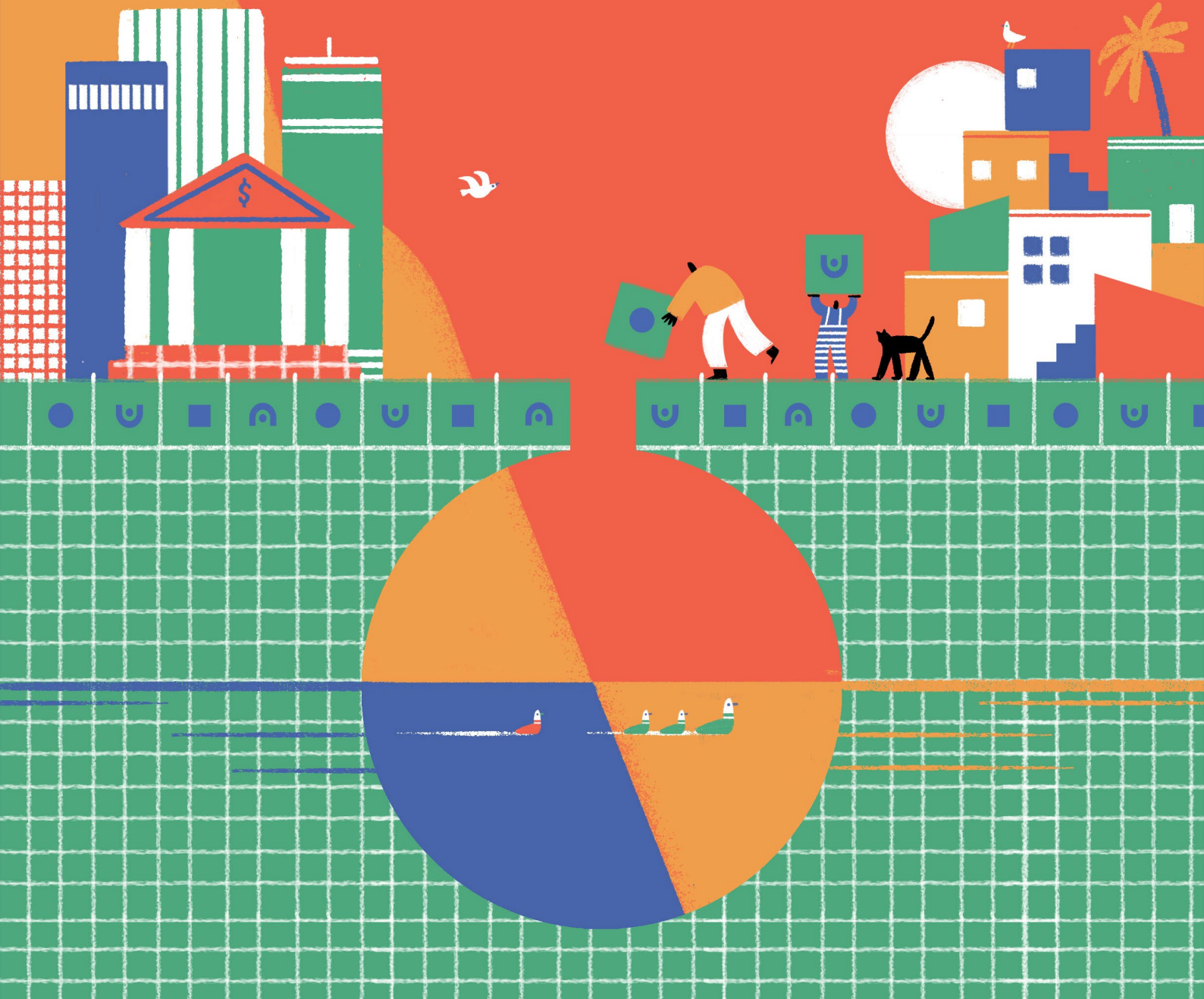


Financing Housing Justice

Imagining a financing architecture that promotes more just and sustainable housing systems



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Building bridges between finance and housing rights

Housing rights and finance discussions often take place in siloed spaces. When financing debates and policies address housing, a strict focus on market conditions to drive the expansion of housing supply tends to overlook justice and rights-based implications. Finance decisions are often made behind closed doors, through processes that exclude those bearing the brunt of the global housing crisis. Meanwhile, innovative, rights-based, community-led and socially and environmentally driven housing initiatives tend to struggle to move from exceptional efforts to scalable solutions.

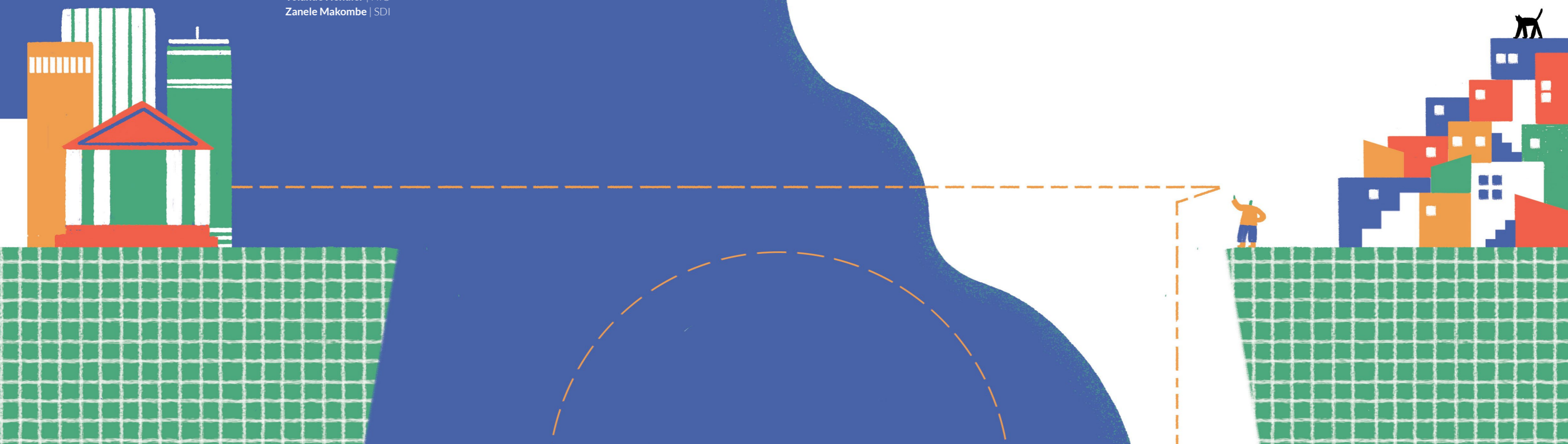
Finance mechanisms for housing are not properly supporting justice-driven approaches. They tend to be **limited** – as public spending on housing remains at very low levels in most countries; **unequal** – with places experiencing the greatest demand having the least resources; and **inadequate** – focusing on approaches that exacerbate injustices by prioritising the economic interests of a select few while overlooking the role of housing as a critical social infrastructure.

This publication is the result of a series of collaborative workshops led by a group of civil society networks and research organisations convened by the Hub for Housing Justice. It builds on a first series of Provocations that advance a collective understanding of the notion of housing justice, around more democratic, anti-discriminatory housing that builds more sustainable, caring and just housing futures. It seeks to build a roadmap for housing justice actors to engage with financing questions and, in turn, enhance our ability to influence decision-making and policy processes on housing.

Together, in these workshops we aimed to answer a series of questions:

- What principles should guide a finance architecture that promotes housing justice?
- What type of actions can help advance these principles?
- What are key obstacles to undertaking these actions?

What is financed, including how, when and where it is financed, plays a critical part in determining the kind of housing that is built and who has access to it. Challenging unjust and unsustainable housing systems, therefore, requires transforming the finance architecture that delivers housing.



What type of actions can help advance these principles?

What principles should guide a financing architecture that promotes housing justice?

- Use of public land for social and other forms of public housing, as well as its provision (either for free or at a discounted rate) to historically marginalised groups for the construction and management of housing.
- Collaboration with banks and financial providers to adapt financing packages such as loans or mortgages so that different actors - including incremental and small-scale builders - can access housing finance. This includes accepting different forms of collaterals beyond formal sources of income; allowing partner entities (i.e., public institutions or non-profit organisations) to act as guarantors; or using digital payment tools to recognise income of informal workers.
- Regulation of land and housing markets to limit speculation and prevent displacement, including regulating short-term rentals.
- Introduction of incentives for social and permanently affordable housing, such as quotas or other forms of inclusionary housing policies that require developers to contribute to the provision of affordable housing.
- Financial support schemes for rental options, including vouchers, emergency rental support in instances of threat of eviction, or accommodation for migrants. This requires coordination between ministries of housing and social development, treasury departments, local governments, and other relevant departments.
- Use of climate financing to support adaptation mechanisms in areas bearing the brunt of economic and climate shocks, such as financing community-led upgrading in informal settlements.

● To advance housing systems that are **anti-discriminatory**, we need a financial architecture that is more **responsive, adaptable, flexible, and actively inclusive of diverse needs and aspirations**. This means replacing rigid, one-size-fits-all financial tools with more adaptive mechanisms, with a special focus on addressing historical and structural exclusions. Considerations such as loans' amounts, timelines, payment rates or spatial distribution should be able to adapt to fit the realities of those seeking to access and produce housing, particularly those who are often left behind by finance structures. It also means designing finance mechanisms based on evidence and data on the needs and circumstances of different groups, as well as developing specific tools to support usually marginalised groups.

- 🕒 Publication and dissemination of data on public budgets and expenditures for housing production, real estate transactions, land ownership, and other housing finance-related data.
- 🕒 Collaboration with community-based organisations, research institutions, and grassroots groups to translate housing finance language and processes, jointly develop policy proposals on democratic housing production, and monitor spending on housing.
- 🕒 Introduction of participatory budgeting programmes into the decision-making processes of ministries of housing, finance, and other related departments, accompanied by adequate systems implementation and evaluation.
- 🕒 Design of incentives for banks and financial institutions to support collective forms of housing production such as cooperatives or community land trusts through the legal recognition of community-led housing organisations, lower interest rates, and flexible payment schemes.
- 🕒 Financial support to self-organising housing finance groups through combining collective savings (including savings like *tontines* or *stokvels*) with public and private resources to create revolving funds at the neighbourhood, city, regional or national level.
- 🕒 Introduction of "blended" finance schemes for public-community partnerships where public institutions mobilise resources to support community-led initiatives, combine different sources of funds and assets with contributions from the communities, and develop financial incentives for other actors to engage in partnerships.

🕒 To advance housing systems that are **democratic**, we need a financial architecture that is more **accountable, transparent, participatory, decentralised, accessible, and collective**. Democratic housing systems require housing finance to be driven by residents. As such, the decisions on how resources are used need to be open, known, and clear. Additionally, financing processes should not only be designed to include the meaningful engagement of residents, but they should also be transformed to support collective forms of housing production. This includes enabling community-led finance, collective savings, and other forms of collective resource management.

- Mechanisms for land value capture that ensure the benefits from public efforts in infrastructure are invested in ensuring affordable and adequate housing.
- Use of public land to build permanently affordable housing through incentives and long-term leases to non-profit entities or organised communities.
- Review of tax breaks and their impact on speculation to ensure incentives serve to mobilise resources for affordable and adequate housing.
- Incentives and planning instruments that promote the use of development rights for the construction of social housing and/or housing for low-income groups in well-located land. These instruments can be both financial (such as exemptions from development charges, reduced or exempted planning and building fees, rates exemptions for affordable housing units, reduced utility charges or density bonuses) and non-financial (faster planning approval and re-zoning processes, or simplified requirements, among others).
- Dedicated financial mechanisms to provide long-term, reliable, and flexible support for informal settlement upgrading.
- Property taxation mechanisms to prevent speculation and raise revenue for affordable and adequate housing provision.
- Tax revenue redistribution to finance housing justice initiatives such as small-scale developers, public-community partnerships, community-led upgrading, or rental assistance.

■ To advance housing systems that create **infrastructures that promote social and climate justice**, we need a financial architecture that is more **redistributive, solidary, sustainable, and that ensures permanent affordability**. Housing finance that ensures the social and ecological function of housing and land goes beyond financing the production of housing; it places different mechanisms to the service of improving the material living conditions of all residents and sustaining support systems for communities. This requires efforts to mobilise resources, regulate land markets and design incentives to support the long-term affordability and sustainability of housing initiatives. Such strategies have the potential of delivering more equitable and sustainable outcomes, and nurturing practices that ensure communities' wellbeing and resilience to economic and climate shocks.

- 🕒 Provision of small or incremental loans for micro- or small-scale developers that are building affordable and adequate housing.
- 🕒 Support for informal workers to demonstrate their income to access housing support, such as through the digital payment platforms.
- 🕒 Establishment of funds and financial incentives for testing incremental forms of financing for housing improvements.
- 🕒 Training and capacity building on finance for grassroots movements and officials to transform pilot or small-scale housing initiatives to strategic policies.
- 🕒 Creation of long-term partnership mechanisms with adequate sustained financial commitments to implement and/or scale up housing pilots and innovations that seek to tackle inequalities and exclusion or respond to residents' needs.
- 🕒 Economic promotion and incentives for the production and use of local materials to make housing more affordable, resilient and sustainable.
- 🕒 Financial mechanisms to ensure that groups affected by environmental degradation or health hazards are properly compensated to ensure their access to adequate housing.

🕒 To advance housing systems that **expand housing futures**, we need a financial architecture that is more **imaginative, innovative, risk-taking, circular and regenerative**. Central to advancing housing justice is allowing new (as well as existing but overlooked or disregarded) ideas to emerge on how housing should be built, provided and maintained. This implies making financing available to "think outside of the box," designing new models that respond to diverse and changing populations, testing different approaches, and collaborating across actors and sectors. This risk-taking approach is needed to enable different ways of living that are more contextualised and dynamic, allowing for societies not just to access shelter but to transform it to better reflect the needs and aspirations of current and future generations.

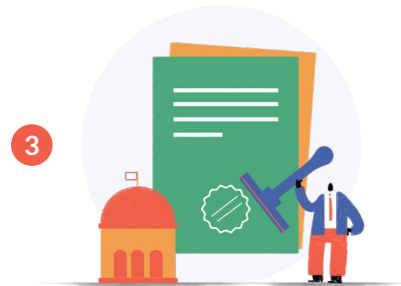
What are key **obstacles** to develop a financing architecture for housing justice? And how can we overcome them?



1 Lack of trust in non-traditional housing provision and actors. There is a gap in understanding between financial institutions, from traditional banks to public ministries, and many actors engaged in housing production, such as informal settlement dwellers, small-scale developers, or local and community-led housing organisations. Traditional financing actors are sceptical about the ability of these actors to mobilise and manage enough resources to produce and access housing, even when they have tenure security and sustained sources of income. As a result, these groups are perceived as “higher risk” or “not bankable” and their housing efforts as negligible, which translates into limiting conditions on access to adequate funding.



2 Siloed governance dynamics and competition over resources. Lack of collaboration to access finance from public and multilateral sources of funding discourages inter-sectorial work to finance adequate housing and promote more innovative, inter-sectorial, and justice-oriented models. Multi-level collaboration and the enhancement of local governments’ role in ensuring adequate housing is also a challenge, hindered by uneven decentralisation policies and political tensions. Furthermore, short political and electoral cycles also clash with the long-term political return of more innovative housing initiatives. Instead, one-off support for housing efforts may be used as a tool to get political gains rather than to enable long-term improvement in people’s housing conditions.



3 Rigidity of financing institutions, tools and credit systems to engage with different scales, property regimes and degrees of formality. Complex bureaucratic processes and institutional bottlenecks pose significant hurdles to individuals or small-scale efforts. For instance, the predominant reliance on individual property titles and requirements on formal sources of income or collaterals exclude many groups and individuals who rely on informal incomes as well as social, collective or customary tenure. High thresholds to access credit or finance may also be too large to fit the needs of smaller-scale efforts. These challenges constrain the capacity to access finance and the “bankability” of a variety of demands: from micro- and small-scale developers to people relying on informal incomes and/or collective forms of resource mobilisation, as well as municipal housing organisations and groups living under collective ownership schemes or customary forms of tenure.



4 Inadequate instruments to promote and safeguard the redistributive use of resources generated by the increase in land value. There are several mechanisms for distributing the gains from increased land value to social and ecological functions of land and housing. Their implementation, however, can be challenging, and regulations don’t always secure the redistributive nature of such value transfer. The use of tools like Tax Increment Financing (TIF) – where the expected increase in land values is used to fund efforts like infrastructure improvements –, for example, might contribute to increases in property values but not include adequate mechanisms to redirect such increases back to the public good. Similarly, the creation of “special investment areas” for capturing investment risks resulting in displacement of populations living in those areas without proper compensation. Moreover, weak regulatory oversight and poor enforcement enable abuse, speculation and misuse of public funds, making it harder to ensure the redistributive nature of land-based financing.



5 Lack of incentives for financing actors to prioritise ethical rather than profit-driven investment. The current financial architecture disincentivises more imaginative or risk-taking initiatives that engage with housing beyond speculative real estate investment. Innovation in financing mechanisms to promote housing justice usually require seed and trust-based funding to unlock the potential of more circular and regenerative forms of housing finances. “Ethical banks” and public or private seed investors that are willing to explore alternative, non-speculative approaches to housing finance require reassuring environments that promote such efforts that diversify housing investments beyond traditional profit-led real estate.



6 Incentives and regulations don’t secure the social and ecological function of land, either through private-led development or when using public assets. Financing structures encourage the commodification of land and housing, treating them as an investment and thus prioritising short-term profit over their long-term social and environmental value. This is reflected, for example, in the granting of development rights or tax breaks to housing providers without consideration or safeguards on the affordability or quality of the housing. When regulations and incentives to promote the social and ecological functions of land exist (including through exemptions and streamlined processes for the development of affordable housing), their enforcement is limited and often constrained by contested interests, allowing for loopholes and jeopardising their impact. Additionally, the over-reliance on private-led housing development disincentivises efforts to ensure that public assets are maintained for long-term or permanent affordability of housing. Public assets are instead transferred to private actors for the development or maintenance of housing units, often with limited or no conditionalities.



7 The financial system focuses on increasing supply over improving existing housing stock and ensuring its affordability. Often, mechanisms are put in place to encourage housing construction, particularly through large-scale, profit-driven developments, whereas it is much more difficult to find adequate financing for upgrading and retrofitting. The emphasis on the need mobilise resources to tackle the housing ‘deficit’ obscures the possibilities to unlock existing housing stock as a critical asset to address the housing crisis, with potential for advancing social and environmental outcomes.



8 Lack of capacities in local spaces. Organisations promoting justice-oriented housing initiatives face enormous difficulties to navigate the technical and political challenges related to mobilising finance for housing provision. Even when partnering with key actors (within public institutions, from civil society spaces or with the private sector), there are big gaps in the tools, capacities and mechanisms they can deploy to engage with complex processes of finance mobilisation and innovation.

● Obstacle ● Case Study



A. Gungano Urban Poor Fund

Zimbabwe | Obstacles 1 7

In Zimbabwe, high interest rates and strict and short timelines do not reflect low-income residents' capacity to finance housing improvements. Excluded from traditional financing schemes, they are deemed "high risk" or "unbankable". This is compounded by the limited experiences in the public and private sector in engaging with alternative, bottom-up, and incremental approaches of housing development.

The Gungano Urban Poor Fund (GUPF) adapted finance mechanisms to better reflect the realities of informal settlement residents and has [unlocked partnerships for incremental housing improvements and community-led upgrading schemes \(PDF\)](#). It mobilises community savings to unlock access to affordable finance for incremental housing improvements, demonstrating the ability of informal settlement residents to finance and build housing. The more affordable interest rates and the formation of "solidarity groups" guarantee the collective repayment of loans, which are reinvested into the Fund to allow other groups to access finance. The collective mapping exercises and design of the housing, as well as their labour contributions, not only reduce costs but also [leverage partnerships with city authorities and enable residents to participate in decision-making \(PDF\)](#).

In the first ten years, the Fund had mobilised savings of USD 804,000 and a total of USD 1.2 million for land acquisition. The increased trust built through the Fund allows residents to engage with housing policies; for example, Zimbabwe's National Development Strategy 2 now prioritizes the formalisation of informal settlements through structured upgrading as a key strategy to address housing needs. Meanwhile, the Fund continues to operate, with some loans having revolved more than 40 times since 2021.

C. Inter-sectorial urban agreements and joint ventures

Chile | Obstacles 2 6

In Chile, like many countries, institutional and budget regulations constrain the capacity to combine assets for housing from different entities across the public, private and civil society sectors. For example, a municipality might own a plot of well-located land, a regional housing service might manage housing subsidies, a public company might have resources for infrastructure investment, and a non-for-profit housing association might gather the resources from individuals' savings. However, unlocking and coordinating these resources to provide adequate housing in ways that preserve the social function of land in the long term is difficult.

A way to get around these obstacles has been the creation of spatially- and time-bound agreements that allow combining these resources for commonly defined purposes. These forms of formal agreements were used for the development of a large-scale urban renewal project in the district of Cerrillos, and are currently being expanded through a national-wide scheme called 'Just cities' (PDF). Institutionally, opportunities for these forms of agreement have been now enabled by a law (Art 26 bis ley Serviu, Law 21807) that allows regional housing services to establish joint ventures, corporations, or agreements with municipalities and other actors to unlock otherwise siloed assets.

B. Minha Casa Minha Vida-Entidades

Brazil | Obstacles 3 7

In Brazil, the social housing programme [Minha Casa Minha Vida \(MCMV\)](#) was developed to provide housing to low-income households but has prioritised scale over responsiveness and diversity. The often-rigid framework of the programme hinders the ability of local actors to access subsidies and adapt delivery and management options, as well as housing design. As a result, large-scale private developers have been the main contractors for the delivery of housing programmes, leading to replicable and standard housing designs which rarely involve any meaningful level of community participation and are not adapted to reflect the extremely diverse local realities across the different regions of Brazil.

In response to the demands of housing social movements, MCMV also includes a sub-programme entitled [Minha Casa Minha Vida-Entidades \(MCMV-E\)](#) that provides support to grassroots' housing efforts. MCMV-E has the scope to provide funds directly to civil society organisations to manage and execute social housing programmes. Even if MCMV-E was allocated only 2% of the total MCMV budget, it has led to diverse and community-led experiences, generating more sustainable, participatory, locally-responsive and better-located initiatives that targeted the lowest income groups in Brazil. While many obstacles persist for this programme to expand its remit and geographic reach, it has contributed to strengthening housing social movements and to increasing the diversity of housing projects, innovating through collective forms of production and management.

D. Inclusionary zoning policies

Stellenbosch, South Africa | Obstacles 4 6

An affluent university town, Stellenbosch struggled to provide housing options for low- and middle-income households, who were forced to commute long distances. In response, the city adopted [a series of inclusionary zoning policies \(PDF\)](#) to incentivise the provision of affordable housing.

To ensure the redistributive impact of these efforts, the municipality adopted a conditional approach to inclusionary housing in a catalytic development area called the Adam Tas Corridor. To unlock additional development rights in the rezoned area, developers had to contribute 30% inclusionary housing in any development with more than 20 residential units. This conditional approach to development rights clearly linked the land value increases to the reinvestment of that land value into the public good and ensured greater enforcement of the inclusionary housing contribution. Additionally, inclusionary housing units contained a restriction on the title deed, which preserved the affordability of the units for 30 years by requiring that these units only be sold to families within a certain income bracket.

In July 2025, Stellenbosch reported that it had seen approval for over 900 inclusionary housing units in seven different developments, with 144 units built and occupied by low- and middle-income families.

E. London Community Land Trust

United Kingdom | Obstacles 1 6

London has one of the most acute affordability crises in Europe with private renters spending on average more than half of their earnings on housing costs and first-time buyers expected to spend 13 times their annual earnings to buy a home. The reliance on private-led housing development leaves few tools to support and finance non-market forms of housing provision, as well as high mistrust and lack of awareness of community-led housing models.

Nevertheless, community-led (collaborative) housing groups have pioneered an affordable ownership tenure in which the price of a home is set according to local median incomes, effectively removing the property from the speculative market. The tenure was piloted by the London Community Land Trust on their St Clement's development in east London, with the [first households moving in 2017](#).

At a policy level, advocates of non-traditional housing worked to gain national recognition for different models under a common banner of 'community led housing'. This paved the way for the GBP 38 million (USD 51 million) Community Housing Fund in 2018. This recognition helped demonstrate demand, and London CLT worked closely with two mortgage lenders to help train branch staff to lend against the new tenure. Since the initial pilot, the tenure has proved popular with community groups, though uptake among financial institutions remains a challenge.

G. Enabling small-scale rental housing development

Cape Town, South Africa | Obstacles 7 8

In South African townships, small-scale rental housing – including through the conversion of backyards and underused spaces – has emerged as an important source of safe, dignified and affordable housing for low and middle-income families. Micro- and small-scale developers, however, are less equipped to face the same complex regulations, high fees, and strict compliance standards required of large-scale developers, while receiving limited technical support and little access to affordable finance.

The City of Cape Town is adopting an [enabling legislative and policy framework \(PDF\)](#) to support micro- and small-scale developers. It amended its Municipal Planning By-Law to enable homeowners to build up to 8 rental apartments on their properties, and small-scale developers to construct up to 12 units when replacing existing houses – all without the need for rezoning. Additionally, the City has established a R20 million (USD 1.21 million) fund to cover the development fees for small-scale rental housing and is prioritising the release of municipally-owned land through a dedicated Small-Scale Rental Units Mayoral Priority Programme. The City is also in the process of developing a pipeline of 96ha of land for release to micro- and small-scale developers (which it estimates could yield 331,867 affordable rental units). Together, these efforts help reduce the costs of development and contribute to addressing the urgent need for housing

F. 'Accelerator' revolving fund and catalytic capital investment

Central and South-Eastern Europe | Obstacles 1 5

In Central and South-Eastern Europe, housing regimes and loans tend to be aimed at individual homeownership schemes. It is therefore extremely difficult to promote forms of investment that enable the provision of affordable rental and cooperative housing.

MOBA is a network of pioneering housing cooperative initiatives from the region, which have identified financial products to enable an affordable rental and cooperative housing sector. One of the mechanisms identified is '[catalytic capital investment](#)', which bridges the gap of missing long-term finance by kickstarting a regional revolving fund that can shift the housing finance landscape. This form of investment requires an intermediary organisation that, on the one hand, engages with – and gives confidence to – catalytic capital providers; and on the other, provides loans, guarantees, capacity building and equity investments to local nonprofit housing providers. MOBA aims to be such an intermediary on a regional scale and already has members developing pilot housing projects in Croatia, Hungary, Serbia, and Czechia.

Currently MOBA is working on capitalising its internal revolving fund, the [Accelerator](#), and has recently disbursed the first pilot loan to its Hungarian member. Furthermore, one of MOBA members, the [Cooperative for Ethical Financing \(Zadruga za etično financiranje, ZEF, in Croatian\)](#), is establishing a European ethical bank that can provide loans and seed capital for catalytic investment to promote more just, collective forms of housing.

H. The opportunity of digital payment platforms

India | Obstacles 3 8

A large percentage of households in India rely on the informal sector for their income. Without documentation of formal employment, they are unable to access traditional loans from commercial banks. In the early 2010s, affordable housing finance companies using [micromortgages \(PDF\)](#) emerged to lend to borrowers with irregular or informal earnings with demonstrated repayment capacity, but field-based verifications were tedious and time-consuming. Transaction costs were therefore higher per borrower, covered through higher interest rates than traditional banks.

Digital payment systems, such as the Unified Payment Interface (UPI), are offering ways to overcome these challenges. Since the mid-2010s, UPI transactions have replaced a large proportion of cash transactions and are now ubiquitous across all Indian cities. UPI data allows borrowers to create a credit footprint – a digital trail of income, spending patterns, and financial behaviour. This data could allow lenders to underwrite loans, thus reducing the cost of field-based verifications.

Furthermore, in 2023, the Reserve Bank of India proposed to [expand the scope of UPI](#) by permitting operation of pre-sanctioned credit lines at banks through UPI. Depending on the credit line banks are willing to offer, small credit lending mechanisms potentially offer borrowers an easier way to access loans for upgrading and enhancements like additional rooms, or for rental deposit payments.

Our roadmap for financing housing justice

The reflections above provide a starting point from which we can transform the financing architecture in ways that promote housing as a vehicle for fairer and more sustainable societies. By bringing the housing rights and financing discussions together, housing justice advocates can demonstrate concrete ways to implement housing policies that contribute to broader societal goals. This also presents an opportunity to exchange with and learn from activists, policymakers and practitioners across sectors beyond housing. Transforming the housing finance architecture is part of a wider endeavour to make financial systems more democratic and effective in addressing the needs and realities of people and planet.

Implementing a joint roadmap for financing housing justice needs a coalition of allies across public, private, and grassroots entities. Together, the housing justice community can continue to break the siloes and ensure that justice and human rights remain at the centre of housing finance by:

- Pushing for more transparency in the way financial resources are employed to advance housing justice, such as the use of revenues from property and other forms of taxation as well as diverse land value capture mechanisms.
- Developing more data on financial flows for housing, including using innovative tools to capture informal and incremental investments in housing.
- Advocating for greater public financial support (from governments, but also through multilateral and bilateral support) for housing justice efforts.
- Showcasing the diversity of existing efforts to advance housing justice that need greater financial and policy support, from incremental approaches to collective resource mobilisation.
- Understanding and reviewing the specific regulations that shape housing markets in each context.
- Increasing opportunities for capacity building of local actors such as community-based groups and incremental or small-scale developers to understand how to access and manage different forms of financing.
- Developing learning exchanges and trainings for financial actors and public officials to explore alternatives for long-term affordable housing that can speak to local legal frameworks as well as to the diversity of assets and capacities of different groups.
- Continuing to document cases of promising approaches to financing housing justice, with a focus on how different mechanisms were developed, the role of different actors, and the strategies to overcome obstacles.
- Identifying allies across financing contexts, including philanthropies, ethical banks, local governments and ministries, and support them in influencing financing policies.

About this publication



The Hub for Housing Justice is a collaborative initiative led by a group of civil society networks and research organisations. This document is the second entry of the Provocations Series produced by the Hub to collaboratively shape agendas that advance housing justice.

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More information: www.hubforhousingjustice.org

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