

Affordable Metropolis series: World Urban Thinkers Campus on Affordable Housing

New York City July 15th, 2019



Addressing the lack of affordable housing units as a core global urban issue: understanding the problem, delivering efficient solutions

In most countries around the world, affordable housing is a rising societal and economic concern, yet not at the top of governments agenda. The issue is becoming universal, affecting developed and emerging economies and fueling inequalities in an era of rapid urbanization. Wages have not increased at the same pace as the cost of living. Therefore, the purchasing power of people with little or no income has decreased during the last decades. Even full-time middle class employees are struggling to pay their monthly bills.

The major expense for most people is lodging.

Although it is generally agreed in America or Europe that, to have a balanced budget, one should spend less than 30% of his/her revenues on housing, more than 25% of current tenants in the USA spend 40% to 50% or more for lodging. One of the major reasons is the serious imbalance in the national Real Estate market where demand for moderately priced homes for rent or for sale grows exponentially while construction remains mostly focused on luxury housing for which demand is dwindling. This trend tends to be duplicated globally.

Governments alone cannot build enough units to answer the growing demand and social housing cannot solve the crisis in the short run. The current rise of housing costs is due to many factors, including interest rates, demographic trends, low productivity growth on the construction sector, lack of relevant land-use regulation but also a global market failure of real estate markets to address the issue, especially in metropolitan regions. The engagement of the private sector is absolutely necessary to avoid the global housing imbalance prevent reaching SDG11 and completing the New Urban Agenda.

Ahead of 2020 World Urban Forum, the purpose of the 2019 WUTCs on affordable housing is to develop the dialogue within civil society on how to create more affordable

housing, quicker, cheaper, of better quality and propose concrete ways to involve private developers, contractors, architects, designers, Real Estate professionals and the public in this effort.

In its second year, the *Affordable Metropolis series* expands the discussion into a full day of discussion on affordable housing issues. We started gathering knowledge with an impact in Feb. 2018 at WUF IX in Kuala Lumpur and continued our journey with multistakeholder roundtables in Paris New York and several other cities worldwide for the 2018 World Habitat Day. We delivered a report on the progress made in the end of 2018. We organized a high level roundtable at MIPIM in Cannes in March 2019 with OECD. In 2019, our goal is to hold at least one WUTC per continent in the next 8 months with the same core agenda so we can prepare a report for the United Nations World Urban Campaign in December listing the various accomplishments and suggestions on the 4 topics selected:

- Financing
- Mobility and Inclusion
- Health, wellness and liveability
- Use of the public realm

To be held as a parallel event to the July United Nations High-Level Political Forum, the July 15 WUTC in New York will start with a panel of experts introducing the 4 topics to be discussed and mentioning the main current challenges in dealing with each. Workshops of one hour on each of the four themes will follow. A sufficient number of groups will be arranged for each workshop in order for all attendees can get actively involved in the discussion and provide their input. A group coordinator will take notes and report at the end of the day on the suggestions and conclusions. The WUTC will end with a panel of specialists commenting on the suggestions, recommendations and mentioning new trends and ideas.

Financing

In order to build the thousands of affordable units needed to meet the increasing demand, since public funds are limited, it will be necessary to elaborate formulas sufficiently attractive to capture the interest of private investors. In the US – and globally, there are currently trillions of dollars from the private sector available for investment.

Can we package the financing of construction or renovation of affordable homes in a way which is appealing and rewarding enough to private investors? Is crowdfunding a valid option? What formula could multiply private investments? How can we convince developers to address the huge unmet affordable units demand and find it profitable?

How can we ensure that the trend towards greener and more carbon neutral building converges with the need for more affordable housing?

Mobility and Inclusion

Because the lower cost of land, many affordable housing developments have been built far from city centers or working places, creating extra difficulties and inconvenience for residents. It is critical to build close to transportation and work with local authorities to add, if necessary, additional means of accessing the important economic and business hubs of the city.

Easy access to transportation will enable inclusion of people with mobility issues such as the handicapped, elderly, single parents with small children. Many of these individuals face severe financial challenges and being able to spend a lower amount of their revenues on housing will provide them with a better quality of life. Of course the design of the building will need to accommodate the special requirements of various types of residents.

What are the main categories of people who should be integrated in affordable complexes? What are the necessary accommodations to include? What can be done to develop the residents' community in a harmonious manner?

Health, wellness and livability

Since home is where people spend at least half of their day, the quality, design and amenities of a building have consequences on the health of people.

The choice of construction materials, the quality of air, the sounds and smells in the immediate environment are the first elements to create a healthy environment. Adding amenities such as gym, a sound lab, a doctor's office can improve health and happiness

What are the amenities most useful and appreciated by residents?

Which ones should be considered by builders in the future?

Use of the public realm (of public space)

When buildings have space inside and/or outside accessible to the public, they can use it to facilitate the creation of a community for the residents and also to speed up their integration in the neighborhood.

The sooner neighbors get to know and appreciate members of the new building, the smoother and more pleasant life will be for all. Some indoor amenities could be accessible to non-residents, such as a gym, a library, a music studio, an art or flower arrangement class, community kitchen, a computer lab, a job placement center. Outdoor facilities could include a playground, tables for chess games, a communal garden, a well-planted sitting area.

What are the creative uses of public space which would make life easier and better for building residents and their neighbors?

By promoting discussion of these issues on all continents and brain storming, we believe that the World Urban Thinkers Campus will increase the interest of the private sector and significantly drive up its participation in reducing the deficit of affordable housing units. Inviting the press to the event will be an effective way to expand the interest in the matter and generate more substantial and lasting involvement of the public. Preparing and transmitting a report in December to the World Urban Campaign, UN-Habitat and to the World Economic Forum scheduled to discuss affordable housing in January 2020, will further expand the discussion. We will also seek to include other UN agencies such as UNECE and multilateral financial institutions who have lately started to include housing as a cross-sectoral issue in their strategy.

Finally, we plan to gather the most promising ideas and best accomplishments and print them for distribution at the WUF10 in Abu Dhabi in February 2020. It should spark more private initiatives to offer more and better quality housing at a lower price to people in various countries around the world.

Danielle GROSSENBACHER, FIABCI representative at the UN, New York

Nicolas J.A. BUCHOUD, president, the Grand Paris Alliance for Metropolitan Development