of increasing homeownership from 47% in 2016 to 70% by 2030 (Vision 2030, 2018).

To achieve this, Saudi Arabia launched the Sakani program in 2017, a comprehensive housing initiative that blends land allocation, mortgage subsidies, public-private partnerships (PPPs), and digital platforms. Coordinated by the Ministry of Municipal and Rural Affairs and Housing (MoMRAH), Sakani aims to enhance affordability, expand supply, and increase transparency across the housing ecosystem (MoMRAH, 2023).

The institutional ecosystem driving Saudi Arabia's housing transformation includes several key actors:

- **Real Estate Development Fund (REDF):** Established in 1974, REDF has been restructured to operate more as a financial facilitator than a direct lender. It now partners with commercial banks to offer subsidized mortgages, zero-interest loans, and down payment support for eligible beneficiaries.
- **Saudi Real Estate Refinance Company (SRC):** Modeled on Fannie Mae, SRC was established in 2017 under the Saudi Public Investment Fund (PIF) to develop a secondary mortgage market. It purchases portfolios from primary lenders, enhances liquidity, and promotes long-term fixed-rate products (SRC, 2022).
- **Sakani Platform:** A fully digital interface that allows citizens to check eligibility, apply for financing, select housing units, and track the progress of construction. It has significantly reduced transaction time and increased beneficiary satisfaction (MoMRAH, 2023).

Mortgage penetration has risen substantially, from just 4% of GDP in 2018 to over 10% by the end of 2023, supported by lower interest rates, expanded loan tenors, and credit guarantees (Knight Frank, 2023). Subsidized mortgages are targeted toward households earning up to SAR 14,000/month (~USD 3,700), with repayment terms up to 25 years.

The Sakani program has employed innovative delivery mechanisms, including strategic land banks, off-plan sales, and build-to-own partnerships with developers. More than 1.4 million housing options—including fully built homes, plots, and self-construction loans—have been offered since 2017 (MoMRAH, 2023).

Saudi Arabia has actively involved the private sector through joint ventures and capital guarantees. Developers receive land at concessional rates, access to bulk infrastructure, and project guarantees to mitigate demand risk. The program emphasizes localization of construction materials and job creation, aligning with broader Vision 2030 employment targets.

A standout initiative is Roshn, a giga-project led by the Public Investment Fund (PIF) to develop integrated, walkable urban neighborhoods with over 400,000 housing units. Roshn combines affordability with design quality, green infrastructure, and proximity to services. The model prioritizes middle-income families and introduces inclusive planning standards uncommon in Gulf housing projects (Roshn, 2022).

In parallel, the Ejar platform—a national rental contract registration system—has improved legal protection for tenants and landlords, formalized rental agreements, and facilitated market data collection. This marks a critical step in developing the rental market, which had long remained informal and unregulated.

The Sakani initiative has been widely praised for its speed, scale, and digital integration. By the end of 2023, more than 1 million households had accessed support through the program. Digitalization has enabled real-time tracking, efficient grievance redressal, and cross-agency coordination (MoMRAH, 2023). Mortgage defaults remain low due to extensive risk sharing and early-stage borrower counseling.

However, affordability remains an issue in major urban centers like Riyadh and Jeddah, where land prices have surged and income-to-price ratios exceed global affordability thresholds. Additionally, while mortgage access has improved, the system remains biased toward formally employed individuals, excluding a significant number of self-employed and informally employed Saudis—particularly women and youth (World Bank, 2022).

Moreover, housing sustainability is an emerging concern. While energy efficiency and insulation standards have been adopted, implementation varies across projects. The rental market, despite Ejar's progress, still lacks rent control mechanisms and incentives for landlords to upgrade the quality of their stock.

Lastly, coordination challenges persist across ministries, municipalities, and utility providers. Infrastructure bottlenecks—such as delayed water and power connections—continue to affect project timelines. Data transparency, though improving, remains uneven, limiting independent monitoring and evaluation.

Saudi Arabia's housing policy transformation offers multiple lessons for OIC countries, especially those with strong fiscal capacity and digital infrastructure. First, the integration of digital platforms—as seen in Sakani and Ejar—demonstrates how administrative efficiency, and beneficiary engagement can be simultaneously achieved. These systems enable real-time monitoring, reduce discretionary approvals, and improve citizen trust.

Second, the combination of mortgage guarantees, refinancing institutions, and PPP-based land development provides a blueprint for unlocking housing finance in contexts with low penetration and high demand volatility. The SRC model can be particularly instructive for OIC countries seeking to deepen their mortgage markets without exposing public budgets to direct credit risk.

Third, the Roshn project illustrates how affordability can be pursued alongside livability, urban quality, and economic diversification. OIC countries that rely heavily on public housing production may find value in pivoting toward master-planned communities that integrate employment, transport, and environmental sustainability.

Finally, Saudi Arabia's gradual development of the rental sector through legal reform, digitalization, and institutionalization provides a template for countries with large informal rental markets. Lessons from Ejar can guide efforts to regulate leases, ensure fair dispute resolution, and stabilize rental supply.

4.7. GOOD PRACTICE MODELS BEYOND THE OIC: LESSONS FROM GLOBAL EXPERIENCE

While OIC Member Countries confront a broad spectrum of housing affordability challenges—from informal settlements and infrastructure deficits to nascent mortgage markets—valuable insights can also be drawn from non-OIC countries that have successfully developed inclusive and sustainable housing systems. This section presents five internationally recognized case studies—France, the United Kingdom, Germany, Brazil, and India—that offer diverse, yet complementary, models of affordable housing delivery. Each represents a distinct institutional, economic, and legal context, yet shares a common commitment to enabling decent and affordable shelter for all.

France demonstrates how employer-based finance, municipal obligations, and coordinated national programs can create a robust housing ecosystem. The United Kingdom offers a wide array of tenure-flexible options, including shared ownership and equity-linked subsidies for first-time buyers. Germany's strong rental housing tradition and cooperative housing models underscore the value of state-regulated rents and participatory governance. Brazil's Minha Casa Minha Vida illustrates the potential of tiered subsidy systems and construction-based stimulus in emerging economies. Finally, India's Pradhan Mantri Awas Yojana exemplifies a multi-track strategy that combines credit-linked subsidies, slum upgrading, and rural housing grants into one of the world's most ambitious housing programs.

The relevance of these cases to the OIC context lies not in their direct transferability, but in the adaptive principles they embody: fiscal sustainability, institutional innovation, public-private cooperation, and inclusive policy design. This chapter analyzes the policy architecture, implementation outcomes, and contextual limitations of each model, distilling actionable lessons for OIC governments striving to bridge the housing affordability gap.

4.7.1. France

France has developed a highly diversified and institutionalized system for promoting affordable housing, combining employer-based mechanisms, municipal obligations, social housing investments, and individual subsidies. The core principle underlying this system is that housing is a social right, embedded in both national and local policy structures. One of the most prominent mechanisms in this landscape is *Action Logement*, an employer-financed system that blends public and private financing to improve workers' access to decent housing, particularly in high-cost urban areas. Coupled with the *Loi SRU* that mandates municipalities to maintain minimum social housing thresholds, France's model offers structured pathways for tackling both supply- and demand-side barriers. This section explores the mechanisms underpinning France's affordable housing system and discusses its relevance for OIC member countries seeking to institutionalize equity-based housing access.

The *Action Logement* program, formerly known as "1% Logement," requires employers with over 20 employees to contribute 0.45% of their payroll to a dedicated housing fund (*Participation des Employeurs à l'Effort de Construction – PEEC*). Managed by *Action Logement Groupe*, the program offers low-interest and zero-interest loans (e.g., *Prêt Accession*), deposit guarantees (*Loca-Pass*), and rent default insurance (*Visale*) to eligible households. These tools have enabled over 70,000 households annually to secure or retain housing in proximity to employment hubs (Action Logement, 2023).

In parallel, the *Habitation à Loyer Modéré (HLM)* framework provides deeply subsidized rental housing for low-income households. Funding is secured through a mix of state subsidies, preferential loans from the *Caisse des Dépôts et Consignations*, and local tax incentives. As of 2023, over 5 million people reside in HLM units (Ministère de la Transition Écologique, 2023).

The *Loi Solidarité et Renouvellement Urbain* (SRU Law) mandates that municipalities with over 3,500 residents (1,500 in Paris) must ensure that at least 20–25% of their housing stock is classified as social housing by 2025. Municipalities failing to meet this threshold are penalized, and state-appointed authorities may intervene in planning decisions (Bourdieu & André, 2022).

Additional affordability tools include:

- **Zero-Interest Housing Loans (Prêt à Taux Zéro – PTZ)**: For first-time homebuyers under income thresholds.
- **Personalized Housing Aid (APL)**: A means-tested housing subsidy that covers a portion of monthly rent or mortgage payments.
- **Vacant Property Taxation (Taxe sur les Logements Vacants)**: Designed to disincentivize long-term property vacancy in urban areas.

These policies are supported by the *Agence Nationale pour la Rénovation Urbaine (ANRU)*, which funds urban regeneration programs in marginalized areas to promote spatial equity.

The French housing model has delivered substantial benefits in terms of spatial redistribution, affordability, and access to employment-linked housing. Over 20% of France's total housing stock is now classified as social housing, among the highest in the OECD (OECD, 2022). Action Logement, alone, processed over €1.5 billion in aid in 2022, supporting 800,000 households through various programs (Action Logement, 2023).

Despite these achievements, challenges remain. Rising land prices in metropolitan areas, bureaucratic application processes, and regional inequalities have limited program accessibility in rural and peri-urban regions. Additionally, the transition from subsidized to market-rate rents after fixed durations can lead to re-marginalization unless adequately monitored (INSEE, 2021).

The French model offers several lessons for OIC countries:

- **Employer-Based Contributions**: The Action Logement framework demonstrates how mandated employer participation can mobilize sustainable housing finance while aligning labor mobility with housing accessibility. In OIC contexts with large formal labor markets (e.g., Türkiye, Indonesia), similar employer-backed housing funds could be operationalized.
- **Municipal Housing Obligations**: The SRU Law presents a replicable model of using statutory minimum quotas to decentralize affordable housing responsibility. OIC countries undergoing rapid urbanization (e.g., Nigeria, Pakistan) could use such tools to ensure that local governments actively integrate social housing into urban planning.
- **Multi-Instrument Subsidy Models**: France's integration of supply- and demand-side instruments—from rent guarantees to zero-interest loans—illustrates the importance of portfolio approaches rather than single-mechanism schemes. For OIC countries facing both informal housing pressures and nascent mortgage markets, blended approaches may offer more resilient outcomes.
- **Urban Regeneration through Integrated Agencies**: The function of ANRU as a central coordinating body for urban regeneration could be adapted by OIC governments to channel both international and domestic resources into neighborhood revitalization projects, particularly in informal settlements or post-conflict zones.

4.7.2. United Kingdom

The United Kingdom (UK) has developed a multi-instrument housing affordability system characterized by a blend of subsidized ownership, social rental housing, and targeted financial aid. Among the flagship models is the Shared Ownership Scheme, which enables middle-income individuals to acquire homeownership gradually. Complemented by the Affordable Homes Programme, Help to Buy equity loans, and rent-to-own mechanisms, the UK housing strategy aims to provide affordable housing options across a wide income spectrum while encouraging private sector involvement.

The Shared Ownership Scheme allows eligible buyers to purchase an initial stake (10%–75%) in a property and pay subsidized rent on the remaining portion. Over time, buyers can increase ownership through staircasing, eventually achieving full ownership. Government guidelines cap annual rent increases (currently at 7%) and offer protections on service charges (UK Department for Levelling Up, Housing and Communities [DLUHC], 2023).

The Affordable Homes Programme (AHP) is the UK government's primary funding vehicle, allocating £11.5 billion for the 2021–2026 period to support 180,000 new homes, half of which are social rental units. The program emphasizes mixed-tenure developments and leverages partnerships with housing associations and private developers (Homes England, 2023).

The Help to Buy scheme, active until 2023, provided equity loans covering 20%–40% of the property value, repayable interest-free for five years. While the scheme ended, it significantly increased first-time ownership, especially in high-cost regions.

Other mechanisms include the First Homes Scheme (offering 30%–50% discounts on new properties), the Build to Rent program (promoting large-scale rental developments), and the London Living Rent model that transitions renters into ownership.

As of 2023, over 250,000 households had used the Shared Ownership Scheme since its inception (DLUHC, 2023). In London and the South East, where property prices far outstrip incomes, this model has proven vital for middle-income workers, especially in healthcare, education, and public service sectors.

However, affordability gaps persist due to rising property prices and a limited supply of shared ownership. Some critiques center on service charges, restrictions on resale, and the fact that staircasing becomes more expensive as house prices rise (Whitehead & Williams, 2021).

The UK model offers actionable insights for OIC countries:

- **Gradual Ownership via Shared Equity**: In contexts where access to mortgage credit is limited, shared ownership schemes can enable home acquisition without full upfront capital. Countries such as Egypt, Jordan, or Türkiye could adapt similar models through Islamic-compliant structures, like diminishing musharakah.
- **Targeted Capital Subsidies**: AHP demonstrates how large-scale government funding can leverage partnerships to deliver affordable housing at scale. OIC members with fiscal capacity (e.g., Saudi Arabia, Malaysia) could replicate such co-financing frameworks.
- **Affordable Rental-to-Ownership Pathways**: The Rent to Buy and London Living Rent models present innovative transition tools that help households move from renting to ownership. These mechanisms are particularly useful in cities with informal rental markets and tenure insecurity.

- **Flexible Entry Points and Tenure Options**: The UK system's emphasis on mixed-tenure and affordability segmentation allows for inclusive policy design. This flexibility is critical in heterogeneous OIC contexts with varied urbanization and income profiles.

4.7.3. Germany

Germany's approach to affordable housing is rooted in a long-standing tradition of state-supported rental housing and community-based housing cooperatives. The centerpiece of this framework is Sozialer Wohnungsbau (social housing construction), designed to ensure rental affordability for low- and middle-income groups. This is reinforced through a regulatory framework that includes rent caps (Mietpreisbremse), housing allowances (Wohngeld), and public-private partnership models. The German model emphasizes tenant protection, local government coordination, and institutional cooperation—elements highly relevant to OIC countries facing affordability gaps and urban displacement.

Social housing in Germany is funded by both federal and Länder (state) governments, offering developers subsidies, tax breaks, and low-interest loans in exchange for fixed-term affordability commitments (20–30 years). Eligibility is restricted to households with income below statutory limits, verified through a Wohnberechtigungsschein (WBS) (BMWSB, 2023).

Germany also employs rent control instruments. The Mietpreisbremse limits rent increases in high-demand cities to a maximum of 10% above local averages. Wohngeld is a housing allowance covering a portion of rent for low-income tenants.

The Bauspar savings scheme incentivizes long-term savings for home purchase, while Wohnungsgenossenschaften (housing cooperatives) enable collective ownership and participatory governance. Additionally, the Baukindergeld program supports families with children to acquire homes via grants.

Germany maintains one of the highest rental shares in Europe (over 50%), with 1.2 million social housing units still under rent control as of 2023. However, the stock has declined from over 3 million in the 1990s (Destatis, 2022). Urban land scarcity, gentrification, and the expiration of subsidy terms threaten housing stability in cities like Berlin and Munich.

Nonetheless, cooperative housing remains a resilient model. More than 2,000 registered cooperatives offer stable, affordable rents with strong tenant participation. These models enjoy high satisfaction and low vacancy rates.

Germany's model provides key takeaways for OIC contexts:

- **State-Regulated Affordable Rent**: Sozialer Wohnungsbau's affordability mandate, backed by public financing and rent caps, can guide OIC countries like Morocco or Iran in formalizing social rental programs.
- **Housing Allowance Schemes**: The Wohngeld mechanism illustrates how demand-side subsidies can be tailored to rental burdens. This is replicable in countries like Kazakhstan or Tunisia, where urban rents have outpaced income.
- **Community-Based Housing Cooperatives**: The participatory cooperative model offers social cohesion and long-term affordability. It could be adapted in OIC countries with strong civil society networks, such as Malaysia or Indonesia.
- **Long-Term Subsidy Management**: The challenges Germany faces post-subsidy expiration underscore the need for lifecycle regulation and reinvestment planning—a cautionary insight for newer OIC initiatives.

4.7.4. Brazil

Brazil's Minha Casa Minha Vida (MCMV) is one of the world's most ambitious state-sponsored housing programs, targeting homeownership for low- and middle-income populations through a tiered subsidy system. Managed by Caixa Econômica Federal and funded via the federal budget, MCMV supports millions of families with subsidized loans, down payment assistance, and preferential access to land. The program's scale, targeting, and reliance on public-private partnerships make it a valuable case for emerging OIC economies facing informal housing expansion and affordability deficits.

Launched in 2009, MCMV provides different subsidy levels based on household income brackets (Faixas). For Faixa 1 (households earning less than BRL 1,800/month), subsidies cover up to 90% of unit costs. Middle-income tiers (Faixa 2 and 3) receive lower subsidy rates but access concessional financing.

Caixa administers loan distribution, while municipalities contribute land, permits, and infrastructure. Developers receive tax breaks and construction incentives. Participating households may use the Fundo de Garantia do Tempo de Serviço (FGTS) to fund initial payments (IPEA, 2022).

Complementary programs include rural housing schemes (PNHR), community-led housing (cohabitação), and rent-to-own variants.

By 2020, over 5 million housing units had been contracted under MCMV, contributing to a 15% reduction in Brazil's housing deficit (Habitat for Humanity Brazil, 2021). The program generated significant employment in the construction sector and formalized peripheral land parcels.

However, challenges persist: some units are located in remote or poorly serviced areas; others face quality defects. Socio-spatial segregation and lack of integration with public transport have led to criticisms of "peripheral urbanization" (Rolnik, 2019).

MCMV provides instructive insights for OIC countries:

- **Tiered Subsidy Design**: Brazil's differentiated subsidy tiers offer a roadmap for balancing budget constraints and social targeting—especially relevant for populous OIC countries like Egypt or Pakistan.
- **Public Bank Administration**: Using a state-owned bank for program management ensures scale and uniformity—applicable to contexts where credit infrastructure is limited.
- **Land Provision by Local Authorities**: Municipal co-participation in land and infrastructure development demonstrates how subnational entities can amplify central housing efforts.
- **Risks of Peripheralization**: The Brazilian experience cautions against prioritizing volume over integration. OIC countries must ensure that affordability is tied to service access and proximity to employment.

4.7.5. India

India's Pradhan Mantri Awas Yojana (PMAY), launched in 2015 under the banner of "Housing for All," integrates credit-linked subsidies, direct grants, and slum rehabilitation into a unified delivery platform. The program's urban and rural components reflect India's dual housing challenge: urban informality and rural underdevelopment. With over 12 million units sanctioned by 2024, PMAY is one of the most scaled housing interventions globally.

PMAY comprises two branches: PMAY-U (Urban) and PMAY-G (Gramin). The Credit-Linked Subsidy Scheme (CLSS) under PMAY-U provides interest rate subsidies on loans for eligible income groups—up to 6.5% on loans of ₹6 lakh for economically weaker sections (MoHUA, 2023).

PMAY also includes In-situ Slum Redevelopment, allowing private developers to upgrade informal settlements with rights-based relocation guarantees. Additional verticals include Beneficiary-Led Construction (BLC) and Affordable Housing in Partnership (AHP).

Rural components (PMAY-G) provide direct construction grants for pucca (permanent) houses with essential infrastructure.

As of early 2024, over 11 million units had been completed under PMAY-U and 15 million under PMAY-G. The program has demonstrated strong uptake among low-income and marginalized groups, particularly in Tier II and III cities (World Bank, 2023).

However, challenges include delayed construction, limited uptake of CLSS due to procedural complexity, and poor quality control by private contractors.

PMAY yields multiple lessons for OIC countries:

- **Multi-Track Delivery**: The program's vertical segmentation (CLSS, BLC, AHP) offers a model for context-specific targeting—useful for countries like Bangladesh or Sudan with urban-rural dualities.
- **Linking Finance and Tenure Regularization**: In-situ redevelopment of slums tied to formal financing structures offers replicable solutions in informal-dominated cities across OIC regions.
- **Interest Subsidy Models**: CLSS provides a workable template for interest buy-downs, which can be adapted to Islamic finance contexts via subsidized Murabaha or diminishing Musharakah.
- **Mobile-Based Targeting and Transparency**: The use of digital platforms for beneficiary identification and subsidy disbursement in India offers replicability in tech-enabled OIC contexts like Malaysia or Türkiye.

4.8. COMPARATIVE ANALYSIS OF THE CASE STUDIES

The case studies in this Chapter illustrate varying models of state intervention, housing finance mechanisms, affordability strategies, and the role of private and public actors. While each country presents unique challenges and innovations, common themes emerge—such as reliance on public agencies, constraints in financing accessibility, and struggles with sustainability and inclusivity.

Malaysia's approach centers on a multi-tiered national housing policy that aims to meet the housing needs of different income groups. The PR1MA program, National Affordable Housing Policy (2019), and Rent-to-Own schemes stand out. However, implementation challenges, such as location mismatch and weak private sector alignment, reduce overall impact. Islamic finance is moderately integrated.

Egypt's Social Housing Program (SHP), led by the Ministry of Housing and the Social Housing and Mortgage Finance Fund, has delivered significant unit volumes. Despite this, challenges in urban integration, targeting accuracy, and the exclusion of informal workers remain. Rental policies are underdeveloped, and Islamic finance is largely absent.

Category	Malaysia	Egypt	Morocco	Türkiye	Singapore
Main Policy Instruments	PR1MA, RTO, National Housing Policy	Social Housing Program (SHP)	Cities Without Slums, Fiscal Incentives	TOKİ (mass housing agency)	HDB (Housing & Development Board), CPF (Central Provident Fund)
Delivery Model	Mixed state-private	Predominantly state-led	PPP-based with fiscal incentives	Direct state delivery via TOKİ	Strong centralized public agency (HDB)
Target Population	Low–middle income	Formal low-income groups	Urban poor, slum dwellers	Low–middle income	All citizens, with income-based eligibility
Financing Model	Subsidized loans, RTO, Islamic finance (partial)	Mortgage support via public fund	Buyer-side subsidies, tax exemptions	Cross-subsidization, low-rate sales	Compulsory savings via CPF (Central Provident Fund)
Islamic Finance Integration	Moderate	Minimal	Minimal	Limited	Not applicable
Rental Policy Strength	Emerging (RTO only)	Underdeveloped	Weak	Weak	Strong, affordable public rental housing
Use of PPP / 4P Model	Weak PPP implementation	Limited PPP	Moderate PPP use	Developer contracts, not true PPP in housing	Some PPPs in redevelopment, but mostly public-led
Sustainability & Green Practices	Policy-level interest, limited practice	Minimal	Limited attention	Weak in TOKİ developments	Mandatory green standards, strong land-use control
Innovative Affordability Tools	RTO, digital platforms	Subsidies, unit cost control	Land mobilization, developer incentives	Mass scale, public banking	CPF-linked home financing, rental-to-own paths
Key Strengths	Policy ambition, multi-tiered approach	Scale of delivery	Slum upgrading, land use reform	Fast delivery, scale	Universal access, long-term affordability, asset building
Key Weaknesses	Location mismatch, private sector disconnect	Informality exclusion, poor urban integration	Exclusion in the urban periphery	Targeting gaps, urban uniformity	Pressure on land supply, strict control limits flexibility

Table 4.12. Comparative Summary of Case Study Countries

Morocco promotes affordability through a mix of fiscal incentives, land mobilization, and developer subsidies. Its programs include the Cities Without Slums initiative and partnership-based housing delivery. However, spatial exclusion, urban sprawl, and limited rental policies are key concerns. Islamic housing finance remains marginal. Türkiye's TOKİ model is highly centralized and state-driven, with notable success in delivering large volumes of housing. The model blends public banking, cross-subsidization, and direct development. Although impactful in quantitative terms, criticism includes concerns about sustainability, architectural monotony, and insufficient targeting of the lowest-income segments. Türkiye also has limited Islamic financing tools in housing. Singapore sets the global standard in delivering universal, asset-based housing through a centralized agency (HDB) and compulsory savings (CPF), offering lessons in long-term affordability, tenure security, and citizen inclusion. Table 4.12 shows the comparison of case countries.

OIC member countries (especially Türkiye and Egypt) show strong state leadership, but often struggle with sustainability, informal housing integration, and affordability for the bottom 20%. Islamic finance remains underutilized even in OIC contexts, with limited scaling of tools such as musharakah, ijarah, or waqf-based housing. Rental policies are generally weak across the OIC case studies, compared to international best practices.

No single model is perfectly replicable. However, OIC members can construct their own effective housing ecosystems by cherry-picking the best principles: Malaysia's financial and metric innovations, Morocco's financial inclusion tools, Türkiye's institutional and disaster-resilient design, and, most importantly, the Singaporean philosophy of integrated, long-term, and adaptive governance that treats housing as a critical system rather than a series of projects. The first step for most should be establishing a capable, centralized housing authority and a national affordability metric to guide all future policy.

Based on the outcomes of the case studies and best practices, the next chapter focuses on the guiding principles and recommended practices.

5. GUIDED PRINCIPLES, RECOMMENDED PRACTICES, AND POLICIES

This Chapter is structured as a bridge between what has been done—diagnosis and practice—and what should be done—principles and policies—to ensure decent housing for the poor in OIC countries.

The preceding chapters offered a rich comparative analysis, combining extensive documentation of field and desk-based studies. Many strategies, particularly Türkiye's TOKİ, Malaysia's PR1MA, and Egypt's Social Housing Program, have delivered mass housing at scale through state-led construction. While these initiatives achieved visibility and volume, they have only partially addressed the deeper issues of affordability, inclusivity, and long-term sustainability. Their reliance on subsidies highlights the absence of structural reform and meaningful market transformation.

The broader policy landscape remains heavily skewed toward homeownership, with limited attention to affordable, secure, and dignified rental options. Informal settlements and incremental housing, though acknowledged in discourse, are rarely integrated into formal policy frameworks. This narrow focus sidelines alternative pathways to affordability and resilience.

Although Islamic finance instruments are frequently referenced, most Member Countries continue to rely predominantly on conventional, interest-based mortgage systems. These exclude large segments of low-income households and raise concerns of incompatibility with religious principles. At the same time, the potential of diverse, community-driven instruments—such as housing cooperatives or public-private-people partnerships (4P)—remains largely untapped.

Finally, environmental, social, and governance (ESG) principles have yet to be systematically embedded into housing strategies. Urban planning and construction practices across many OIC countries continue to be carbon-intensive and exclusionary, underscoring the urgency of rethinking sustainability in housing policy. Taken together, these limitations make it clear that future housing strategies must go beyond incremental fixes. The following guiding principles set out the foundations for a systemic paradigm shift.

5.1. Beyond Traditional Approaches

The evidence gathered across the OIC Member Countries and best practices worldwide demonstrates that traditional, one-size-fits-all models for housing finance, delivery, and governance are insufficient to address the growing demand for decent, affordable, and inclusive housing. To unlock a transformative shift, a human-centered, multi-stakeholder, and innovation-driven housing ecosystem must be developed—especially for low- and middle-income populations. This chapter proposes alternative housing models and policy frameworks, drawing upon cross-country comparisons, case studies, and emerging practices.

5.2. A Shift from Ownership-Centric Models to Housing-as-a-Service

While homeownership remains aspirational and culturally important across many OIC member countries, the economic realities of the 21st century necessitate that governments recalibrate their housing policies to accommodate greater flexibility. This involves:

- Rental housing ecosystems with security of tenure, tenant protection, and public-private co-investment.
- Co-living models, especially for young people and migrants, combine affordability with shared infrastructure.

- Incremental housing (assisted self-construction) enables households to build progressively with technical and financial support.
- Subsidized lease-to-own programs tailored to informal workers and low-income families with no formal credit history.

Figure 5.1. Guided Principles for OIC Countries (by Authors)

5.3. Building a Human-Focused Investment and Financing Ecosystem

Most OIC housing finance systems are dominated by short-term, interest-based mortgage models that are inaccessible to the majority. A diversified, inclusive financing structure should include:

- **Islamic Housing Finance Instruments:** Scaling up Diminishing Musharakah, Ijara, Sukuk, and Waqf-based funds to provide Sharia-compliant, equity-based financing alternatives.
- **Real Estate Investment Funds (REIFs):** Mobilizing institutional and retail capital for affordable housing development through income-generating REIFs backed by land or rental income.
- **Pension Funds and Sovereign Wealth Funds:** Encouraging long-term institutional investment in affordable housing infrastructure.
- **Digital Microfinance Platforms:** Leveraging fintech solutions to offer microloans and savings products for home improvement, down payments, and basic services.

5.4. A Sustainable New Housing Financing Model: The 4P Framework (Public-Private-People Partnership)

To resolve the deepening housing crisis while preserving financial sustainability, a transformative paradigm tailored for emerging economies, including OIC Member Countries, is needed, as Sümer (2024) suggested.

The 4P approach—Public, Private, People, and Partnership- is an evolution of traditional PPPs. It introduces people (beneficiaries) not only as consumers but as active stakeholders in financing, governance, and long-term stewardship of housing.

Affordability without Debt Dependence, which reduces the reliance on mortgage debt, especially among lower-income households, **Collective Investment Mechanisms** which is pooling long-term capital from public institutions, private investors, and citizens, **Decentralized Management** which is empowering local cooperatives or community-based entities in planning and maintenance and **Value Preservation and Circularity** which is reinforcing sustainability by designing long-life, adaptable housing units with shared infrastructure are the core principles of Sümer's (2024) 4P approach.

Figure 5.2. 4P Housing Model *(derived from Sümer, 2024)*

Tool/Mechanism	Function	Implementation in OIC Context
Housing Development Fund (HDF)	Mobilizes blended finance (public, private, donor, waqf) for large-scale housing.	Can be capitalized via Islamic finance instruments (e.g., Sukuk, Zakat, Waqf)
Land Contribution by the State	Lowers development costs by making serviced land available	Applicable in countries with high public land holdings
Construction Cooperatives	Enables people to co-develop and manage housing	Aligns with communal traditions and religious values
Rent-to-Own Programs	Gradual ownership without upfront loans	Ideal for informal workers and younger households
Shared Equity Model	Ownership shared between the fund and the household, reducing the initial cost	State exits gradually as income rises

Table 5.1. Implementation of the 4P Model for OIC Member Countries *(by Authors)*

Implementation Roadmap:

- Establish a national or regional-level Housing Fund managed independently but supported by relevant housing agencies.
- Bundle serviced land, infrastructure, and seed capital into project packages.
- Invite private developers and local cooperatives to bid under affordability and sustainability criteria.
- Offer no-interest or equity-based financing tools, in line with Islamic principles.
- Introduce asset-based guarantees or land-value capture to ensure long-term fund sustainability.

Most OIC member countries face housing deficits compounded by informal labor, limited mortgage access, and cultural emphasis on ownership. This model offers homegrown, Sharia-compliant, and socially embedded mechanisms. It enables intergenerational wealth creation, prevents gentrification, and reduces fiscal pressure on governments.

Case Applicability:

- Türkiye may pilot this through TOKİ's social housing pipeline.
- Malaysia's PR1MA could integrate 4P principles with Islamic home financing.
- North African and Gulf countries can scale this through Waqf-financed cooperatives.

5.5. The Use of Technology and Innovation

New technologies can help lower costs, improve quality, and speed up delivery. Modular and prefabricated construction may reduce costs and time by up to 40%, and AI-driven urban planning may be used for more effective land use and service provision. Blockchain-enabled land registries for secure and transparent tenure systems, especially in informal areas, may automate the systems. GIS and big data tools may be used for targeting subsidies, monitoring slums, and managing housing databases. OIC Member Countries can launch Digital Housing Labs—regional hubs to pilot, replicate, and scale such innovations.

5.6. Integrated Housing-Land-Transport Policies

Housing affordability cannot be achieved in isolation. OIC countries must adopt integrated frameworks that link affordable housing provision with transit-oriented development (TOD), which maximizes the amount of residential, business, and leisure space within walking distance of public transport.

Inclusive zoning laws that enable mixed-income developments, land value capture tools (e.g., impact fees, LVC taxes) to finance infrastructure around low-income housing, may also promote urban equity and prevent the isolation of poor populations in peripheral or underserved locations.

5.7. Strengthening Legal and Governance Systems

Institutional gaps—such as unclear land tenure, fragmented housing governance, or poor enforcement—remain significant barriers. Countries should establish National Housing Authorities with cross-sectoral mandates (land, finance, planning), introduce One-Stop Housing Platforms for citizens to access housing support, apply for subsidies, or resolve land tenure issues, strengthen local government capacity in urban planning and service delivery, and enforce tenant rights, landlord accountability, and anti-discrimination protections in housing markets.

5.8. Promoting Participatory and Culturally Appropriate Housing

Top-down housing approaches often fail to reflect the needs, traditions, or identities of communities. An effective housing policy must support community-led upgrading of slums and informal settlements, promote gender-inclusive and disability-friendly design, recognize multigenerational housing models, particularly in rural and conservative contexts, and involve communities in site selection, design, and maintenance, promoting ownership and long-term sustainability.

5.9. Regional Cooperation and Knowledge Exchange

Given shared challenges, OIC Member Countries can benefit from stronger policy and technical cooperation by establishing a Housing Innovation Fund to support pilot programs across Member Countries, by launching an OIC Affordable Housing Index benchmarking affordability, policy effectiveness, and housing outcomes, by hosting policy exchanges and technical training between high-performing housing agencies (e.g., Türkiye's TOKİ and Malaysia's PR1MA) and by encouraging joint initiatives on Waqf-backed housing, regional Islamic finance instruments, and land management practices.

OIC Member Countries are at a crossroads. The data and lessons presented in this guide demonstrate that, while the challenges are deeply rooted, transformative solutions are indeed possible. A holistic, inclusive, and locally grounded approach—centered on human dignity, sustainability, and innovation—can shift the trajectory of housing development in the Islamic world. The path forward does not lie in replicating failed models, but in redesigning the rules of the game. With vision, collaboration, and political will, decent housing can become not only a right but a reality for millions.

Access to decent and affordable housing remains a persistent challenge across the OIC (Organization of Islamic Cooperation) Member Countries, particularly for low-income populations. As a result of this guide, and as Sümer (2024) suggests, 20 interlinked strategies are recommended to overcome affordability constraints and lay the foundation for a sustainable, inclusive, and culturally sensitive housing system. The proposed framework emphasizes not only immediate affordability improvements but also long-term structural reform, resilience to financial shocks, and alignment with Islamic financial and moral principles.

5.10. Policy Recommendations and Concluding Remarks

Building on the guiding principles set out earlier, this section translates diagnostic insights into actionable policy recommendations. The 20 recommendations presented here form a comprehensive roadmap for OIC Member Countries, combining immediate interventions with long-term reforms. They encompass regulatory, financial, institutional, and social dimensions, aiming to foster an equitable, sustainable, and resilient housing ecosystem. Collectively, they are designed to balance cultural contexts, economic constraints, and future risks.

1. Develop future-proof housing policies: OIC governments must adopt forward-looking housing strategies that address current affordability challenges while proactively managing emerging risks, such as urbanization pressure, climate change, and economic volatility. Strategic foresight should be embedded in all planning efforts, enabling adaptive policymaking.

2. Institutionalize standardized, transparent borrowing mechanisms: To reduce default risks and promote responsible lending, governments and financial institutions should implement uniform lending criteria, including credit scoring, income verification, and repayment monitoring systems. These systems should be inclusive yet stringent enough to protect the financial system.

3. Calibrate housing regulations to reflect market dynamics: Instead of static regulation, authorities should adopt flexible legal frameworks that evolve in response to market signals. This involves adjusting LTV (loan-to-value) ratios, rent control measures, or tax reliefs based on real-time data and forecasts, ensuring a balance between affordability and investment attractiveness.

4. Incorporate social and psychological housing expectations: Housing policy must be informed by cultural norms, family structures, and psychological attachment to homeownership. In many OIC countries, owning a home is both a financial goal and a social milestone. Understanding this perception is key to designing acceptable rental and co-ownership models.

5. Decouple housing finance from traditional banking: To reduce volatility and enhance Shariah compliance, housing finance should gradually move away from conventional interest-based banking. Islamic finance tools such as murabaha, ijarah, musharakah, and istisna can be adapted to housing, fostering financial inclusion and religious alignment.

6. Encourage co-ownership, collective financing, and sharing economy: Alternative financing tools like housing cooperatives, crowdfunding platforms, and community land trusts should be promoted. These models enable households to pool resources and invest collectively, making homeownership more accessible for the poor and reducing the burden of debt.

7. Offer land subsidies, tax incentives, and low-interest (or zero-interest) loans: Governments should utilize fiscal tools to support low-income groups directly. Strategic land grants, tax breaks for affordable housing developers, and subsidized financing for target segments can significantly lower housing costs and incentivize supply.

8. State-led affordable housing programs for the poorest: For the extremely poor, market solutions may be insufficient. Governments should directly provide housing units or heavily subsidize their construction and operation through national programs. Public housing should be designed with dignity, community integration, and sustainability in mind.

9. Promote build-to-rent housing development: To rebalance housing markets, policymakers should incentivize developers to construct rental-focused housing stock. This may include offering tax exemptions, easing zoning requirements, and supporting long-term rental agreements, particularly in high-demand urban areas.

10. Promote financial literacy in housing decisions: A lack of financial literacy leads to unsustainable borrowing and poor housing choices. Public education campaigns and school curricula should include modules on housing economics, rent vs. buy analysis, and debt management, particularly tailored for low-income households.

11. Prepare for the next housing crisis with early warning systems: Due to global economic interconnectivity, local housing markets are increasingly exposed to external shocks. OIC governments should develop macroprudential monitoring tools to detect overheating or credit bubbles early and respond proactively.

12. Enable reverse migration through smaller cities & ecovillages: Developing satellite cities, ecological villages, and smart towns can relieve pressure on overcrowded metropolises. These areas should offer quality public services, digital connectivity, and job creation opportunities to make them viable alternatives for families.

13. Incentivize homeowners to rent vacant properties: Millions of homes remain unoccupied across OIC countries. Policies such as tax reductions for rented units, guaranteed rent schemes, or penalties for long-term vacancy can unlock this hidden housing supply.

14. Monitor demographic trends for targeted housing supply: Governments must track population trends (youth bulges, aging populations, family size changes) to align housing stock with actual demand. Demographic data should guide zoning, subsidy allocation, and urban design choices.

15. Adopt real estate tokenization & fractional ownership: Blockchain-based tokenization of land and housing enables buyers to purchase a share of property through digital platforms. This lowers the entry barrier, allows asset diversification, and enhances liquidity in real estate markets—especially for young or low-income buyers.

16. Emphasize circular economy, renewable energy, and ESG in housing: Affordable housing must also be sustainable. Governments should promote energy-efficient designs, the use of recycled materials, and the integration of renewable energy (solar, wind). ESG principles should be incorporated into developer requirements and urban planning.

17. Shift from PPP to 4P (Public-Private-People Partnership) model: As Sümer(2024) suggested, a more inclusive governance model that actively involves communities in the planning, development, and financing process ensures that housing projects meet real needs. This participatory approach increases local ownership, reduces resistance, and fosters innovation.

18. Use modular and fast construction methods based on geography: Depending on regional contexts (climate, disaster risk, labor availability), governments should support off-site construction, 3D printing, and prefabricated materials to reduce cost, construction time, and environmental footprint.

19. Prioritize strengthening and rehabilitating existing housing stock: In many OIC countries, aging and poorly constructed buildings could be retrofitted rather than demolished. Rehabilitation is cost-effective, preserves communities, and reduces environmental impact compared to new builds.

20. Create a stable housing investment ecosystem: Avoiding speculative bubbles and market crashes requires building a long-term investment framework supported by real estate capital market instruments, such as REITs, REIFs, and real estate certificates, and aligning them with pension funds and savings schemes. This enables gradual wealth accumulation and ensures housing affordability for future generations.

Taken together, these 20 recommendations chart a pathway toward an integrated and future-facing housing architecture in OIC Member Countries. Grounded in Islamic finance principles, social justice, and economic pragmatism, they move beyond fragmented interventions toward systemic solutions. The roadmap emphasizes that decent housing for the poor cannot be achieved through isolated projects or short-term subsidies alone, but requires coordinated multi-stakeholder engagement, innovative financing, and sustainable urban planning. If implemented with foresight and inclusivity, these measures can help OIC Member Countries transform housing from a source of vulnerability into a foundation of resilience, dignity, and shared prosperity.

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