

## Supporting the implementation of the Cambodia government's housing policy



### Introduction

The total number of urban dwellers in Cambodia will rise to 7.92 million by 2030, accounting for 44% of the country's total population. In 2014, there were 4.5 million Cambodians, or 27.1% of the total population, living in towns or cities. An estimated 50,000 housing units are required annually between 2015 and 2030, said Pen Sophal, secretary of state at the Ministry of Land Management, Urban Planning, and Construction. Rapid urbanization in major cities such as Phnom Penh has resulted in forced evictions, making it difficult for the poor to find affordable and adequate housing.

Urban development presents opportunities for housing — large investments in property development, fluid labor market, greater market access in the context of the Association of Southeast Asian Nations integration. But urban development is also a major risk depending how well it is managed.

The Royal Government of Cambodia has made significant achievements towards sustainable economic growth at an average annual growth rate of more than 7% over the past two decades. The Government implemented a triangular strategy for sustainable development and the four-phase rectangular strategy for growth, employment, equity and efficiency over 25 years. With the establishment of the National Strategic Development framework and other related policy frameworks, the Government has promoted economic development that has contributed to the reduction of the country's housing deficit. However, challenges remain with access to adequate, equitable, and resilient housing. There is also a gap in the implementation of many policies.

Habitat for Humanity Cambodia aims to influence the Royal Government of Cambodia to:

- Develop minimum standards and guidelines for adequate housing.
- Strengthen and expand the implementation of Circular No. 03 to promote solutions for urban informal settlers in Cambodia that includes but is not limited to urban community profiling and identifying the spaces for onsite upgrading.
- Create and simplify existing application requirements and protocols for incentive schemes offered under the National Housing Policy, reducing any unnecessary and excessive processes.
- Establish feasible financial options for low-income households and private sectors to access housing loans and projects.
- Organize regular national forums to meet concerned stakeholders on private sector engagement for housing in Cambodia.

The Cambodia Urban Dialogue will be held in November 2023. This policy ask draws from the terms of reference of the upcoming Urban Housing Forum and learnings from the GRACE Project closing workshop held on June 30, 2023. The policy ask seeks to enhance positive and long-term changes in the land and housing sectors by pursuing key recommendations for the Royal Government of Cambodia for their consideration.

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## Recommended solutions



### Increase affordability of housing for low-income families

The Affordable Housing Development Policy contributes to the development of the housing sector through:

- Opportunity to access decent houses among medium- and low-income families;
- Strengthen access to secure land tenure;
- Improve housing quality;
- Access to basic services such as running water, electricity, and other social services; and
- Tackle the issues related to urbanization.



### Integrate participatory processes in RCG's housing policies

In line with National Policy on Incentives and the establishment of the National Program for Development of Affordable Housing, RCG's affordable housing policy must foster inclusion of multi-stakeholders, including private developers to focus on low-income families to provide housing options that are affordable to the 60% population who cannot currently afford housing.

## Barriers to adequate housing

1. Based on Cambodia's 2014 National Housing Policy, an extra 1.1 million houses will be needed by 2030 to fulfill the population's unmet housing needs. The capital city of Phnom Penh will need 800,000 houses. A recent report revealed that through the implementation of the 2014 National Housing Policy and the 2017 Incentives for Affordable Housing Project, 60% of Cambodians remain unable to purchase an affordable home. Private developers of land and housing cater to medium- and high-income families, but there are limited options for low-income families. In addition, there is a lack of long-term partnerships between nongovernmental organizations and the government on land and housing planning or joint CSR implementation; financing strategies; or interventions that support access to housing and housing loans from financial institutions. There are no initiatives aimed at lowering prices of construction/housing materials for social housing projects, and there is limited engagement of the civil society and people in private development or investment projects on housing.
2. There are limited participatory processes in Cambodia's 2014 National Housing Policy, Policy on Incentive Framework (2017), Law on PPPs (2021) and Concessions (2007) and Law on Investment (2001). At the same time, there is limited legislation and policy dissemination by the state on legal rights to be protected, compensated or resolved with the people, causing ad-hoc complaints or protests. The Cambodia government's 2017 affordable housing policy states that the housing cost should not represent more than 30% of a household's annual spending. By 2035, nearly 318,000 households will require housing, with at least 240,000 units having to be priced under \$33,000 to remain affordable.

## Recommended solutions



### Establish a network of housing actors

Set up or strengthen a multi-stakeholder platform network such as the Land and Housing Rights Network to provide quality professional services to land and housing stakeholders including nongovernmental organizations and local communities. Include diverse stakeholders such as private sector actors to learn from public-private-people partnerships and conduct research into initiatives to foster an environment where the private sector has a win-win situation through investing in housing for low-income households.



### Apply a people-public-private partnership approach in addressing the challenges faced by the housing sector

Integrate private sector stakeholders into the housing ecosystem as key actors for equitable housing solutions. The Cambodia government can involve private firms in implementing social housing projects as well as to influence market rates of construction materials to cater to more low-income families



## Barriers to adequate housing

3. The Land and Housing Right Network is Cambodia's only professional network with significant expertise and insights. But they are dealing with sensitive issues that can be easily politicized. The network has a flexible advocacy plan and strategy to deal with various stakeholders regarding forced eviction, unfair compensation, or unplanned relocations of low-income populations. They also provide legal consultation and advice to people who are evicted or affected by development impacts. They raise awareness and capacity of the public and local governments on land and housing rights and proper relocation.

According to Habitat Cambodia's research on the challenges of advocating for people-public-private partnership, or P4, the 2014 National Housing Policy is more inclusive of best practices for P4 partnerships. The policy establishes specific objectives and scenarios for engaging stakeholders to provide affordable and adequate housing support. However, the policy fails to mobilize private developers because the benefits and incentives are not sufficient to offset the lack of profitability. Nongovernmental organizations working on land and housing advocacy in Cambodia also face critical challenges. Civil society organizations without housing in their core mandates but deem it as central to their programs, can allocate only a small portion of their budget to housing. There is no harmonization of initiatives and housing resource mobilization efforts are not coordinated or maximized due to lack of a strong leading network.

4. According to Habitat Cambodia's research, the land and housing sector has not integrated the P4 approach. Currently, the four affordable housing projects in Cambodia funded by the private sector are regarded as pilot programs for public-private partnerships. The Cambodia government involves private firms in building low-cost housing for low-income civil servants and households based on the National Housing Policy and incentive schemes in 2017. But there are no initiatives with local suppliers or private enterprises to lower prices of construction materials for socialized housing projects. There is also no budget for social housing initiatives at the commune/sangkat level to cater to the needs of vulnerable and marginalized families.