

Affordable Housing needs in Ulaanbaatar (UB) city, Mongolia



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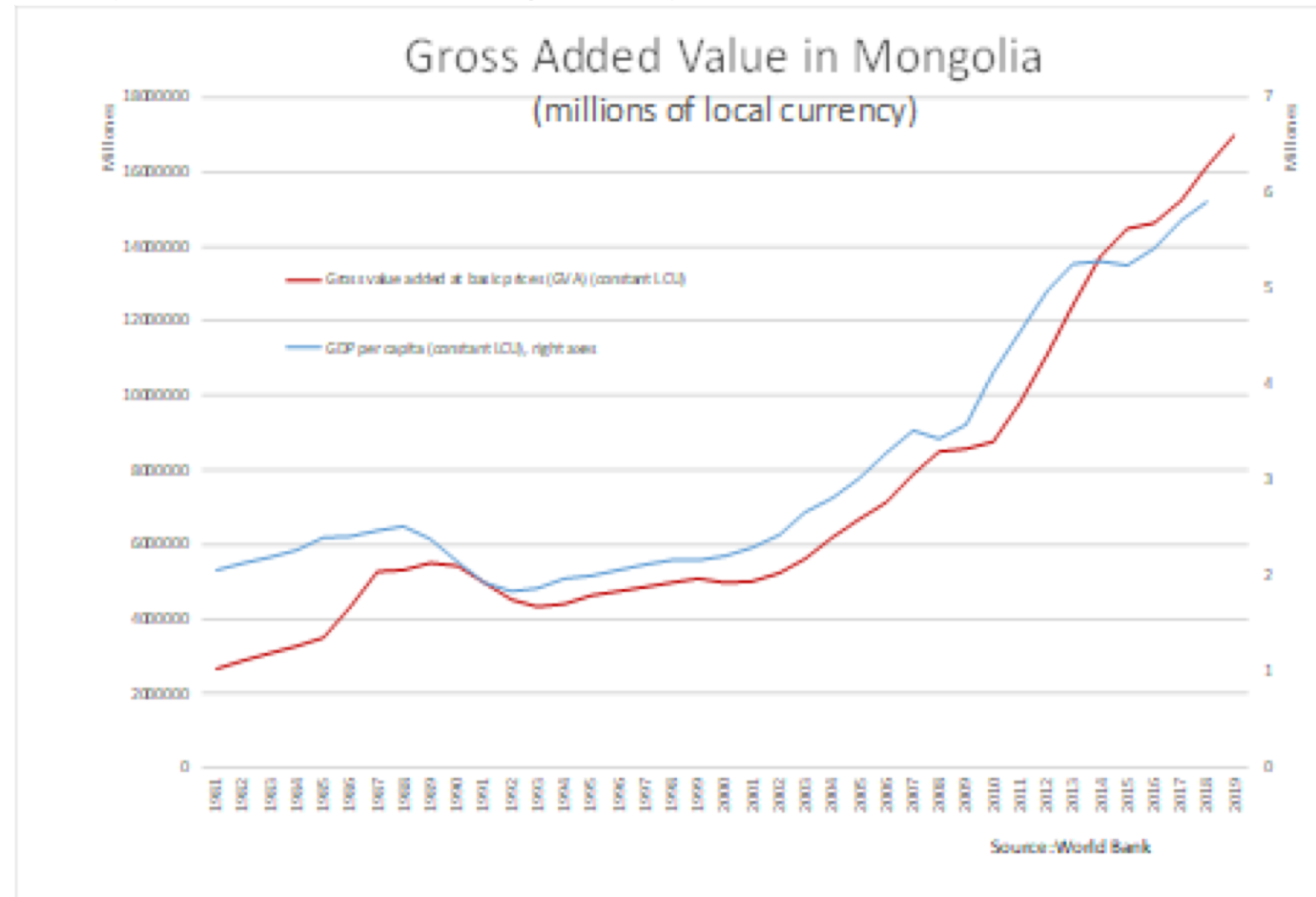
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Mongolia, Ulaanbaatar, general characteristics

- Large city with spread population pattern
- Since 1990s, the country initiated an expansion of the economy with strong changes.
- Institutional and economic evolutions seems very similar to Eastern countries in Europe (and in the same period): change in the economic system from centralized to market-focus systems opened the country to foreign stakeholders and mobilised its resources.
 - 2 consequences:

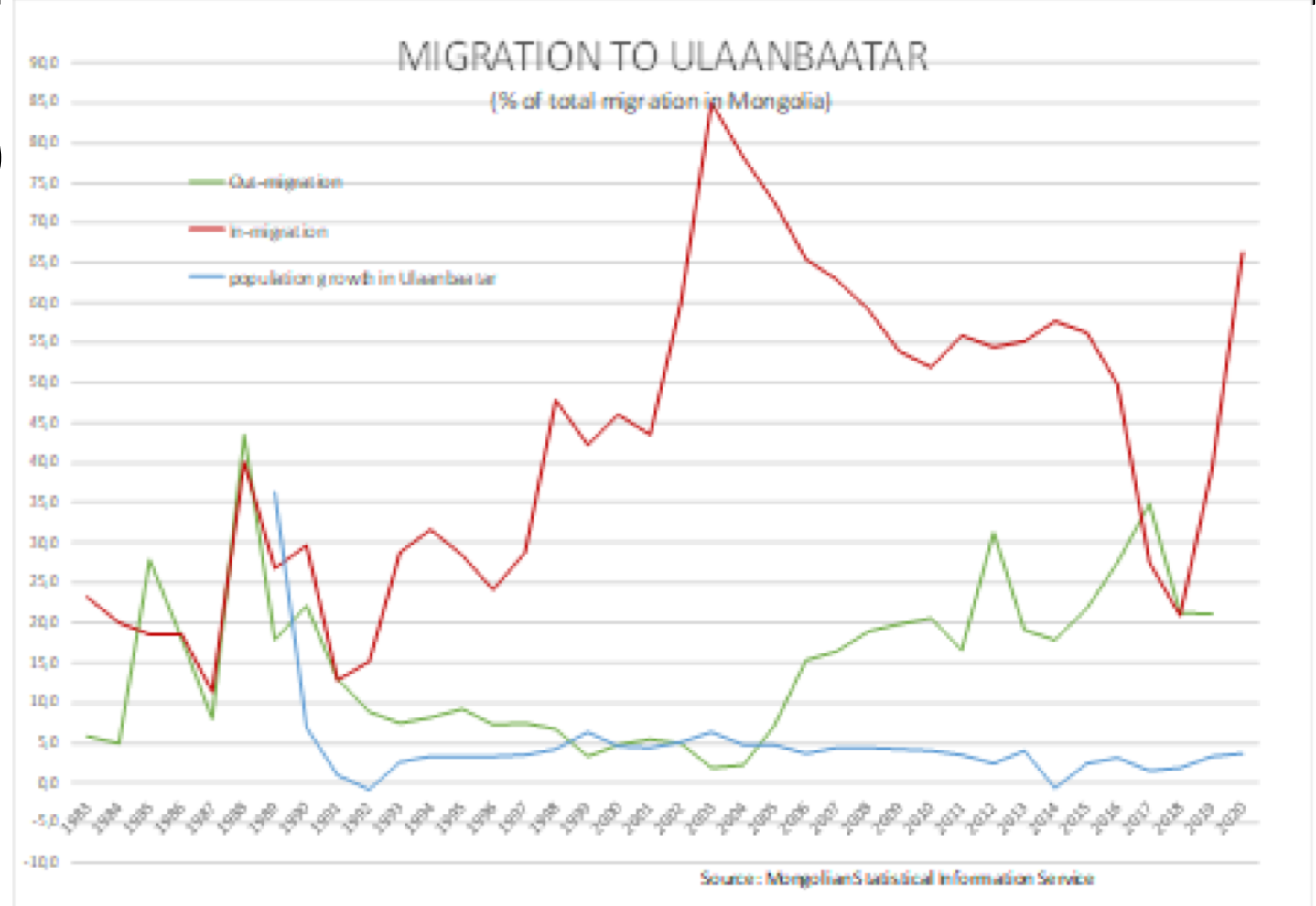
Mongolia, Ulaanbaatar, general characteristics

- 1.- Production and exports of mining output increased the size of the economy.
- Strong Δ GDP



Mongolia, Ulaanbaatar, general characteristics

- 2.- New Jobs created in mining and services sectors attracted population to the capital city
- (and other cities as well)



Mongolia, Ulaanbaatar, general characteristics

- Several effects:
 - Large housing needs
 - House building didn't react enough and the 'ger' districts raised.
 - Living in a 'ger' is a tradition in Mongolia, but such 'houses' have not got the same services as those supplied to formal apartment or single family houses.
 - Somehow, the expansion on population is correlated to the larger 'ger' areas but not with the construction.
- Hypothesis:
 - 'ger' is lower housing quality which remains not because the tradition but because a lack on affordable houses.
 - Lack on affordability is due to low income and a mortgage market failure

Housing affordability in Ulaanbaatar city

- Three types of housing

Ger district



Apartment



housing



- Lack of affordability in ger districts in transition from socialist society to market economy from 1990 till now
- Ger is a portable, round tent covered with skins or felt and used as a dwelling by nomadic Mongolians.
- Nomads in Ulaanbaatar city can only afford to bring existing ger from nomadic lifestyle.
- Household income combined is 600,000togrog (214\$)
- No tax payment, thus ineligible for housing mortgage loan;

Housing affordability in Ulaanbaatar city

Table 1. Households living in a main house and type of housing in Mongolia and Ulaambaatar. 2020

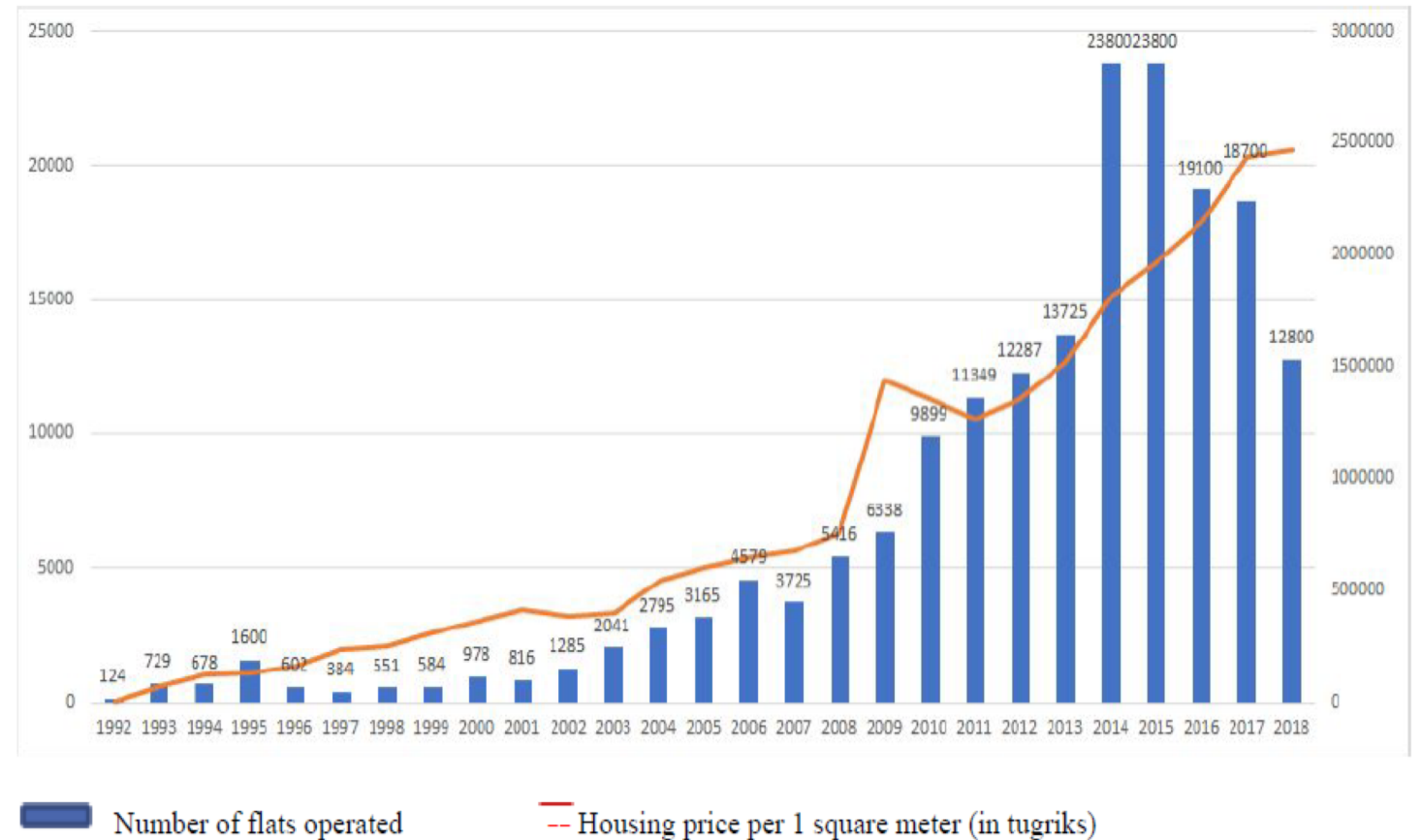
		Mongolia	Ulaanbaatar	% Ulaanbaatar over total country in 2020		
		% growth between 2020 and 2010				
Households (number)	Total households	42.8	50.9	58.14		
	Living in a house with all services	26.9	19.9	13.9		
	Living in a house without all services and facilities	65.1	42.4	8.4		
Houses	Ger	6.1	4.2	26.6		
	Houses	42.9	51.0	58.13		
	Others	-1.1	-45.8	27.7		
Mongolian Census		% /OCCUPIED HOUSING				
	GER	51.0				
	APPARTMENT and HOUSES	48.6				
	PUBLIC DWELLING. total	0.4				
	OTHER (Secondary homes and others)	23.5				
	Total	100				

Housing affordability in Ulaanbaatar city. Tenure and prices

Figure 1 Housing (by households) and price increases (in tugriks) from 1992 to 2018

Table 2: Tenancy of the Mongolian housing stock (% of total households)			
	2010	2018	2020
Owner occupied	86.0%	89.8%	91,5
Rental	6.7%	3.5%	3,3
Occupied free of rent	6.3%	6.2%	-
Other arrangement	0.9%	0.5%	5,2

Fuente: Mongolian statistics, <https://beta.1212.mn/en> and <http://web.nso.mn/nada/index.php/catalog/central/about>



Source: Researcher, calculated the US dollar exchange rate for the same year as the Bank of Mongolia

Mongolia, Ulaanbaatar, hypothesis

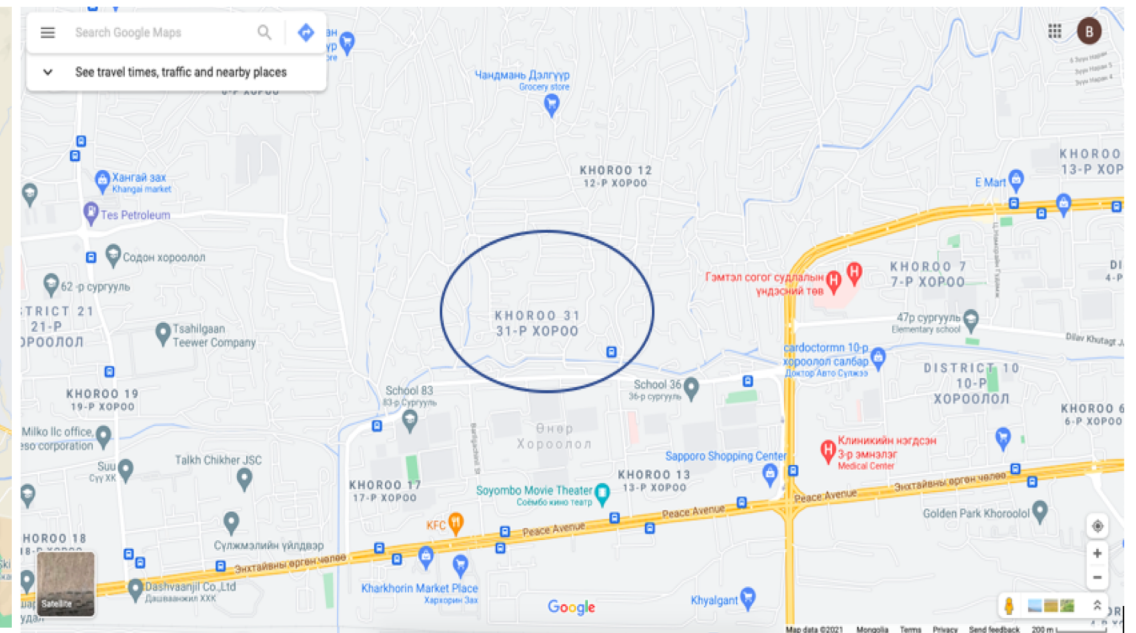
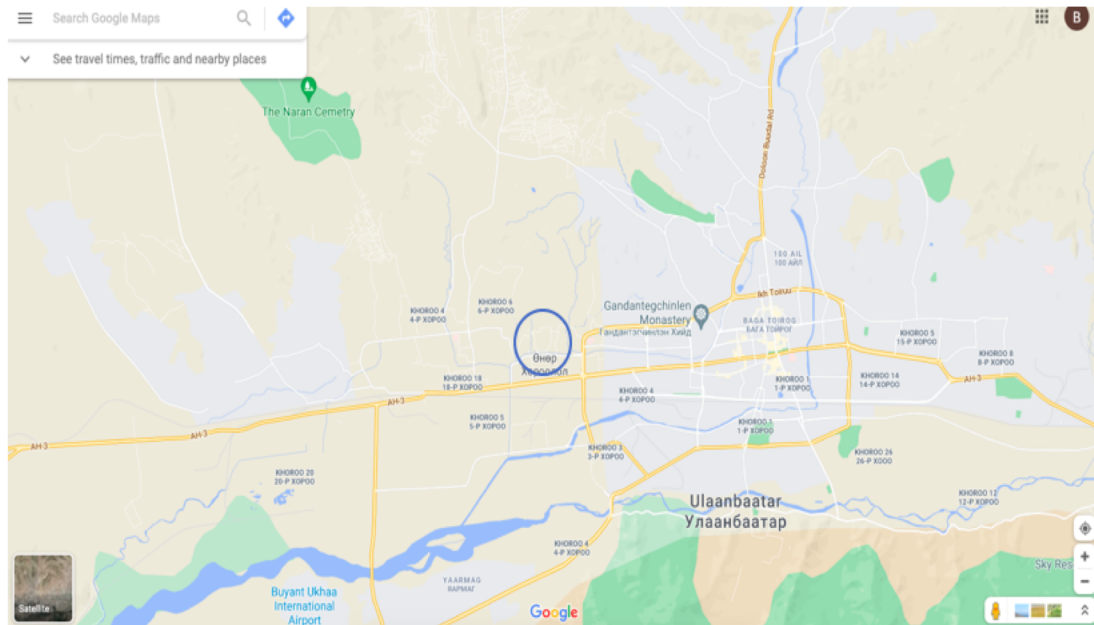
- A 'ger' is lower housing quality which remains not because the tradition but because a lack on affordable houses.
- Lack on affordability is due to low income and a mortgage market failure
- Also due to the only way to afford a house through ownership
 - As the rental market is quite reduced
 - An accepted alternative is the ger
- No data to test most of those hypothesis
- Own survey

Research Methodology. Survey

- Survey conducted from 310 respondents:
- Education:
 - 37.7% have higher education, 29.7% high school education
- Household income
 - 58% of household have below 700,000 togrog(250\$) which is in low income bracket.
 - 21% of household is below 300,000togrog(107\$)
 - 20,3% of household is within 500,000-700,000togrog(178-250\$)
- Occupation
 - 23.2% self employed , 21% work in private company, 18% unemployed

Location of survey conducted

- 1/3 of ger district people want to be connect to central water line system.
- 2/3 of ger district people want to enroll in rent-to-buy program for apartment, but ineligible due to 30% initial payment and no tax payment because of no job



Summary ...Real evidence of Ger district research

- Three quarters of households living in Ger are ready to sell their houses with land at market prices and to buy apartments but can not afford the prepayment of mortgage requirement which is 30% of apartment price.
- When income of household is reducing as the high to willing to have an Rent2Buy apartments.
- When income of household is increasing such as the high to willing to connect to infrastructure with loan in Ger district or to involve in Reconstruction of Ger Area Project.

Summary:

- To offer multiple choice of Reconstruction Gera area project with supportive loans as a infrastructure investment.
- To create Rent2Buy apartment's fund from resources.
- To update Ger Reconstruction Project regarding affordable situation in Ger area households.
- To reduce Ger area restriction with urbanization.

Thank you very much for the consideration

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