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**PROMOTION AND PROTECTION OF ALL HUMAN RIGHTS, CIVIL,
POLITICAL, ECONOMIC, SOCIAL AND CULTURAL RIGHTS,
INCLUDING THE RIGHT TO DEVELOPMENT**

**Report of the Special Rapporteur on adequate housing as a component
of the right to an adequate standard of living, and on the right to
non-discrimination in this context, Raquel Rolnik***

* Late submission.

Summary

The present report is the first one presented to the Human Rights Council by the new mandate holder, Raquel Rolnik, who took up her position on 1 May 2008. In view of the current crisis in the housing and financial sector, the Special Rapporteur decided to devote this thematic report to the consequences of certain economic, financial and housing policies and approaches that have seriously impacted the right to adequate housing in the past decades and have contributed to the present crisis.

The first chapter of the present report discusses the housing/mortgage and financial crisis. The second chapter relates these crises to prevalent economic, financial and housing policy approaches and their impact on the right to adequate housing.

Within the context of the globalization of the housing and real estate finance markets and economic adjustment policies, cities have become unaffordable for inhabitants of lower-income - and increasingly middle-income - groups. In the majority of countries, the market has become the regulating institution, setting benchmarks for the price, location and availability of housing and land, as well as rental housing prices, while the role of the State in the management of public housing has generally decreased. This has contributed to strengthening the perception of housing as a mere commodity and a financial asset, neglecting other dimensions of the right to adequate housing and negatively impacting on the enjoyment of human rights for all.

The Special Rapporteur believes that these crises provide an opportunity to reflect on the current housing system and the adoption of a human rights-based approach, to introduce changes to make the system sustainable and allow the provision of adequate housing for all. She calls on the Council to consider the different issues tackled in the present report and gives a number of preliminary recommendations: the multiple dimensions of housing should be recognized; it should not be considered as a mere commodity or financial asset. The report argues that markets alone cannot provide adequate housing for all, and in some circumstances public intervention is needed.

The Special Rapporteur advocates the adoption of human rights-based public housing policies which support access to adequate housing by different means, including through alternatives to private mortgage and ownership-based housing systems, and through the development of new financial mechanisms and tenure arrangements. The Special Rapporteur also calls for an increase in public funding for housing and the construction of public housing, in order to address the impacts of the crisis in human settlements and the enjoyment of human rights.

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Introduction

1. The present report is submitted to the Human Rights Council in accordance with its resolution 6/27 on adequate housing as a component of the right to an adequate standard of living.
2. The new Special Rapporteur on adequate housing as a component of the right to an adequate standard of living, Raquel Rolnik, took up her mandate on 1 May 2008. During the months of May and June, the Special Rapporteur held extensive consultations and in July 2008, she submitted a preliminary report to the General Assembly (A/63/275), outlining the approach she intends to take to the mandate. From 3 to 6 November, she took part in the World Urban Forum in Nanjing, contributing as a key speaker in several panels including a plenary session on “equity in cities”, a dialogue on the promotion of social equity and inclusiveness, and various roundtables including on women and housing and on indigenous peoples’ housing. The Special Rapporteur has started following up on the country missions undertaken by her predecessor; she is reporting to the Council on the implementation of the recommendations he formulated for Mexico, Peru, Romania and Afghanistan.¹ She is also reporting on communications sent to and received from Governments² and submitting the report of her predecessor on his visit to Canada in October 2007.³ The Special Rapporteur has contacted a number of States in regard to possible country visits. She looks forward to positive responses and collaboration from these States.
3. The recent housing and mortgage crisis and the subsequent financial crisis have been at the forefront of the media and international attention. Yet, little has been said about their global impact on the right to adequate housing. In October 2008, the Special Rapporteur shared her concerns with the General Assembly. Encouraged by a number of delegations, she decided to devote her first report to the Human Rights Council to this issue.
4. The first section of the present report discusses the housing/mortgage and financial crisis. The second part relates these crises to the prevalent economic, financial and housing policies and approaches and their impact on the right to adequate housing. The report concludes with a number of preliminary recommendations to address the current situation including consideration of the issue by the Human Rights Council.

I. THE CURRENT HOUSING, FINANCIAL AND ECONOMIC CRISIS

5. In order to understand the crisis and its impact on the right to adequate housing and to make useful recommendations, the Special Rapporteur believes it important to analyse economic and financial decisions and approaches that have led to the current situation.
6. It is generally accepted that the global credit crunch generated by the subprime mortgage crisis has been one of the main causes of the current worldwide financial and economic crisis.

¹ A/HRC/10/7/Add.2.

² A/HRC/10/7/Add.1.

³ A/HRC/10/7/Add.3.

“Subprime” mortgage is a term used to refer to loans “given to borrowers whose incomes or credit ratings or the equity in whose property does not justify a conventional mortgage at the prevailing interest rate on prevailing terms. Instead, subprime mortgages carry a higher interest rate and are seen as having a greater risk of foreclosure for non-payment”.⁴ In this context, adjustable rate mortgages (ARMs) are also offered, i.e. loans with an interest rate which can significantly change over the life of the mortgage. Subprime mortgages were sold by lenders (mainly through portfolio or collateralized debt obligations) to investors globally. Over the last decade, such operations generated a global business estimated at \$1.3 trillion as of March 2007.⁵

7. Subprime mortgages were initially promoted in some developed countries as a way to expand home ownership to high risk, often low-income families.⁶ This was done in a context of abundant liquidity which induced a rapid expansion of credit in many developed and emerging countries.⁷ Market-based housing finance has become an increasingly important activity of the financial sector and has contributed to a widespread bubble in real estate prices.⁸ Liberalization in mortgage markets was promoted through a range of policies and normative developments. The European Union (EU), for instance, witnessed decisions to abolish interest rate ceilings, to relax credit controls, and to end the restrictions on entry into mortgage markets.⁹ In the United States of America, the repeal in November 1999 of the Glass-Steagall Act allowed commercial banks to collaborate with full-service brokerage firms and participate in investment banking.

⁴ P. Marcuse, “Subprime housing crisis”, November 2008, available at <http://www.hic-net.org/articles.asp?PID=911>.

⁵ Associated Press, “Will subprime mess ripple through economy? Q & A: Looking at the impact of the mortgage meltdown”, 13 March 2007.

⁶ A recent World Bank study notes, however, that over half of subprime loans have been for refinancing existing mortgages rather than purchasing a house and that not all subprime lending has been for low-income households, with many loans made to higher income earners with poor credit records, W.B. Gwinner and A. Sanders, *The Sub Prime Crisis: Implications for Emerging Markets*, World Bank Policy Research Working Paper 4726, September 2008.

⁷ Emerging countries had no or very few subprime mortgages, with lending typically taking place on conservative terms to middle- and upper-income households employed in the formal sector. Ibid.

⁸ “While it has for many years played an important role in countries such as Denmark, the United States of America (which has more than \$6 trillion in mortgage assets outstanding), and the United Kingdom, access to finance is now expanding elsewhere. In Western European countries, housing finance is increasing at more than 8 per cent per year, more than double the rate of growth of GDP for the past decade”, R.M. Buckley and J. Kalarickal, eds., *Thirty Years of World Bank Shelter Lending: What Have We Learned?*, World Bank, 2006.

⁹ M. Ball, *RICS European Housing Review 2005*, Royal Institute of Chartered Surveyors, 2005.

8. In the United States, subprime lending began surging in the mid-1990s. These loans comprised 8.6 per cent of all mortgages in 2001, soaring to 20.1 per cent by 2006. Since 2004, more than 90 per cent of the subprime mortgages have offered adjustable interest rates that increase sharply after an initial low-interest period.¹⁰ In recent years, most subprime loans were made by non-depository institutions, commonly referred to as mortgage originators. These companies borrowed millions of dollars to originate and fund mortgages. Originators only briefly owned the loans (typically for 60 to 90 days) before they were bundled with other loans and sold to secondary market investors in a process called securitization, allowing the originators to repay their creditors.¹¹

9. The expansion of the subprime mortgage business was accompanied by inadequate appreciation of the risks by investors, the lack of due diligence by regulators and supervisors, the build-up of excessive leverage by financial institutions, and housing speculation and overbuilding during the boom period.¹² Consumers were inadequately protected and often victims of abusive practices. Many subprime originators were no longer concerned with the terms of the loan or whether the borrower would be ultimately able to afford the loan. Instead, the originators' incentive was to close the loan as quickly as possible, in order to be paid their origination fees, and then sell the loan to the secondary market. The problem became even worse for thinly capitalized mortgage brokers, who originated 63.3 per cent of subprime loan volume in 2006, and did not have enough of a stake in the outcome of the loans.

10. In the United States, some large, national subprime lenders had core competency in marketing and sales, not responsible lending.¹³ In other countries, like Spain, although the mechanisms and credit system were very different, other forms of subprime lending were practised: financing 100 per cent of the price of a house, initial interest-free mortgages for young people, etc.¹⁴

11. The value of real estate is partly tied to the availability of credit, so its extreme appreciation has been fuelled in part by these so-called "affordability" mortgages. Rather than be guided by responsible underwriting and deny certain applications, lenders and investors used artificial loan features to "qualify" borrowers. The end result was extreme risk layering in which

¹⁰ J. Atlas and P. Dreier, "The conservative origins of the sub-prime mortgage crisis", *The American Prospect*, 18 December 2007.

¹¹ P. Madigan, "Overview of the subprime foreclosure crisis", Iowa Office of the Attorney General, September 2007 available at http://www.iowa.gov/government/ag/latest_news/releases/sept_2007/Foreclosure_analysis.pdf.

¹² See footnote 6 above.

¹³ See footnote 11 above.

¹⁴ *El cielo está enladrillado: entre el mobbing y la violencia inmobiliaria y urbanística* (Spain, Edicions Bellaterra, 2006).

multiple risky features were present in the same loan. No matter how far the price of housing exceeded the actual income of borrowers, so long as a borrower could be qualified for a mortgage, housing appreciation increased. Thus, loose and irresponsible lending, while not the sole cause, contributed to and enabled irrational housing price appreciation.¹⁵

12. It has been observed that beneath the subprime mortgage business and its consequences, lies an economic system “built on the drive for the steady accumulation of profit and the necessity of constant growth to provide that profit. ... The development of the subprime housing market is one result: a whole new stratum of homebuyers is created, the market for homes is increased dramatically, and as long as prices continue to rise ... [the fact] that the increase is based on ... buying by those that cannot afford to buy is suppressed”.¹⁶

13. The system worked as long as the housing market grew and borrowers made their monthly mortgage payments. Between 2006 and 2007 the housing market stopped growing in a number of countries, credits were revaluated and in 2007 an important number of borrowers started defaulting on their mortgages. In the United States serious delinquencies (90 days or more delinquent or in foreclosure) for all subprime loans rose from 5.68 per cent in the third quarter of 2005 to 14.44 per cent at the end of 2007. In the same period, serious delinquencies for subprime ARMs quadrupled, from 5.15 per cent to 20.43 per cent.¹⁷

14. Between the summer and the fall of 2007, the collapse in the subprime market began to impact on banks in the United States and Europe which had made related investments. Governments intervened in different ways, mainly with central bank money injections, supporting specific banks and companies and in some cases even nationalizing some institutions (starting with the United Kingdom of Great Britain and Northern Ireland in January 2008). In December 2007, the United States President proposed initiatives to support also the victims of the crisis, i.e. the homeowners facing foreclosure, estimated at 1.7 million people by the end of 2007. Starting from January 2008, stock markets began to bear important losses globally and the impact of the crisis on the “real economy” was predicted by the World Bank. During the course of the year, while the prices of houses and the number of approved mortgages continued to decrease, and a growing number of banks to collapse, initiatives to address the crisis multiplied, including national rescue packages for the banking systems and central bank rate cuts. By the autumn of 2008, in many Western countries as well as in the United States, a growing number of people had lost their jobs.

15. Faced with potential catastrophe, even the fiercest critics of State “meddling” in the economy condoned massive public intervention to save private entities and markets. Some countries intervened by purchasing distressed assets, especially mortgage-backed

¹⁵ See footnote 11 above.

¹⁶ See footnote 4 above.

¹⁷ See footnote 6 above.

securities, and making capital injections into banks. This so-called “bail-out”¹⁸ is considered by some observers as an opportunity to rethink a system in which individuals and private entities are seen to “take hostage” the population and the authorities, given the significant consequences of their activities. The financial sector is recognized to be in need of thorough reform and restructuring; massive public expenditure for the rescue of the financial sector requires all actors to be held accountable and ensuring that their activities do not negatively impact human rights.

16. The draft outcome document of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus states that “the current financial crisis, as well as the continued weaknesses in the international financial system, further underline the need to strengthen the international financial architecture”.¹⁹ Unfortunately, the document fails to recognize the need for a human rights-based approach to this process. The current crisis represents a threat to the implementation of housing rights - as well as other human rights - if bank losses are covered by public funds at the expense of State programmes and development aid for housing and other social areas. It can thus further deepen the current crisis in housing and living conditions.

17. Another important additional element that has to be taken into account in the context of the present report is the impact on States, housing policies and related issues of the acceleration of global interdependence, interaction and integration. While the financial crisis was initially seen as a crisis of developed countries, it is increasingly spreading to affect also developing ones. For many countries already hard-hit by food and energy price increases, the financial crisis and its impact on the global economy is triggering additional problems. The crisis is expected to affect developing countries differently, depending on their links with the international financial system. For instance, in sub-Saharan Africa, the impact of the crisis should be more limited than in other regions of the world because of its de-linkage from Western financial institutions.²⁰ Despite these differences, four trends would have a negative impact on most developing countries: the decline in exports from developing to developed countries (because of the recession in the latter), possible decline in international development aid, decreasing income remittances from migrants, and a decline in foreign direct investment. In addition, in case of a global recession, the impact of the crisis will affect all countries.

18. The Special Rapporteur believes that the crisis, and its origins in the housing market, reflects fundamental flaws in current economic and housing policies, revealing the inability of market mechanisms to provide adequate and affordable housing for all. The underlying causes of the mortgage crisis and the resulting global financial crisis must be examined to assess their impact on the right to adequate housing.

¹⁸ Bail-out in economics and finance is a term used to describe a situation where a bankrupt or nearly bankrupt entity, such as a corporation or a bank, is given a fresh injection of liquidity, in order to meet its short-term obligations.

¹⁹ A/CONF.212/L.1/Rev.1, para. 68.

²⁰ “Africa’s prospects - opportunity knocks”, *The Economist*, 9 October 2008.

II. PREVALENT ECONOMIC AND HOUSING POLICIES AND APPROACHES AND THEIR IMPACT ON THE RIGHT TO ADEQUATE HOUSING

19. Whether freely decided by Governments or imposed in some cases by international financial institutions and other actors as loan conditions, the withdrawal of States from the housing sector, as well as the commodification and increased use of housing as an investment asset, within a globalized financial market, has deeply impacted the enjoyment of the right to adequate housing.

20. Observers have noted the impact on adequate housing and housing systems, including laws and policies, of globalization and economic models prevailing in recent decades. As one noted, “[t]he growth and power of globalized corporations involved in housing; the globalization of property rights, housing finance markets, and the promotion of owner-occupation; globalized real estate investment in housing; the reordering of cities and slums; new roles for the State in relation to housing; and the effect of globalized migrants and refugees all present new and undetermined challenges.”²¹ The belief that markets could regulate the production of housing as the most rational means of resource allocation as well as the growing role of investment in housing under a globally integrated financial system has led public policies towards increasing State withdrawal from the social sphere.

21. In the same way as other social fields, housing is affected by the ongoing struggle between those who believe in collective responsibility, including - but not limited to - the role of government in promoting general welfare and those who believe that general welfare is best achieved by all pursuing their own self-interest via the market, with government doing as little as possible.²² The first view can be seen as predominant in the first part of the twentieth century, with the second view gaining in prominence in recent decades. Some claim that “nowhere has this shift been greater than with regard to housing and housing policy”.²³

22. For decades, the world has witnessed “the requirements of attracting international capital take precedence over the fulfilment of other social objectives”.²⁴ Neoliberal priorities such as fiscal constraint, free trade, reduced welfare spending and lower taxation, were soon endorsed by

²¹ P. Kenna, “Globalization and housing rights”, *Indiana Journal of Global Legal Studies*, vol. 15, No. 2 (July 2008), pp. 397-469.

²² R.G. Bratt, M.E. Stone and C. Hartman, eds., *A Right to Housing: Foundation for a New Social Agenda* (Philadelphia, Temple University Press, 2006).

²³ *Ibid.*

²⁴ G. Soros, *The Bubble of American Supremacy: Correcting the Misuse of American Power* (New York, Public Affairs, 2003).

governments across the world. Accordingly, by the end of the 1990s, there was a worldwide shift “away from an emphasis on State economic management and service provision, to an ethos of ‘privatism’ in the provisioning and regulation of social and economic life”.²⁵

A. The redefinition of the State’s role

23. When the acute misery of the urban poor began to be revealed by social reformers in Europe and the United States in the late nineteenth century, governments started to become active in the provision of housing assistance to individuals and households and to directly supply housing.²⁶ This sort of intervention required large bureaucratic institutions and large public funds. In the United States, for example, as a result of the Great Depression, many homeowners couldn’t afford to make their monthly mortgage payments and this provoked foreclosure on a massive scale and the collapse of the entire housing industry. In response, the Roosevelt administration established programmes and institutions that “paved the way for the nation’s remarkable increase in homeownership from the 1940s to the 1960s and established a new stable system for housing finance that stood solid for more than 40 years”.²⁷ The New Deal approach to housing included the building of cheap public housing for the poor and the creation of a Housing Authority which subsidized low rents for low-income families and granted long-term loans to local agencies that assumed part of the cost for slum clearance and public housing construction and maintenance.²⁸

24. At the end of the Second World War, an appalling number of families and communities were homeless in Europe. The reconstruction of the cities and the construction of social housing saw rapid growth which continued in a sustained manner for at least two decades. By the end of the 1970s the demand for housing was relatively stable in the region and the costs of major public housing programmes continued to increase. With the slowdown of the economy in the late 1960s, the cost of the welfare state was increasingly viewed as an excessive drain on public finances. Critics began to argue that such policies were no longer fiscally or socially sustainable or necessary.²⁹

²⁵ G.W. Anderson, *Constitutional Rights after Globalization* (Oxford, Hart Publishing, 2005).

²⁶ M. Harloe, *The People’s Home: Social Rented Housing in Europe and America* (Hoboken, Wiley-Blackwell, 1995).

²⁷ A.F. Schwartz, *Housing Policy in the United States: An Introduction* (London, CRC Press, 2006).

²⁸ D.J. Russo, *American History from a Global Perspective: An Interpretation* (Praeger Publishers, 2000).

²⁹ J. Dodson, *Rolling the State: Government, Neoliberalism and Housing Assistance in Four Advanced Economies*, research paper (Griffith University Urban Research Program, 2006).

25. However, during the same period, some developing countries, particularly in Latin America, experienced a strong demand for housing due to the urban impact of industrial development which attracted migrant flows from rural areas to cities. The lack of urban and housing policies, as well as the lack of land policies to enable this new urban population, mostly poor, to access urbanized land, meant that the majority of this new urban population was mostly housed in self-built informal settlements characterized by precarious housing and a severe lack of basic services and infrastructure.

26. An important shift was appearing, as one set of economic theories supported the transfer from State control to the private sector of economic activities and called for unrestricted free markets and free trade. Over the years this view became the predominant economic doctrine, shaping the policies of States, international financial institutions and development agencies. The effects of the hegemony of these new economic approaches on different States have also been influenced by their own legal, political and institutional context.³⁰

27. In general, the role of governments concerning housing has been seen to shift in these countries from that of a provider to that of a facilitator.³¹ Thus, there has been a significant reduction in the construction of adequate housing for the poor - and most vulnerable groups - along with decreasing national budgets and available public funds. States have instead privileged their role in the promotion and creation of an enabling environment to attract international capital and foreign investment for real estate operations. This new role is far from being a passive one; it is an active role which implies creating conditions, institutions and regulations aimed at supporting financial activities.³²

28. Persuaded that they should diminish their intervention, governments started adapting their budgets and decreasing the funding for public housing and subsidies. It is argued that the current housing difficulties in France can partly be explained by an insufficient construction level throughout the last decade. While, home ownership has grown steadily in France since 1954, between 1989 and 1995 this increase slowed down due to the reduction of Government subsidies.³³ Similarly, in Poland, a variety of central Government subsidies to housing have been cut over the past decades, as much as ten times over the period 1995-2004.³⁴

³⁰ N. Brenner and N. Theodore, "From the 'new localism' to the spaces of neoliberalism", *Antipode*, vol. 34, No. 3, 2002.

³¹ J. Doherty and others, *The Changing Role of the State: Welfare Delivery in the Neoliberal Era*, European Federation of National Organisations Working with the Homeless (FEANTSA), 2005.

³² Ibid.

³³ D. Czischke and A. Pittini, *Housing Europe 2007: Review of Social, Co-operative and Public Housing in the 27 EU Member States*, CECODHAS European Social Housing Observatory, 2007, p. 49.

³⁴ Ibid., p. 72.

29. In most developing countries, especially those which had passed through intense processes of urbanization in the 1960s and 1970s (like Brazil and other Latin American countries) the rolling back of the State interrupted fragile attempts to establish welfare systems. The result was, in most cases, an increase in poverty and informal arrangements, worsening the living standards of the poor.³⁵

30. It should, however, be noted that while provision of public housing was cut throughout Europe, in addition to the changes in governance of housing systems and the delivery of housing policies, States continued to facilitate home ownership for lower income households.³⁶

B. Structural adjustments

31. The same policy preferences for reduced State intervention initially adopted by developed countries were gradually spread through the work of international organizations, donors, and other actors influencing the policies of developing countries. Thus, whether as a matter of imitation or imposition through conditionalities of aid or loans, particularly in the context of structural adjustment programmes, critics argue that models of development that were put in place in many developing countries caused governments to lessen their efforts concerning economic, social and cultural rights, including housing.³⁷ In Ghana for instance the International Monetary Fund (IMF) and World Bank sponsored structural adjustment programmes (SAPs) were seen to have pushed real estate prices beyond affordable levels for a significant proportion of the population.³⁸

32. The 1980s, when the IMF and World Bank were mobilized to help the restructuring of the economies of many developing countries in order to reduce their debt, were the years when slums grew explosively, attracting not only poor rural migrants, but also millions of city-dwellers displaced or impoverished by the impact of these adjustments.³⁹

³⁵ Instrumentos financieros para mejorar el acceso a la vivienda de los sectores de menores ingresos en America Latina y el Caribe, Sustainable Development and Human Settlements Division, Economic Commission for Latin America and the Caribbean, XV General Assembly, MINURVI, 2006.

³⁶ Based on policy strategies and initiatives across 12 countries these characteristics were described in J. Lawson and V. Milligan, *International Trends in Housing and Policy Responses*, Final Report No. 110, Australian Housing and Urban Research Institute, December 2007, available at http://www.ahuri.edu.au/publications/download/60323_fr.

³⁷ M. Rodwan Abouharb and D. Cingranelli, *Human Rights and Structural Adjustment* (Cambridge University Press, 2007).

³⁸ K. Konadu-Agyemang, "Structural adjustment programs and housing affordability in Accra, Ghana", *Canadian Geographer*, vol. 45, No. 4, 2008, p. 528.

³⁹ See footnote 21, p. 404.

33. In Latin America, public housing construction was hit by severe cuts in State spending. For instance, between 1990 and 2000, the housing deficit in the region increased from 38 to 52 millions of housing units, partly explained by the decrease of public expenditure in social housing in a number of countries in the region. For instance, in Brazil, public housing and sanitation expenditure represented 4.4 per cent of the total public expenditure in 1990, whereas it decreased to 0.8 per cent in 2001. Similarly, in Paraguay, public investment in housing and sanitation decreased from 5.6 to 1 per cent of total public expenditure in the same period, while in the Dominican Republic expenditure was reduced by 75 per cent, decreasing from 13.6 to 3.4 per cent of total public expenditure.⁴⁰

34. There is a clear link between the rise in housing prices - and resulting affordability problems - and the demand for public and affordable housing. Through his country visits, the previous Special Rapporteur observed the reduction of public housing stocks and its impact on the most vulnerable sections of the population. The constant reduction of public housing has resulted in long waiting lists, keeping a large number of people in inadequate housing conditions or impacting their expenditures in other areas, such as food, clothing and health.

C. Homeownership as the sole objective and the impact on other housing options

35. The transfer of responsibility for provision of housing to the market has been accompanied by the view that homeownership was the best option for all. Thus, this form of tenure was put at the centre of all housing policies by most countries. While this aim has provided good results for a part of the population, it has also had negative side effects.

36. Public housing was seen as an integral part of the culture of welfare dependency as well as representing the worst problems of modern urban design.⁴¹ Public housing is nowadays essentially understood as housing for the poor and the so-called marginal groups. This perception has implications for policy programming and government housing options, as well as for social attitudes towards public housing.

37. In some countries, selling publicly owned houses to the tenants has been seen as a way to increase homeownership while diminishing State expenditure, especially in terms of maintenance. The privatization of public housing has taken various forms, including the sale of public rented housing through right-to-buy policies to sitting tenants (as in the United Kingdom), property transfers to not-for-profit actors (as in the Netherlands and the United Kingdom) and in some cases to profit-maximizing actors (as in Germany).⁴²

38. Larger-scale privatization of public housing has also taken place in countries in transition from planned to market economies. According to the World Bank, in transition countries, a considerable amount of residential property - perhaps as much as \$1 trillion worth - changed

⁴⁰ See footnote 35 above.

⁴¹ See footnote 26 above.

⁴² See footnote 33 above, p. 23.

from public to private hands.⁴³ The impact of housing privatization on the population has varied from country to country⁴⁴ but concerns have been raised that this very rapid privatization has been implemented without taking sufficiently into account the impact it could have on the most vulnerable.⁴⁵ In the same countries, more restrictive public housing financing, housing privatization and liberalization of construction and utility prices has resulted in a decrease of housing affordability and of new construction.⁴⁶

39. The increasing commercialization of housing associations and housing companies has also been noted in countries in transition. Their consequent adoption of financial risk avoidance strategies has the effect of drawing social housing away from a focus on the most deprived and at risk households; the vetting of tenants for reliability and the use of eviction orders are symptomatic of this process.⁴⁷

40. Accompanied by financial system deregulation, housing finance has also become increasingly important in developing countries where in many cases the outstanding mortgage debt is in excess of 10 per cent of GDP (but less than 20 per cent, which is still low compared with 100 per cent in Denmark or 75 per cent in the United States).⁴⁸ As late as 2006, the World Bank was still quite optimistic concerning this development of housing finance in developing countries. It believed that “for housing finance in developing countries, further deregulation and expansion seem almost inevitable. The genie is out of the bottle, and if prudently managed, can be expected to confer enormous benefits.”⁴⁹

41. This optimism has now been reviewed, taking into consideration that emerging financial markets have been damaged by losses from opaque off balance sheet entities and that smaller

⁴³ See footnote 8 above.

⁴⁴ See R. Yemtsov, *Housing Privatization and Household Wealth in Transition*, United Nations University-World Institute for Development Economic Research, Research Paper No. 2007/02, January 2007.

⁴⁵ “As public housing is often the only affordable housing available on the housing market, efforts by central or local Governments to sell almost all the public housing stock has had considerable consequences for needy households.” (United Nations Economic Commission for Europe, *Housing Finance Systems for Countries in Transition, Principles and Examples*, 2005, p. 4).

⁴⁶ *Ibid.*

⁴⁷ See footnote 37 above.

⁴⁸ See footnote 6 above, p. 32-33.

⁴⁹ See footnote 8 above, p. 41.

economies have suffered in the international credit crunch also because of their reliance on foreign capital to fund growth in domestic financial markets.⁵⁰ The World Bank is now suggesting that, in developing countries, housing policies for low and moderate income groups should not be excessively weighted towards owner-occupied solutions and that “Households with low and uncertain incomes may be better off renting than owning housing that meets standards for health and safety. If subsidies are provided, they should be available for either ownership (for example with down payment assistance) or rental (for instance with rental vouchers), and in either case for new or used units. There should be balanced protections in law for mortgage lenders and borrowers, and for rental landlords and tenants. Tax treatment should not unduly favour owning or renting.”⁵¹

42. In parallel to the reductions in public housing, tenant protection legislation was revised in some developed and developing countries. For instance in Canada, tenant protection and rent regulation law were terminated in 1998 in Ontario, which may have led to an increase in evictions.⁵² In Spain, the liberalization of rental contracts initiated in 1985 by the Boyer Act, and continued in 1994 by the Urban Rental Law (*Ley de Arrendamientos Urbanos*), aimed at facilitating the renting of homes by owners. However, it seems that this measure has not been fully productive or acted as an incentive to the rental market, while it has possibly negatively affected security of tenure.⁵³

D. Commodification of housing

43. The reduction in the management of public housing by the State and the shift of housing provision solely to the private market has facilitated a perception of housing as a mere good that can be bought and sold like many others - an object of consumption. Considered as a commodity and a financial asset, other dimensions of the right to adequate housing have been completely neglected, with significant consequences for the enjoyment of human rights for all. Scholars have pointed out that globalization has accentuated the commodification of housing.⁵⁴

44. Escalation of housing and rental prices are the normal response of the market to imbalances between supply and demand. In theory, the market should adjust through an increase in supply and a subsequent decrease in prices. Unfortunately, there is a wide gap between theory and the reality.

⁵⁰ See footnote 6 above, p. 32.

⁵¹ See footnote 6 above, p. 33.

⁵² In Ontario, 66,746 renter households were reportedly evicted in 2006, an increase of 21 per cent since 1998 (Wellesley Institute, submission to the Universal Periodic Review, August 2008).

⁵³ A/HRC/7/16/Add.2, para. 29.

⁵⁴ P. Marcuse, “Neo-liberal globalization and national housing policy”, paper presented at the European Network for Housing Research Conference, 2002.

45. When credit is available and the financial capital seeking investment opportunities increases, competition for urban land grows and the value of land appreciates, so that only higher income households can afford to buy.

46. The rise in housing prices is usually due to a variety of factors; speculation in land and housing, urban renewal, city beautification, and the creation of so-called world class cities directly impacts housing affordability in cities. The result is to create specific areas of the city for use by the wealthy, with all the services and comfort that could be desired. On the other side, those that cannot afford to live in these areas are pushed into slums or inadequate housing, living in areas with poor or no basic services and too distant from their sources of livelihood. Vulnerable groups, in particular women, are the most affected by the lack of solutions and are frequently those who suffer most from the centrifuge effect that expels them to the outskirts of cities, and into suburbs or slums without basic infrastructure and services. This migration from the inner cities is in great measure the result of the lack of affordability of housing, services and other goods, as well as of the lack of adequate policies.

47. Thus the increased role of financial markets in the production of housing and infrastructure has produced in metropolitan areas as different as those of Madrid, Mexico City or Santiago a new form of discrimination based on economic status or social class.⁵⁵ In Chile, the Government acknowledges that its social housing policies were not really a housing policy but were instead policies to finance construction of cheap housing. It had been thought that the new housing stock would be part of the effort to improve access to housing, as policies were designed and justified in order to reduce the housing deficit and to improve the quality of life of poor families by helping them move from precarious settlements to new housing. However, studies undertaken since the mid-1990s reveal the opposite result: the new social housing was not part of the solution, but rather created a new problem: urban ghettos.⁵⁶

48. As a highly profitable sector, housing and land have also been the object of speculation in every part of the world.⁵⁷ Speculation contributes to the rise in prices and affordability.

49. The current crisis worsens affordability problems for housing and land across the world. It is also a blunt reminder that affordability concerns do not only affect the poor but also low-income groups and increasingly also middle-income groups. The discrepancy in the rise in incomes and housing and rental prices is crucial in this context, leading households to constantly fear losing their homes through defaulting on payments of their rents or mortgages.

⁵⁵ Observatorio Metropolitano, *Madrid ¿la suma de todos? Globalización, territorio, desigualdad*, (Madrid, Traficantes de Sueños, 2007).

⁵⁶ A. Rodriguez and A. Sugranyes, "The Emperor's New Clothes: Social Housing Financing Policies in Santiago, Chile", *Civil Society and Social Movements: Building Sustainable Democracies in Latin America*, A. Domike, ed. (Washington D.C., Inter-American Development Bank, Special Publications on Development, No. 5, 2008).

⁵⁷ See footnote 21, p. 417.

50. Evidently, in the context of the mismatch between need and availability, and of lack of affordability, many are not able to compete for adequate housing because of their economic status. Moreover, the integration of the housing finance markets with general circuits of finance means that individual owners are competing with multinational corporations for capital and credit. Whether access to adequate housing is possible cannot be based on such income-based competition which, in human rights terms, becomes unacceptable discrimination.

E. Financing homeownership

51. Governments encouraged the accession of low-income households to homeownership with the double idea of enhancing the financial assets of these households and reducing their reliance on government aid. While this option could work to provide better security of tenure for many households, it also encompassed an important side effect: credits were attributed by the private sector to households that - in normal circumstances - would not be eligible for loans. That means that not only the risk for private companies increased but also low-income households were made even more vulnerable to economic and financial changes.

52. As long as housing prices continued to rise, the expectation that the increase in price would be even greater than the discrepancy between housing costs and incomes left everyone happy. One of the impacts of globalization on housing relates to the house price bubble which prompted *The Economist* to launch its global house price indices in 2002, covering 20 countries. Some observers calculate that the total value of residential property in developed economies increased by an estimated \$20 trillion (to over \$60 trillion) between 2000 and 2003. Calculations by *The Economist* suggested that house prices hit record levels in relation to incomes in Australia, France, Ireland, the Netherlands, New Zealand, Spain, the United Kingdom and the United States.⁵⁸

53. As expected, rises in prices could not indefinitely continue. The “biggest bubble in history” was foreseen, but little or nothing was done by Governments to prevent the crisis from occurring.⁵⁹ As soon as prices stopped increasing, the problems began to mount, resulting in the foreclosure and financial crisis that we are witnessing.⁶⁰

54. While States favoured the acquisition of homes through mortgages, other forms of access to homeownership were developed at grass-roots level. For instance, lending to low-income households for shelter improvements, to allow them to buy or build their new homes, can be provided through community development banks, credit unions, microfinance schemes and other

⁵⁸ “The global housing boom”, *The Economist*, 16 June 2005.

⁵⁹ *Ibid.*

⁶⁰ See footnote 4 above.

ethical lending. Such programmes can provide a critical contribution to improved shelter and livelihood strategies.⁶¹ This approach is far from the perception of housing as a mere means of appreciation of value for globalized investors and brokers.

F. Titling for land and housing

55. Another dimension of the emphasis on financial markets of housing policies has been the spread of irregular land titling programmes. According to Hernando De Soto, who actively promoted these programmes, one of the principal reasons for underdevelopment is the absence of a property registration system to facilitate mortgage lending, consequently prohibiting the development of personal capital and equity growth in land and housing.⁶²

56. Under the above assumptions, massive land titling programmes were considered as the preferred option to assist slum dwellers. Under this assumption, Western legal systems and property law approaches were exported to other parts of the world. This has contributed to the impact of globalization, further legitimizing practices resulting in the patenting, control, appropriation, and commodification of physical and human resources worldwide. During the 1980s and 1990s, some countries - supported by international financial institutions - thus promoted programmes aimed at giving title to slum and informal settlement dwellers to enable them to enter the market. In this context, mortgages were widely promoted by credit institutions.⁶³

57. Some argue that in order to develop and implement fair housing markets, legal instruments and State involvement are required in order to ensure a property rights regime, housing finance regime, residential infrastructure regime, regulatory regime, and housing subsidies regime. A functional and effective property rights regime must involve a set of transparent, predictable, non-discriminatory and stable rules that preserve the rights of individuals to use, invest, maintain, rent, mortgage and sell their land and housing without hindrance and with full protection against arbitrary action by the authorities.⁶⁴ Others have viewed the process of

⁶¹ D. Mitlin, Finance for low-income housing and community development, International Institute for Environment and Development (IIED), Environment & Urbanization Brief, No. 16, June 2008.

⁶² H. De Soto, *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else* (New York, Basic Books, 2000).

⁶³ See H. De Soto, "La protección del derecho de propiedad y la sociedad civil", *La Economía Política de la Reforma Judicial*, E. Jarquin y F. Carrillo-Florez. (eds.), (Washington D.C., Banco Interamericano de Desarrollo, 1997); H. de Soto, *The Other Path* (New York, Basic Books, 2002).

⁶⁴ S. Angel, *Housing Policy Matters: a Global Analysis*, (Oxford University Press, 2000).

creation of property rights in land and housing merely as a new re-colonization leading to the repossession of land and property through formal legal means, with companies and banks from developed countries gaining control over the territories of developing countries.⁶⁵

58. In his 2003 mission to Peru, the former Special Rapporteur observed the functioning of titling programmes. In his mission report he concluded that the practice of granting titles by the Commission for the Formalization of Informal Properties (COFOPRI), inspired by the work of Hernando de Soto and supported by the World Bank, was flawed when viewed in the context of Peru's obligations to the human rights instruments. He called for a review of the policy and of the functioning of institutions such as COFOPRI to ensure compliance with human rights obligations. He also noted that the policy provided titles to families without ensuring access to water, sanitation and electricity and security of home and person, or ensuring equal rights for women. He argued that this could only lead to a false sense of security and that it only approached the right to housing as a narrow and individualistic property right.⁶⁶

59. Several evaluation studies of massive titling programmes, especially in Latin America, have shown that titling without urbanization and socio-economic integration enables markets to work but does not ameliorate the lives of slum dwellers.⁶⁷ The main issue in regard to financial services is that "the design of such services needs to take into account the difficult choices faced by low-income households in generating savings, as they struggle to balance potential income gains (microenterprise borrowing), expenditure savings, investments in capacities and relationships (education, marriage) and investments in assets (including housing)". Rather than discouraging credits targeting low-income sectors, more "flexibility to support this complexity" should be provided by financial services; moreover, they should be based on the specific needs of the people concerned.⁶⁸

G. Discrimination in access to housing

60. Discrimination related to adequate housing may be the result of discriminatory laws, policies, and measures; inadequate zoning regulations; exclusionary policy development; exclusion from housing benefits; denial of tenure security; lack of access to credit; limited

⁶⁵ S. Andreasson, "Stand and deliver: private property and the politics of global dispossession", *Political Studies*, vol. 54. No. 1 (March 2006), p. 3.

⁶⁶ E/CN.4/2004/48/Add.1, box 3.

⁶⁷ G. Riofrio, "Why have families mortgaged so little?", paper presented at Lincoln Institute of Land Policy workshop on Comparative Policy Perspectives on Urban Land Market Reform in Latin America, Southern Africa and Eastern Europe, July 1998; J. Calderón Cockburn, *Análisis comparativo de la población beneficiada y la no beneficiada por el Plan Nacional de Formalización*, Informe de investigación, Instituto Nacional de Estadística y Informática, Peru, 2001.

⁶⁸ See footnote 61 above.

participation in decision-making processes related to housing; or lack of protection against discriminatory practices of private actors. Lending practices may discriminate against particular groups such as nomads, minorities, migrants and women.

61. Members of minority groups trying to purchase homes may face discrimination, for instance from mortgage lending institutions. They may be denied equal access to capital (as they may be less likely to obtain mortgage financing) or receive less favourable conditions for a mortgage when one is obtained.

62. A number of studies in the United States have shown differences in loan denial related to race. As for discrimination in loan conditions, as discussed in the description of subprime mortgages above, lenders have often targeted low-income and minority communities, people who would otherwise be considered too risky for a conventional loan. Because of their weaker credit profile, they were charged higher interest rates. According to Federal Reserve data, about 46 per cent of Hispanics and 55 per cent of African Americans who obtained mortgages in 2005 got higher-cost loans compared with about 17 per cent of whites and Asians. A typical subprime borrower was slated to pay \$5,222 more during the first four years of a \$166,000 mortgage compared to a similar borrower with a normal mortgage. Over 30 years, this borrower would pay \$35,874 more in interest payments.⁶⁹

63. While such data could be at least partly explained by ethnic income disparities, other sources confirm that African Americans were five times more likely to receive a subprime loan than whites, even when they qualified for a loan at lower, prime rates.⁷⁰ The proportion of subprime home loans by race was 52.44 per cent for African American families, 40.66 per cent for Hispanic families and 22.20 per cent for white non-Hispanic families.⁷¹ Obviously, such differences place these groups in a far more vulnerable position in the event of a crisis such as the current one.

64. In Spain, where according to information submitted by the Consejo General del Poder Judicial (General Council of the Judiciary) it is estimated that the percentage of foreclosures will rise during 2009 by up to 194 per cent relative to 2007,⁷² with migrants from Latin America

⁶⁹ K. Ernst, D. Bocian and W. Li, *Steered Wrong: Brokers, Borrowers, and Subprime Loans*, Center for Responsible Lending, 2008.

⁷⁰ E. Warren, and A. Warren Tyagi, *The Two-Income Trap: Why Middle-Class Mothers and Fathers are Going Broke* (New York, Basic Books, 2003).

⁷¹ Center for Responsible Lending, *Updated Projections of Subprime Foreclosures in the United States and Their Impact on Home Values and Communities*, CRL Issue Brief, August 2008.

⁷² *El Poder Judicial alerta de que los embargos de pisos crecerán hasta un 200 por ciento*, Información.es, 7 December 2008.

particularly affected by the crisis. It has been estimated that 180,000 families originally from Latin America, are in risk of default because they cannot afford their interest payments on home loans.⁷³

65. In this context, the practice of so-called predatory lending has also disproportionately impacted some categories of the population.⁷⁴ Predatory loans are characterized by excessively high interest rates or fees, and abusive or unnecessary provisions that do not benefit the borrower, including balloon payments or single premium credit life insurance, large prepayment penalties, and underwriting that ignores a borrower's repayment ability.⁷⁵

66. Predatory lending practices have been described as including features such as unreasonable and unjustifiable loan terms and outright fraudulent behaviour that maximizes the destructive financial impact on consumers of inappropriate marketing strategies and loan provisions. Importantly, it has also been seen to include targeted marketing to households on the basis of their race, ethnicity, age or gender or other personal characteristics unrelated to creditworthiness.⁷⁶ Thus, predatory lending includes lending that is inherently discriminatory and must be prohibited.

H. Security of tenure, evictions and homelessness

67. Security of tenure, for both owners and lenders, has been deeply affected by the crisis. In a number of cases, foreclosure concerned second residences, but in the majority of cases, foreclosure has meant the loss of the unique home of a household, often resulting in homelessness or inadequate living conditions. The rise of "tent cities" and encampments has been reported in some cases, apparently as a direct result of foreclosures.⁷⁷

68. Foreclosures have also concerned housing units that were rented. In some cases, tenants were not aware that their landlord was subject to a foreclosure procedure and were evicted from their homes with little or no prior notice.

69. It is important to understand the impact of foreclosure - or eviction - on a household. It pushes people into more difficult situations and inadequate living conditions and impacts their ability to cope with further hardship, particularly where it results in homelessness. It is much

⁷³ *Imigrantes protestam em Madri*, Utime Segundo, Brazil, available at http://ultimosegundo.ig.com.br/economia/2008/10/13/imigrantes_protestam_em_madri_2044281.html.

⁷⁴ J.H. Carr. and L. Kolluri, "Predatory lending: an overview", Fannie Mae Foundation, 2001.

⁷⁵ Ibid.

⁷⁶ Ibid.

⁷⁷ CBS News has reported tent cities in Seattle, Portland, Fresno, Columbus, and Chattanooga. There are also reports of encampments in Seattle, San Diego, and Columbus, Ohio, Santa Barbara and Fresno California. See also <http://www.msnbc.msn.com/id/26776283/>.

more difficult to maintain employment while having difficulty in accessing water and sanitation and basic services. A lot of effort is required to cope with weather changes and administrative demands, relocating belongings, and maintaining an address where one can be reached. In some cases, not having a permanent address leads to exclusion from certain types of aid, or results in denial of civil and political rights, including the right to vote.

70. Following foreclosure, many families have no savings left, which makes them unable to afford a rental security deposit. Even if they can afford the security deposit, they are considered as less able to meet debt obligations or mortgage payment, and thus they are not eligible for a new rental contract.⁷⁸

71. The impact of eviction and homelessness on women and children can be particularly devastating, as is the reality of living in constant fear of being evicted. Homelessness has a particularly negative impact on both groups. The discrimination faced by women can lead to a potentially higher impact on them from eviction and homelessness. The former Special Rapporteur conducted several studies on women and adequate housing and he concluded that women bear the brunt of evictions as they often lead people to live in distant places and in inadequate conditions, without security of tenure, basic services, access to schools, health services and employment. When families are moved to places with no source of livelihood, men tend to migrate and leave women to fend for the family. As another result of forced evictions women are frequently left in more difficult situations than before in caring for their families.⁷⁹

72. In evictions, possessions are often destroyed, family stability jeopardized, and livelihoods and schooling threatened. Affected children describe the violence, panic and confusion of the evictions and the painful experience of sleeping and managing their lives out in the open. They also face the challenge of re-establishing a stable life and dealing with frequent breakdowns in family relations as a consequence of the stress and economic challenges that are the result of homelessness.

73. In addition to the physical and psychological trauma of eviction and homelessness, households, especially women and children, lose the support systems they were used to and their relations with a community. The breaking of these social ties and the loss of stability lead to many other problems.

⁷⁸ J. Carr, "Understanding the Foreclosure Crisis: Don't Believe the Hype!", address to the National Association for the Advancement of Colored People Annual National Convention, 14 July 2008.

⁷⁹ The former Special Rapporteur conducted regional consultations on women and housing and presented three documents on this issue: E/CN.4/2003/55, E/CN.4/2005/43, E/CN.4/2006/118. Further details available at <http://www2.ohchr.org/english/issues/housing/women.htm>.

III. CONCLUSIONS AND RECOMMENDATIONS

74. **The Special Rapporteur fears, in view of the preceding information and analysis, that the financial crisis will continue to cause many internal and international economic and financial problems, including additional bankruptcies and impact on the housing sectors affected by the financial investment industries.**
75. **The Special Rapporteur believes that the current crisis represents also an opportunity for reflection and to consider how to improve housing systems, policies and programmes so as to ensure adequate housing for all. She hopes that the Human Rights Council will consider the issues raised in the present report.**
76. **Further consideration of the distinction between property rights and the right to adequate housing, which encompass common and separate features, may prove useful in helping the Council consider how enjoyment of the right to adequate housing could be further improved.**
77. **The challenges posed by the crisis - and the range of issues raised in this report - will require further analysis and the Special Rapporteur will continue to monitor the situation. However, she would like to offer some preliminary recommendations for the consideration of the Human Rights Council.**
78. **All actors involved in the housing sector should fully recognize the multiple dimensions of housing, which is much more than a mere financial asset and has great implications for the individual, the community and society as a whole.**
79. **The right to adequate housing should be fully integrated into all policies, projects and activities concerning housing, in particular those designed by public authorities. All public and private actors involved in housing need to acknowledge the right to adequate housing and take it into account in their work.**
80. **States must ensure coherence in decision-making - both nationally and internationally, and at all levels and for all relevant public agencies and actors. State activities should aim to improve the enjoyment of human rights and adequate housing. For instance, decisions taken by the Human Rights Council on adequate housing should be acknowledged, coordinated with and supported by those adopted at UN-Habitat or by international financial institutions.**
81. **State action should reflect acknowledgement that the value of housing is not only linked to the personal investment of a household but also depends on a large number of external factors, including public investments in infrastructure, the basic services connected to it, and the environment, community, and security housing is associated with, ensuring society has both a role to play and a legitimate stake in the value of housing, which requires appropriate regulation.**

82. **The global economic crisis, and even recession in many countries, may result in a reduction in income for some sectors of the population, thus making affordable housing even more necessary. Therefore States should take promptly all measures needed to increase the availability of adequate housing options.**

83. **States should support access to adequate housing by measures such as promoting alternatives to private mortgage and ownership-based housing systems, and develop new financial mechanisms that can ensure the improvement of the living and housing conditions for the majority of the world's population, which has not been well served by existing mechanisms. They should not reduce State expenditure on housing. On the contrary, public funding for housing and construction of public housing will need to increase in order to address the impact of the crisis on the most vulnerable.**

84. **In some countries, homeownership has been traditionally seen as the safest form of tenure and rental tenure has been less secure, with a greater potential for eviction. Recent events clearly show that homeownership is a secure form of tenure only under certain circumstances, in particular when there are adequate, sustainable and stable financial means to achieve it. Rental tenure could be made more secure with appropriate legislation to protect tenants against abusive evictions, as well as to expand access to affordable, controlled and subsidized rent mechanisms.**

85. **States must ensure that financial institutions and regulation take account of the vulnerabilities and limited repayment capacities of low-income households. Financial services for low-income groups must be developed in consultation with these groups, as they are best able to assess their repayment capacity and ensure the development of systems that effectively meet their needs.**

86. **States must acknowledge that markets alone are unable to achieve adequate housing for all. Effective regulation and close monitoring by the State of private sector activities, including financial and building companies, is required.**

87. **In some situations, States should consider intervening in the market, for instance through equitable land-use policies, public financing and housing provision, appropriate rent regulation and reinforcement of legal security of tenure. Enshrining in relevant legislation the right to adequate housing will help in ensuring an appropriate role for the State in the housing sector.**

88. **States should take mitigating measures to lessen the impact of foreclosures and the crisis, for instance in cases of tenant eviction due to foreclosure or because of unpaid rents due to the economic crisis. In particular, States should make every effort to prevent homelessness which pushes households into inadequate housing and has a detrimental impact on the enjoyment of other human rights by individuals, families and communities, including their access to education, work and an adequate standard of living.**

89. **States should ensure appropriate regulation of international financial activities in order to avoid future financial crises and their subsequent effect on human rights and adequate housing.**

90. States should adopt internal and international measures to control speculation in housing and mortgages. They should, in particular, protect the housing rights of the population by putting in place monitoring mechanisms aimed at regulating the activities of private companies - prohibiting predatory lending, mobbing, discriminatory credit practices, etc. - that result in the denial of the right to adequate housing.

91. Economic hardship risks causing a wave of disinvestment in housing, yet it is crucial both for social and economic reasons, that massive investment in housing take place instead. States must react as promptly and efficiently as they did to intervene in the international financial system to address the housing crisis worldwide, so as to implement their obligation to protect the right to adequate housing for all.
