



**FOURTEENTH ISSUE**  
MARCH, 2026

BY THE ARAB URBAN DEVELOPMENT INSTITUTE

# AFFORDABLE HOUSING IN ARAB CITIES

## THE INTERVIEW

Governor of Cairo  
Dr. Ibrahim Saber Khalil  
talks about the city's  
efforts in implementing  
Affordable Housing  
Policies

## URBAN INSIGHTS

Experts' insights on  
Affordable Housing in  
Cities  
Toolkits on Affordable  
Housing

## CITIES IN ACTION

Affordable Housing  
Projects and Initiatives  
from across Arab cities

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FOURTEENTH ISSUE

# AFFORDABLE HOUSING IN ARAB CITIES

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## **Front Cover**

*The New City of Rawabi Arial View, Ramallah, Palestine*

*Source: Rawabi Official Website*





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# EDITORIAL

## THE FUTURE OF AFFORDABLE HOUSING IN ARAB CITIES

By Dr. Ziad Alameddine- Editor in Chief

It is quite evident that housing affordability in the Arab region has shifted from being a minor policy issue to the top of the global agenda. Cities are growing at an unprecedented rate, resulting in a persistent gap between the supply of affordable homes and the market demand, leading to higher land and construction costs. Additionally, several systemic factors have contributed to this widening affordability gap for residents in major cities including volatile market conditions, income disparity, land scarcity, stringent regulations and diverse economic trends.

Through desktop research, affordable housing has been defined in different ways. According to UN-Habitat, it is described as the ability to acquire a home that costs no more than one-third of a household's total monthly income. Although this definition is a useful starting point for discussion, it does not fully capture the reality of many people in the Arab region. In this context, it is important to understand the social aspects of the Arab communities and their demands for a range of housing options in the market that support the extended family networks. Therefore, affordability is not just about the cost of housing. It is also about the accessibility to various housing options, adequacy, and resilience.

Although the challenges of bridging the gap between policy frameworks and real-world outcomes are complex, many Arab cities are moving forward with efforts to provide affordable housing through partnering with private developers. To complement such initiatives, a more comprehensive approach is needed to integrate land policy, infrastructure investment, financial support, and social inclusion into a single strategic framework. Nevertheless, municipalities appear to be in an ideal position to implement this type of integrated approach as they regulate land development, have a vested interest in ensuring housing is built, provide administrative services to facilitate housing development, and utilize data to guide the planning process.

In this issue of "Mudununa", we host His Excellency the Mayor of Cairo, Dr. Ibrahim Saber Khalil, in a meeting about affordable housing in Cairo, where he stressed the importance of housing programs, as a strategic tool to achieve social justice, through the development of integrated urban communities that provide affordable housing and enhance opportunities for a decent life for a broad segment of the society.

Further more, we dive into the "Urban Insights" section to hear what the experts have to say about affordable housing. David A. Smith takes a close look at how public-private partnerships can really foster housing supply. He points out that when governments act as market enablers, they can stimulate large-scale housing initiatives. Yahia Shawkat brings another interesting perspective to affordable housing, focusing on cooperative and socially driven housing models. He shows how private capital can actually be put to work for affordable rental initiatives. To tie it all together, Prof. Waleed Alzamil looks at affordable housing through the lens of sustainable urban policy. For him, it's not just about putting roofs over heads; it's a key piece of the puzzle for social stability, economic empowerment, and environmental sustainability.

We're also introducing four international toolkits that serve as practical guides for municipalities. They explain ways to understand local housing markets, select the right policy tools, and develop strategies that actually work. The goal is to ensure people have access to affordable, well-located homes while building communities that are both inclusive and resilient.

The newsletter doesn't stop there. It sheds light on some of the most interesting initiatives and projects happening across Arab cities, all aimed at making housing more affordable. For example, we look at what's happening in Jeddah, Muscat, and Dubai. These cities are experimenting with different tenure systems, like rent-to-own models and structured rental frameworks to open up new pathways to homeownership.

We also dig into the land-based policy tools being used in Saudi Arabia and Oman. It's fascinating to see how smart land governance, such as land value regulations and digital allocation systems, can free up serviced land and make a real impact on housing costs.

Over in Bahrain and Kuwait, the focus is on large-scale housing delivery. The big takeaway here is that public-led urban expansion can massively boost housing supply, but only if it's backed by an infrastructure-first approach and solid teamwork between institutions. It has to connect seamlessly with existing services and urban systems.

Then there's the approach being taken in Egypt and Morocco, where the focus is on upgrading informal housing. It's a practical, cost-effective way to improve

living conditions and reduce vulnerability, helping to bring these communities into the formal urban environment.

We're seeing similar efforts in cities like Beirut, where targeted improvements at the building and neighborhood levels are making a big difference. These interventions not only improve the quality of housing but also extend the lifespan of existing stock, contributing to stronger, more inclusive and resilient neighborhoods.

Another key theme in this issue is the need for housing models that cater to specific groups. A important example is Barwa Al Baraha in Qatar, a large-scale development built specifically for workers. It's a clear demonstration of how purpose-built rental communities can offer affordable, well-managed living spaces for low-income and migrant populations.

Finally, Mudununa wraps up with a look at AUDI's latest initiatives and milestones. We've been busy on the local, regional, and international fronts. Some highlights include meetings with the Ambassador of the State of Palestine, the Secretary General of the Arab Cities Organization, the Saudi Council of Engineers, and the Metropoli Foundation—all aimed at strengthening our urban development partnerships.

We also cover the launch of the second season of the "Mayor Talks" podcast, a recent city diplomacy workshop, and the first two meetings of the Arab European Cities Dialogue Forum, which brought together voices from over 38 cities.

To top it off, we reflect on our ongoing collaboration with Qatar's Ministry of Municipality and the successful run of our 19th and 20th "Cities in Action" webinars. It's all part of AUDI's ongoing commitment to supporting sustainable urban development.

# HOUSING AND PUBLIC-PRIVATE PARTNERSHIPS IN THE ARAB WORLD



**David A. Smith**

Currently serves as the the founder and Chairman of the Board of the Affordable Housing Institute, Inc., a Boston-based global non-profit consultancy that has worked in over seventy countries worldwide, all with the goal of improving sustainable affordable housing ecosystems one country at a time. He also teaches executive education courses at the Harvard Graduate School of Design in affordable housing, real estate development fundamentals, and real estate finance fundamentals.

The richer and more democratic a country becomes, the more housing quality and housing affordability rise in policy importance – the moral equivalent of national zakat – and the harder it becomes for any country to achieve and sustain.

I know this because I've spent just over fifty years – my entire professional career – working on affordable housing, now in over seventy countries worldwide (including Abu Dhabi, Dubai, Egypt, Jordan, Kuwait, Morocco, and Saudi Arabia), on just such problems. How can governments use the tools available to them (laws and money) to generate what they want in terms of outcomes – quality housing affordable to all citizens – and impact – happy citizens with aspirations for themselves and their families?

The road to successful affordable housing policy and programs begins by understanding the affordability paradox of urban economic growth. In the twenty-first century, sustainable national wealth generation and a

thriving economy depend on urbanization and private property markets. That means cities must go vertical –every time something old is torn down, what replaces it is much taller. Going vertical makes that well-situated more valuable, and it makes well-situated white lands much more valuable to develop. When that land comes on the market, private developers bid up its price, and to justify that price they go as vertical as they can, and include all the high-value uses – shopping emporia, office buildings, hotels, luxury residences. Affordable housing gets crowded out, and the workers who make the tall buildings hum live far away, overcrowded, or in obsolete, unhealthy, or unsafe housing.

In short, housing unaffordability is the inescapable side effect of a rising urban economy. Local government realizes this sooner than provincial or national government, because to a local politician, unaffordability manifests itself as a sudden crisis in

the media and politics. Facing angry voters, a typical local politician responds to a media crisis with action that is bold, sweeping, and wrong – like rent control. Like many addictive drugs, judicial rent control feels politically good short-term, but in the intermediate and long run, rent control is far, far worse for cities: self-perpetuating, choking off new supply, and enmeshing government in an infinity of dispute adjudications.

A government that listens to and responds to its citizens, discovers that instead of reflexively banning what already exists, the only sustainable solution is to generate more affordable housing. For this to work, government must become constructively involved as a market partner: support worthy citizens' ability to pay for housing via household-eligible and means-tested subsidies, and stimulate new affordable housing via public-private partnership.

**"A government that listens to and responds to its citizens, discovers that instead of reflexively banning what already exists, the only sustainable solution is to generate more affordable housing"**

Arab governments can unlock private sector motivation to deliver affordable housing at scale by turning three keys:

1. **Sensible deployment of government owned lands and government's ability to regulate verticality through zoning, particularly inclusionary zoning with well calibrated density bonuses for increased affordability.**
2. **Strategic deployment of public-sector infrastructure – roads, power lines, water and sewer networks – alongside master planning. This is especially potent in the Arab world, where water is scarce and summers are brutally hot.**

### **3. Housing public-private partnerships that make land, zoning, and infrastructure available to developers only if they deliver a commensurate amount of affordable housing that delivers government's desired outcomes and impact.**

Done this way, where government provides resources and sets the direction, government steers and lets the private sector row – by taking risks, raising private capital to lever the government resources, delivering value, and most of all, by being accountable for results. The private sector is used to these roles and evolves to be extremely good at them – if the government sets the right rules.

Housing PPPs are predicated on functional land markets, and concomitant real estate taxation based on value, and capable municipal governments. Government uses these to harness a willing private sector – instead of dictating, government must incentivize and negotiate. This comes unnaturally to many civil servants, especially because housing PPPs are distinctive in two far-from-obvious ways:

- **A housing PPP is not general contracting by another name.** General contracting is a one-event/one-price bargain where the government specifies a physical product in detail, and the contractor gets a fixed fee for making one of that product. A housing PPP places government and the private sector into a relationship over time where they apportion decision-making responsibility and risks over the entire development period.
- **A housing PPP is not a classical infrastructure PPP.** In a classical PPP, the government owns the infrastructure (e.g. a power plant) and the people use only the output it produces (e.g. electricity). In a housing PPP, the people live in the infrastructure (and often own it as well), use it every day, and to all intents and purposes, operate it.

For all that national government has financial resources and access to capital, municipal governments control land use, set zoning, and deliver infrastructure. These two are in tension and must be in balance. Because both have important roles to play, government entities need to be well aligned between themselves before engaging the private sector.

Housing PPPs' distinctive economic relationships, both up front and over time, mean that housing PPPs require legal arrangements different from those in either general contracting or infrastructure PPP. I've spent half a century negotiating or drafting these documents, interpreting them, and using them. Indeed, some Islamic financial concepts lend themselves naturally to housing to PPPs – waqf and nazir on the supply side, and ijara, ististna, murabaha, and diminishing musharaka on the demand side, and above all, zakat for the whole citizenry.