AFFORDABLE HOUSING ACROSS ASIA

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Reform and Invest Across the Housing Value Chain

Vital to reform structures and catalyze markets to achieve goals

Reduce formal housing costs
Sector interventions in regulations, planning, construction and land

Boost housing demand through access to finance
Enhance access to mortgages
Enhance access to microfinance
Reduce housing-related costs through better city planning (transport) and greening (utilities)
Introduce with efficient, well-targeted subsidies

Interventions

1. Improve city planning, building regulations, and access to land
2. Invest in basic pro-poor infrastructure and slum upgrading
3. Strengthen residential rental markets
4. Strengthen construction & building materials sectors; support private housing development
5. Expand access to housing finance to lower and informal income households

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Low Accessibility of Housing Finance

Mortgage Debt to GDP (%)

- **43 countries**: More than 15% of GDP
- **17 countries**: 5 to 15% of GDP
- **135 countries**: Less than 5% of GDP

Annual Urban Growth Rates By Region, 2015-2050

- Sub-Saharan Africa
- South Asia
- East Asia & Pacific
- Middle East & North Africa
- Latin America & Caribbean
- Europe & Central Asia
- North America

Mortgage depth (2006-2010)

- South Asia
- Sub-Saharan Africa
- Latin America & Caribbean
- Middle East & North Africa
- Europe & Central Asia
- East Asia & Pacific
- North America

Source: World Bank Mortgage database, UN Populations
### Expanding Access to Housing Finance

| Affordable Mortgage Markets | • Appropriate legal & regulatory framework  
|                           | • Long term local currency debt and equity  
|                           | • Banks and/or HF companies?  
| Housing Microfinance       | • Smaller loans: improvement, self-construction  
|                           | • Regulations, liquidity, pre construction advisory  
| Capital Markets            | • Secondary mortgage markets (MBS, covered bonds)  
|                           | • Liquidity facilities (counter-cyclical / market catalyst)  
|                           | • Role of Government to enhance?  
| Innovative Finance         | • Fintech applied to the housing finance value chain  
|                           | • Risk sharing instruments (guarantee funds)  
|                           | • Contractual saving schemes  
|                           | • Rent-to-buy, Islamic housing finance  
| Construction Finance       | • Prudent project finance by banks  
|                           | • Regulatory framework for developers  
|                           | • Protect end users  
| Efficient subsidies        | • Leveraging markets  
|                           | • Socially targeted  
|                           | • Fiscally responsible  

Rental housing – a missing policy pillar in Asia?

- Key part of national housing policy
- Vital for labor markets
- Create and improve rental stock
- Balanced system (tenants, landlords)
- Coherent system of subsidies
- Professional property managers
- Long-term capital sources
- Tax neutrality: rental vs ownership

Rental housing as share of housing tenure, selected cities