

## UN-HABITAT

### Statement of the meeting of the Advisory Council to the Warsaw Office on housing finance

*Noting* that the global financial crisis has severely affected resources available for housing finance as well as other parts of the economy, especially in the countries most vulnerable to economic downturns such as developing and transition countries.

*Recalling* that the current financial crisis was caused by problems in the banking sector with regard to low-cost credit for the purchase of property, excessive risk taking in the sub-prime market and inadequacies in the corporate governance of many financial institutions.

*Recognizing* that expenditures related to housing are a major part of the budgets of the vast majority of families and that the cycle of a sharp increase in prices of housing for purchase or rent, followed by financial crisis and then recession is repeating itself and will affect severely low and middle-income groups.

*Expressing* concern that the crisis caused by the housing finance crisis which began in North America and spread to Western Europe has already affected developing and transition countries, limiting their capacity to deal with long-standing economic and social problems.

*Realizing* that housing finance is in need of reform which should begin by the developed countries using the economic difficulties and retraction of real estate markets as an opportunity for bringing policies and practices into line with the commitments made in the Habitat Agenda in 1996.

*Welcoming* pioneering initiatives of UN-HABITAT such as the Experimental Reimbursable Seeding Operations for housing finance and its work on slum upgrading and slum prevention at the global level.

*Recommend* that future policies in the field of housing finance should include provision of incentives for expanding the rental sector, promotion of a wider use of household savings as a means for co-financing housing purchase, ensuring that down-payments are a standard part of lending for property purchase, good practice and concentration of public resources on ensuring affordable housing provision for the poor, low and middle income groups.

*Recommend also* that such policies should be combined with urban development policies aiming at making land affordable, combating spatial exclusion and improving the living environment, focusing amongst others on the use of instruments which can discourage land speculation, encourage public-private partnerships, revitalization, ensure transparency in planning and construction procedures and improve the quality of land information systems.

*Calls upon* UN-HABITAT to intensify its activities with regard to identifying new solutions for increasing resources dedicated to the provision of affordable housing for the poor, low and middle income groups and to continue to promote increasing investment in housing and urban infrastructure as a means for alleviating both economic and urban problems facing the global economy.

*Warsaw, 7 September 2009*