

Midocean University
Faculty of Management
Bachelor of Project Management



The Role of Housing Affordability in Poverty Alleviation: The Impact in the Saudi Arabian Context

Asma A. Alwhibee
232001505

Graduation Project – 1
Faculty of Management - Midocean University

Supervisor
Dr. Abdulraheem Nadir
Faculty member- Faculty of Management- Midocean University

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Chapter (1): Introduction

1.1. Research Problem

Urban poverty remains a persistent challenge in developing economies, where economic growth often coincides with widening social inequalities and uneven access to essential resources. One of the most significant contributors to urban poverty is the lack of affordable and stable housing, as well as the increasing cost of housing relative to household income. In many cities, rising housing costs have outpaced income growth, significantly placing disproportionate financial pressure on low-income households and increasing their vulnerability to poverty. Not only does the inability to secure adequate and affordable housing affect living conditions, but it also influences access to employment, education, and healthcare, thereby reinforcing cycles of deprivation. When housing costs consume a large share of income, families are forced to reduce spending on these basic needs. The relationship between housing affordability and poverty extends beyond financial strain to include social and economic instability. Housing insecurity can lead to frequent relocation, overcrowded living conditions, and homelessness, all of which disrupt employment continuity, educational attainment, and social integration.

Rapid urbanization has transformed cities worldwide, and Saudi Arabia is no exception. In Saudi Arabia, rapid urbanization and population growth have increased significantly in recent decades, reshaping the social and economic landscape and intensifying demand for housing, particularly in major metropolitan areas such as Riyadh in the central region, Jeddah in the western region, and Dammam in the eastern region. While national development initiatives have improved infrastructure and economic opportunities, housing affordability remains a concern for low- and middle-income groups, particularly due to escalating land prices, limited affordable housing supply, and financing constraints, making homeownership and stable rental options increasingly difficult for vulnerable populations. Affordable housing has therefore become a critical policy concern, as it directly influences living standards, financial stability, and social inclusion. This ongoing restriction of access to stable housing highlights the need for research examining housing affordability as a crucial factor in urban poverty.

Affordable housing is widely recognized as a key factor in addressing urban poverty and promoting social inclusion. The persistence of housing affordability challenges raises critical questions about their role in shaping urban poverty. Without secure and affordable housing, households may allocate disproportionate shares of their income to housing expenses, leaving insufficient funds for essential needs such as food, healthcare, and education. Consequently, housing affordability is not merely a shelter issue but a multidimensional factor influencing socioeconomic stability and long-term poverty outcomes. These challenges underscore the importance of examining housing affordability not only as a social concern but also as a strategic policy tool for poverty reduction.

1.2. Research Significance

Examining affordable housing as a tool for managing urban poverty is essential for informing policies that promote inclusive and sustainable development. Housing affordability influences economic productivity, social and household stability, and overall quality of life. By reducing housing cost burdens, governments can enable households to invest resources in education, healthcare, and income-generating activities, thereby fostering long-term socioeconomic resilience.

The significance of this study is particularly evident within the framework of Saudi Vision 2030, which prioritizes improving the quality of life, increasing homeownership among citizens, and fostering sustainable urban growth. Housing initiatives introduced under this national agenda aim to increase access to affordable housing through financial support programs, regulatory reforms, and partnerships with the private sector. Understanding the effectiveness of these initiatives in reducing urban poverty is crucial for assessing their broader social and economic impact. By examining the relationship between affordable housing and poverty reduction, the study aims to provide evidence to support policy refinement by the Ministry of Municipalities and Housing.

From an academic perspective, this study contributes to the growing body of literature that links housing conditions to poverty alleviation and socioeconomic mobility. While global research has demonstrated the importance of housing stability in improving life outcomes, fewer studies have synthesized these findings within the Saudi context. By

integrating international evidence with national policy analysis, this paper provides valuable insights into how affordable housing can serve as a strategic mechanism for promoting social inclusion and economic resilience.

1.3. Research Questions

In light of these policy and academic considerations, this study is guided by a set of research questions that seek to explore (i) the relationship between affordable housing and urban poverty in Saudi cities, and (ii) how access to affordable housing influences financial stability, social inclusion, and long-term socioeconomic outcomes for low-income households. By addressing these questions, the study aims to provide a comprehensive understanding of housing affordability as a multidimensional factor in poverty reduction.

The primary research question examines how access to affordable housing affects urban poverty levels in Saudi cities. Such a question reflects the assumption that housing affordability plays a central role in shaping household financial security and overall well-being. It also considers the extent to which housing costs burden families' ability to meet essential needs and invest in future opportunities.

Additional related questions focus on the relationship between housing stability and socioeconomic mobility, as well as the role of government housing programs in reducing poverty. These questions aim to determine whether stable housing enables households to maintain employment, improve educational outcomes, support children's education, and achieve upward mobility. Collectively, the research questions listed below provide a structured framework for analyzing the complex interactions between housing affordability and urban poverty.

1. How does access to affordable housing affect urban poverty levels in Saudi cities?
2. What role does housing stability play in enhancing socioeconomic mobility among low-income households?
3. How effective are government housing initiatives in improving the quality of life of low-income households?

1.4. Research Objectives

The primary objective of this study is to examine the role of affordable housing in mitigating urban poverty by systematically reviewing existing literature and policy initiatives. By synthesizing empirical findings and theoretical perspectives, the study seeks to identify the mechanisms through which housing affordability contributes to socioeconomic stability and improved quality of life for low-income households.

A secondary objective is to analyze the relationship between housing stability and socioeconomic mobility. Stable housing can reduce displacement risks, improve access to employment opportunities, and support educational continuity for children. Understanding these dynamics is essential for evaluating housing policies as long-term investments in human capital and social development.

The study also aims to assess the effectiveness of housing initiatives implemented in Saudi Arabia in addressing affordability challenges. By examining programs designed to expand homeownership and provide rental support, the research seeks to determine their potential to reduce poverty and promote inclusive urban growth. These objectives, subsumed below, ensure that the study remains relevant to both academic discourse and policy formulation.

- O1) Analyzing the impact of affordable housing on poverty reduction.
- O2) Evaluating the role of housing stability in promoting financial security.
- O3) Assessing the effectiveness of housing programs in improving living standards.

1.5. Research Hypotheses

The study is guided by a set of hypotheses derived from the theoretical and empirical literature on housing affordability and urban poverty. First, it is hypothesized that access to affordable housing is associated with reduced urban poverty levels and improved housing stability. Second, housing stability is expected to influence economic mobility and employment opportunities for low-income households positively. Third, government housing programs are hypothesized to improve socioeconomic outcomes for beneficiaries by enhancing access to housing and reducing financial constraints. These hypotheses are

not tested through primary data collection but are treated as analytical propositions, examined through a systematic synthesis of existing empirical and theoretical studies.

1.6. Research Model

This study adopts a conceptual model that captures the relationships identified in the literature between housing affordability and urban poverty. Within this framework, access to affordable housing is treated as the primary independent variable influencing urban poverty reduction, which serves as the dependent variable. Housing stability and employment opportunities function as mediating variables that explain how access to affordable housing translates into improved socioeconomic outcomes. Conceptually, access to affordable housing is expected to enhance residential stability, which in turn enables individuals to maintain employment, increase income, and achieve greater economic security. Through this causal chain, housing affordability helps reduce urban poverty and promote long-term socioeconomic mobility.

1.7. Research Model

This study adopts a systematic literature review approach to examine the relationship between affordable housing and urban poverty. The methodology focuses on identifying, analyzing, and synthesizing relevant scholarly studies on housing affordability, housing stability, and poverty reduction, with particular attention to the effectiveness of government housing programs and their implementation in the Saudi Arabian context. Relevant peer-reviewed journal articles, policy reports, and international housing studies are selected from academic databases using keywords such as affordable housing, urban poverty, housing stability, low-income households, Saudi Arabia, and housing policy. Priority is given to recent research and studies focusing on urban contexts and socioeconomic mobility. The selected literature is analyzed using a thematic approach to identify recurring patterns, policy impacts, theoretical debates, and research gaps, thereby providing a comprehensive and structured understanding of the topic.

1.8. Scope of Study

This study focuses on the role of affordable housing in addressing urban poverty within the Saudi Arabian context, with particular attention to major metropolitan areas experiencing rapid growth. Cities such as Riyadh and Jeddah serve as illustrative cases due to their expanding populations, rising housing costs, and ongoing development initiatives. While the findings may have broader relevance, the analysis is grounded in the socioeconomic conditions and policy environment specific to Saudi Arabia.

The scope of the study is limited to a systematic review and synthesis of scholarly literature, policy reports, and institutional publications related to housing affordability and poverty reduction. Rather than conducting primary data collection, the research relies on existing empirical studies and theoretical frameworks to evaluate the relationship between housing affordability and socioeconomic outcomes. This approach enables a comprehensive assessment of current knowledge and identifies gaps warranting further investigation.

Furthermore, the study concentrates on housing affordability as a multidimensional concept encompassing cost burden, housing stability, and access to adequate living conditions. It does not attempt to address all dimensions of poverty; rather, it focuses on housing as a critical determinant of socioeconomic well-being. By narrowing the scope in this manner, the research provides a focused and in-depth analysis of housing affordability as a strategic tool for managing urban poverty.

Chapter (2): Literature Review

2.1. Introduction: Issues and Challenges

The relationship between housing affordability and urban poverty has been widely examined across disciplines, including economics, urban studies, sociology, and public policy. Existing literature consistently emphasizes that housing is both a basic necessity and a critical determinant of socioeconomic outcomes. Several studies have examined how access to affordable, stable housing shapes financial security, social inclusion, and long-term economic mobility, particularly among low-income populations. As a result, housing affordability has emerged as a central theme in discussions of sustainable urban development and poverty reduction.

A growing body of empirical and theoretical research has identified several mechanisms through which housing conditions shape poverty dynamics; these include the financial burden of high housing costs, the stabilizing effects of secure housing on employment and education, and broader structural factors that influence housing supply and accessibility. At the same time, other studies have expanded the scope of analysis to include institutional, political, and social dimensions, such as regulatory frameworks, community responses to housing policies, and the increasing financialization of housing markets. Together, these perspectives provide a comprehensive understanding of the complex and multidimensional relationship between housing affordability and urban poverty.

Building on these insights, this literature review synthesizes key findings from existing studies to examine the role of affordable housing in mitigating urban poverty. The review is organized around several interrelated themes, including the relationship between housing affordability and poverty, the role of housing stability in promoting socioeconomic mobility, and the impact of housing instability on vulnerable populations, while also addressing relevant structural and policy factors. By structuring the discussion in this way, the review aims to provide a coherent analytical framework that supports the study's research questions and objectives while highlighting gaps in the existing literature.

2.1.1. Housing Affordability and Urban Poverty

Housing affordability is widely recognized as a central determinant of urban poverty, as rising housing costs impose significant financial burdens on low-income households. These challenges are often intensified by rapid urbanization and population growth, including housing shortages and informal settlements, which increase housing demand while supply remains constrained, thereby exacerbating poverty (Mondal & Bhattacharjee, 2021). In such contexts, affordability becomes a structural issue rather than a temporary imbalance. The World Bank (2017) report on housing provides a global perspective on the role of housing in economic development and poverty reduction. The report emphasizes that housing is a key driver of economic growth, social stability, and individual well-being, while also highlighting barriers to housing access, including high costs and limited financing options.

In line with the World Bank's (2017) findings, Glaeser and Gyourko (2018) examine the economic dynamics of housing supply and their implications for housing affordability and urban inequality. A central argument of the study is that housing affordability problems are not solely the result of market forces but are strongly shaped by structural and policy-related factors. They emphasize the role of regulatory constraints and land-use policies in limiting housing supply, arguing that such restrictions unintentionally contribute to housing price inflation, particularly in urban areas, creating significant barriers for low-income households seeking access to adequate housing. Housing markets are heavily influenced by supply-side constraints, particularly in high-demand urban areas. In many cities, market conditions and regulatory constraints, such as zoning laws, land-use policies, and lengthy approval processes, limit developers' ability to respond to increased demand, leading to a mismatch between supply and demand and thereby driving up housing prices. This imbalance significantly affects low-income households, who are priced out of the housing market. This dynamic not only limits access to housing but also reinforces spatial inequality within urban areas.

Beyond supply constraints, the relationship between housing affordability and poverty can also be explained through the concept of cost burden, in which excessive

housing expenditures limit financial flexibility (Glaeser & Gyourko, 2018). As highlighted in multiple studies, including those examining urban housing markets, high housing costs reduce households' ability to invest in education, healthcare, and other resources necessary for upward mobility. These conditions severely burden economically vulnerable populations. As housing prices rise, low-income households are significantly affected, often forcing them to allocate a larger share of their income to housing expenses. As a result, housing demand reduces the capacity of low-income populations to invest in essential services such as education and healthcare, thereby reinforcing cycles of poverty.

In addition to economic and regulatory constraints, political and social factors also play a crucial role in shaping housing affordability. A study by Diamond and McQuade (2017) highlights how community opposition to affordable housing developments can restrict supply, even when demand is high. Specifically, the authors investigate the political and social factors that influence the development of affordable housing, focusing on public attitudes toward low-income housing projects. They examine how community preferences and local opposition affect the implementation of housing policies, particularly in urban areas. They find that concerns about property values, neighborhood quality, and social composition often drive resistance to affordable housing development. Such an attitude, commonly referred to as “Not In My Backyard”, can significantly limit the availability of affordable housing, even in areas where it is most needed. This phenomenon underscores the importance of public acceptance and local governance in determining the success of housing policies. Importantly, political and social barriers, as argued in the study, can be as significant as economic constraints in shaping housing outcomes; even when financial resources and policy frameworks are in place, local opposition can delay or prevent the construction of affordable housing projects. This adds a critical dimension to the analysis of housing affordability, emphasizing the role of governance and public perception.

These structural challenges are further reinforced at the global level. The UN-Habitat World Cities Report (2020) highlights how rapid urbanization exacerbates affordability challenges and intensifies housing demand, often outpacing supply and contributing to rising costs and increased inequality. The report emphasizes that inadequate

housing conditions contribute to poverty and social exclusion. As cities expand, demand for housing increases, often outpacing supply and leading to higher prices. These dynamics underscore the structural nature of housing affordability as a key driver of urban poverty.

Taken together, these findings demonstrate that housing affordability is not merely a reflection of poverty but a structural driver of it, reinforcing the need for policy interventions that address both supply constraints and access barriers. Addressing housing affordability becomes essential for mitigating urban poverty and promoting more equitable urban development (World Bank, 2017).

2.1.2. Housing Instability and Vulnerable Populations

While affordability constraints shape access to housing, another strand of the literature focuses on housing instability and its consequences for vulnerable populations. A growing body of literature conceptualizes housing as more than a market commodity, emphasizing its role as a fundamental social good. Housing instability, often driven by market volatility and financialization, poses significant risks to vulnerable populations. Leijten and De Bel (2020), who examine the growing financialization of the housing sector and its implications for housing affordability and the human right to adequate housing, highlight how the transformation of housing into a financial asset increases costs and reduces accessibility. Specifically, their study argues that housing has increasingly been treated as a financial asset rather than a basic social good, leading to rising costs and significant challenges for affordability and accessibility for low-income populations, and in turn, increasing their risk of displacement. Financialization of housing shifts the focus of housing markets toward profit maximization, often at the expense of affordability. This shift encourages speculative investment and contributes to rising property prices, thereby reducing the availability of affordable housing options. It also limits the effectiveness of housing policies aimed at improving affordability, as market incentives increasingly override social objectives. As a result, the housing market becomes an investment vehicle that increasingly prioritizes financial returns over social needs, leading to exclusionary outcomes for low-income populations.

These structural pressures are often manifested in more direct forms of housing instability, particularly eviction, which represents a key mechanism through which poverty is both produced and sustained. Desmond and Gershenson (2017) highlight how eviction significantly affects low-income households and contributes to ongoing economic hardship. They examine the patterns and determinants of eviction in urban settings, emphasizing how housing insecurity affects low-income households. By focusing on eviction, the authors highlight one of the most extreme forms of housing instability and its far-reaching consequences for individuals and families. Their findings demonstrate that eviction is not merely a consequence of poverty but also a driver of further deprivation, creating a cyclical relationship between housing insecurity and economic vulnerability. The study offers a comprehensive analysis of eviction as a central mechanism linking housing instability to poverty. Factors such as income instability, lack of legal protection, and limited access to affordable housing significantly increase the likelihood of eviction.

One of the key insights of the study is that eviction is both a cause and a consequence of poverty. The consequences of housing instability extend beyond immediate financial strain to include broader social and economic disruptions. Frequent relocation and displacement can lead to job loss, reduced access to education, and weakened social networks and community ties. These disruptions limit opportunities for upward mobility and reinforce long-term patterns of poverty, particularly among already vulnerable populations. This dynamic reinforces persistent poverty; financial hardship increases the risk of eviction, and the latter, in turn, exacerbates poverty by disrupting employment, increasing moving costs, and damaging social networks.

Additionally, housing instability can have intergenerational effects, as children in unstable housing situations often experience interruptions in schooling and reduced academic performance. This further perpetuates cycles of disadvantage, highlighting the importance of stable housing as a foundation for social and economic development. Addressing housing instability is therefore essential for breaking the cycle of poverty and promoting long-term resilience.

In sum, the financialization shift has significant implications for urban inequality and poverty. A key theme of Leijten and De Bel's study, which aligns with global frameworks, is the recognition of housing as a fundamental human right. They emphasize that access to adequate housing should be recognized as a fundamental right and protected by legal and policy frameworks, ensuring that market dynamics do not exclude vulnerable populations. As housing markets become more volatile, low-income households face increased risks of displacement and eviction, which, as discussed above, undermines long-term socioeconomic mobility and reinforces cycles of poverty. Such studies highlight the need for policies that balance market efficiency with social equity.

2.1.3. Housing Stability and Socioeconomic Mobility

In contrast to housing instability, which reinforces poverty, another body of research highlights the role of housing stability in promoting socioeconomic mobility. Housing stability also plays a critical role in sustainable urbanization, enabling long-term socioeconomic outcomes, particularly for low-income households, by providing a secure foundation for individuals and families (Mondal & Bhattacharjee, 2021). Studies and reports, such as those presented by the World Bank (2017), link housing to labor markets, emphasizing that stable, affordable housing improves access to employment opportunities and enhances productivity. In particular, when individuals cannot afford to live near employment centers or areas with better job opportunities, their access to such opportunities is restricted, and the overall economic efficiency is compromised, hindering economic productivity and mobility (Glaeser & Gyourko, 2018). In other words, when households are not burdened by frequent relocation or financial stress, they are better positioned to pursue education and employment.

Furthermore, the timing and duration of housing stability are critical factors influencing outcomes. Early and prolonged exposure to stable, supportive environments has been shown to yield the most significant benefits, particularly for children. A key insight from the research is that the benefits of stable housing are closely linked to access to opportunity-rich environments. To illustrate this relationship, Chetty, Hendren, and Katz (2016) examine the effects of relocating low-income families from high-poverty

neighborhoods to lower-poverty areas and provide strong empirical evidence that stable housing in better neighborhoods significantly improves children's future earnings, educational attainment, and overall life outcomes. In particular, the study finds that children who moved to lower-poverty neighborhoods at a young age experienced significantly better life outcomes than those who remained in disadvantaged areas, suggesting that prolonged exposure to improved housing environments is crucial for long-term socioeconomic advancement. These improvements include higher earnings in adulthood, increased college attendance, and reduced likelihood of teenage pregnancy.

This finding reinforces the idea that housing stability is not only about immediate financial relief but also about sustained access to opportunities that shape life trajectories over time. These are strongly linked to improved environmental conditions, such as safer neighborhoods, higher-quality schools, and greater access to social networks. When households reside in areas with better schools, safer neighborhoods, and stronger labor markets, they are more likely to achieve upward mobility. This suggests that housing stability is not merely about avoiding displacement, but about enabling sustained exposure to opportunity-rich social and economic environments that shape life trajectories. This reinforces the argument that housing policies should prioritize long-term stability rather than short-term solutions, as sustained access to stable housing can have transformative effects on socioeconomic mobility.

Beyond individual outcomes, housing stability also has important community-level effects. The research by Gould Ellen and Voicu (2006), examining the positive or negative impact of nonprofit housing developments on surrounding neighborhoods, demonstrates that well-managed affordable housing can contribute to neighborhood stability, thereby further supporting social and economic mobility. In particular, nonprofit housing developments generally have neutral or positive effects on neighborhood property values. Such projects, contrary to prevailing assumptions, do not lead to neighborhood decline; instead, well-designed housing policies can contribute to stabilization and urban revitalization, as well as to social cohesion, and can also positively affect property values in surrounding areas. Stable communities typically provide access to services and networks

that facilitate upward mobility. A central contribution of Gould Ellen and Voicu's study is its empirical analysis of neighborhood-level data and its highlights of the broader social benefits, which demonstrate that well-managed housing projects can enhance community conditions; infrastructure improvements, maintenance, and social services associated with nonprofit housing developments often benefit both the residents and the broader community, reinforcing the idea that housing policies can have positive externalities.

Overall, the literature demonstrates that housing affordability and stability not only improve individual well-being but also strengthen broader socioeconomic and community conditions, reinforcing its central role in promoting long-term mobility and reducing poverty. As Mondal and Bhattacharjee (2021) argue, adequate housing provides stability, security, and access to essential services, all of which contribute to improved quality of life. This underscores the role of housing in reducing poverty and promoting social inclusion; these findings highlight the importance of housing not only as a basic necessity but also as a foundation for long-term economic mobility.

While the studies reviewed above primarily reflect global perspectives, their insights provide a valuable foundation for examining housing affordability and urban poverty within the Saudi Arabian context, which will be discussed in the following section.

2.2. Discussion

The reviewed studies in the literature review demonstrate that housing affordability challenges are not isolated phenomena but are embedded within broader economic, institutional, and policy systems. They emphasize that housing affordability and related challenges are shaped not only by local market conditions but also by structural constraints, including urbanization, supply limitations, regulatory frameworks, and market dynamics. In particular, the interaction between rising urban demand and constrained housing supply contributes to persistent cost escalation, disproportionately affecting low-income households. At the same time, global processes such as rapid urbanization and population growth further intensify these pressures, reinforcing housing affordability as a structural and enduring challenge. These dynamics highlight the necessity of viewing housing not merely as a market commodity but as a central component of social and economic policy

aimed at reducing poverty and promoting inclusion. The Saudi Arabian context reflects many of these global patterns, particularly in major urban centers such as Riyadh and Jeddah, where population growth and economic transformation have significantly increased housing demand.

Within Saudi Arabia, housing policy has become a central component of national development strategies. These afore-mentioned factors are clearly observable, but they are also being actively addressed through large-scale institutional and market interventions. Unlike many global cases where housing supply remains constrained due to regulatory inefficiencies, the Saudi Arabian government has implemented and adopted a supply-expansion strategy at a national scale, aligned with Vision 2030, and supported by state-backed entities such as the National Housing entities. These large-scale initiatives aim to increase housing supply, improve affordability, expand access to homeownership, and enhance quality of life. This approach partially reinforces the argument advanced by Glaeser and Gyourko (2018) regarding the importance of supply, while also challenging the assumption that supply constraints are inevitable or difficult to overcome. In Saudi Arabia, the state plays a proactive role in unlocking land, coordinating development, and accelerating housing delivery.

Empirical evidence from the Saudi real estate sector demonstrates a significant expansion in housing development capacity. For instance, ROSHN, a Public Investment Fund-backed developer, is responsible for large-scale residential developments aimed at increasing homeownership rates, with national targets reaching approximately 70%. In addition to state-led initiatives, the broader real estate ecosystem includes major private developers such as Dar Al Arkan, which remains one of the largest developers in the Kingdom with substantial asset holdings and large-scale residential projects, and Retal Urban Development Company, which has been contracted to deliver nearly 2,000 housing units within a single project in collaboration with ROSHN. They have played an increasingly important role in expanding the housing market. These figures illustrate that housing supply is being expanded not incrementally but through coordinated, high-volume

development, thereby addressing one of the core structural issues identified in the literature.

These findings suggest that improving housing affordability in Saudi Arabia requires a comprehensive and multidimensional policy approach. While supply expansion remains a foundational strategy, it must be complemented by regulatory reforms that facilitate development while maintaining planning standards. Streamlining land-use procedures and reducing administrative delays can enhance market responsiveness to increasing demand, particularly when coordinated with large-scale initiatives led by entities such as ROSHN and the National Housing Company. Strengthening collaboration with private developers, including Dar Al Arkan and Retal Urban Development Company, can further accelerate housing delivery and diversify available housing options. Through such measures, increasing supply can more effectively reduce price pressures and improve accessibility.

Although the expansion of housing supply addresses affordability at a macro level, the literature's emphasis on the distribution and types of housing supply remains highly relevant. Much of the current development initiatives in Saudi Arabia continue to target middle- and upper-middle-income segments, with developers focusing on large master-planned communities and integrated urban environments. This suggests that, although supply is increasing, affordability challenges for lower-income groups may persist despite overall supply growth. In this respect, the Saudi case partially aligns with the literature, which argues that increasing supply does not automatically translate into equitable access unless accompanied by targeted affordability measures. Importantly, recent policy developments indicate growing recognition of this gap, as national housing strategies increasingly incorporate social-oriented programs to support vulnerable households and enhance inclusivity within the housing system.

Government-supported initiatives, particularly the Sakani Program, play a central role in addressing these distributional challenges and gaps and reducing barriers to homeownership by providing financial support, subsidized mortgage schemes, and facilitating access to housing units and land. These interventions directly address demand-

side constraints identified in the literature, including the importance of subsidies, especially the inability of low- and middle-income households to access housing due to financing limitations. These initiatives demonstrate the effectiveness of financial support mechanisms in facilitating homeownership. The presence of such programs highlights a key divergence from purely market-based housing systems: affordability in Saudi Arabia is not left solely to market forces but is actively mediated through state intervention. Enhancing these programs through more flexible financing models and targeted support for low- and middle-income households can further reduce affordability gaps and promote broader inclusion within the housing market. At the same time, complementary platforms such as Jood Eskin Platform introduce an additional dimension to housing policy by incorporating community-based and philanthropic mechanisms. Through partnerships with individuals, private entities, and nonprofit organizations, this platform supports housing provision for the most vulnerable groups, thereby extending affordability beyond conventional market and state financing models.

Taken together, these initiatives demonstrate that housing affordability in Saudi Arabia is addressed through a multi-layered policy framework that combines market-driven supply expansion, state-supported financial accessibility, and socially oriented support mechanisms. This integrated approach not only reinforces the policy recommendations of global institutions such as the World Bank, which emphasize the importance of combining supply and demand interventions, but also reflects a distinctive model in which affordability is actively mediated through both institutional coordination and social participation. As such, the Saudi case provides a nuanced example of how affordability challenges can be addressed through a combination of economic, policy, and community-based strategies, rather than relying solely on market dynamics.

The literature also highlights the growing risks associated with housing instability and market-driven dynamics, particularly in the context of financialization, where housing is treated as an investment asset rather than a social good. In the Saudi context, this phenomenon appears to be partially moderated but not absent. While Saudi Arabia has taken significant steps to regulate housing markets and expand supply, the challenge

remains to balance market efficiency with social equity. On the one hand, state-led initiatives and regulatory frameworks, as shown above, aim to prioritize homeownership and social welfare. On the other hand, the increasing scale of real estate investment, including high-value developments by companies such as Dar Al Arkan and large mixed-use projects, indicates that housing is also embedded within broader investment strategies. This creates a dual dynamic in which housing functions simultaneously as a social policy tool and an economic asset, thereby reflecting, but also moderating, the concerns raised by Leijten and De Bel (2020).

Another key theme in the literature concerns the relationship between housing and access to opportunity, particularly the role of location in shaping socioeconomic mobility. In Saudi Arabia, this dimension is addressed through integrated mega-projects to urban development, such as Emaar The Economic City, which is designed to accommodate over two million residents within a mixed-use urban environment combining residential, commercial, and industrial functions. Similarly, Red Sea Global represents another large-scale development initiative aimed at linking housing with economic diversification through tourism and employment generation. These projects, which combine residential, economic, and infrastructural components, link housing provision to employment generation and regional development. They directly support the findings of Chetty et al. (2016) and Mondal and Bhattacharjee (2021) by demonstrating that housing policies are increasingly tied to spatial and economic opportunity structures, rather than being treated as isolated interventions.

Additionally, effective housing policy requires a coordinated and data-driven approach that integrates multiple dimensions of urban development. Aligning housing strategies with broader urban systems—including transportation networks and labor market dynamics—enhances overall policy effectiveness and ensures that housing contributes to broader development goals. Continuous monitoring of housing demand, affordability trends, and demographic changes is also essential, enabling policymakers to respond more effectively to emerging challenges. In line with global frameworks, Saudi housing initiatives increasingly reflect this integrated approach by linking residential

development with social services, transportation networks, employment centers, and urban infrastructure.

However, the effectiveness of these integrated developments in promoting socioeconomic mobility depends on their accessibility to different income groups. While integrated developments provide high-quality infrastructure and employment opportunities, their benefits may be unevenly distributed if affordability barriers persist. This reflects a key tension identified in the literature: the coexistence of high-quality urban development and unequal access to it. Nevertheless, in Saudi Arabia, housing initiatives are increasingly designed to provide not only physical housing units but also access to well-planned communities.

In this context, the alignment of housing policy with broader urban planning strategies becomes particularly important. Ensuring that affordable housing is *equitably embedded* in economically active, well-connected areas is critical to translating development gains into socioeconomic mobility. Large-scale developments such as Emaar The Economic City and Red Sea Global illustrate how housing can be embedded within comprehensive development frameworks that link residential areas with employment, infrastructure, and services. Ensuring that affordable housing is incorporated into such developments can maximize long-term social and economic benefits.

At the same time, the literature underscores the importance of housing stability as a mechanism for reducing poverty and promoting social inclusion. Stable housing enables individuals to maintain employment, access education, and improve long-term economic outcomes. While the Saudi housing strategy has made significant progress in expanding homeownership, ensuring long-term housing stability remains equally important. In this regard, Saudi Arabia has introduced institutional mechanisms that directly address rental stability, most notably the Ejar system, developed under the Real Estate General Authority. This platform digitally regulates rental contracts, safeguards tenants' and landlords' rights, and enhances transparency in rental transactions, thereby reducing disputes and improving market trust.

In addition to improving transparency, Ejar contributes to housing stability by formalizing rental agreements, enabling contract documentation, facilitating payment tracking, and supporting automatic renewal mechanisms. These features reduce uncertainty in rental relationships and provide tenants with greater legal and financial protection, which is essential for preventing arbitrary eviction and ensuring continuity of residence. Moreover, recent regulatory measures—such as controls on rent increases in specific urban contexts—further reinforce stability by limiting sudden cost escalations and protecting tenants from market volatility.

Stability-oriented policies—particularly those addressing rental markets and supporting vulnerable populations—are therefore not only theoretical recommendations in the literature but are increasingly embedded in the Saudi housing framework. This reflects a significant alignment with global policy insights, while also illustrating how digital governance tools and regulatory oversight can operationalize housing stability in practice. In rapidly growing urban areas, where rising costs may continue to place pressure on low-income households, such institutional interventions play a critical role in mitigating housing insecurity and supporting long-term socioeconomic resilience.

In relation to housing stability, the literature emphasizes the risks associated with displacement and eviction. While large-scale eviction crises are less documented in the Saudi context than in other countries, the rapid pace of urban development and rising housing costs may still pose latent risks of housing insecurity, particularly for lower-income populations. The Saudi model, however, places greater emphasis on expanding homeownership and planned communities, which may reduce some forms of instability identified in the literature. This suggests that housing instability in Saudi Arabia may manifest differently, not necessarily through eviction but through access barriers and affordability pressures.

Finally, the literature underscores the importance of governance, regulatory frameworks, and public–private coordination in shaping housing outcomes. This dimension directly complements the previously discussed affordability mechanisms, as the effectiveness of initiatives such as the Sakani Program and the Jood Eskin Platform

depends on strong institutional coordination and policy integration. The Saudi case provides a clear empirical example of this principle. The real estate sector is characterized by a strong institutional coordination, with National Housing entities, e.g., overseeing large-scale development initiatives, while private developers contribute to execution and innovation. This coordination is reflected in the scale and geographic distribution of ongoing projects, with portfolios valued in the tens of billions of dollars and spanning multiple cities across the Kingdom. This level of institutional integration not only facilitates supply expansion but also enables the implementation of targeted affordability programs and socially oriented initiatives. Consequently, the Saudi model reinforces the argument that effective housing policy requires not only market mechanisms but also strategic governance, cross-sector coordination, and long-term planning.

Furthermore, addressing social and institutional dimensions of housing policy is critical for ensuring sustainable outcomes. The literature emphasizes that public acceptance and governance structures play a significant role in shaping housing development, particularly in contexts where large-scale projects may reshape existing urban environments. While these large-scale housing developments address supply constraints, their long-term success also depends on effective governance and social integration. In this regard, promoting mixed-income communities, enhancing transparency in planning processes, and encouraging community engagement can help mitigate potential resistance to affordable housing initiatives. Such measures contribute to more inclusive urban environments, support policy implementation, and reduce the risk of social segmentation.

In sum, the Saudi Arabian case both supports and refines the theoretical insights presented in the literature. It confirms the importance of supply expansion, policy intervention, and spatial integration, and demonstrates that strong state involvement can mitigate some of the structural constraints identified in global contexts. At the same time, it highlights persistent challenges related to affordability, distribution, and accessibility, as well as the balance between housing as a social good and an economic asset. These findings suggest that, while Saudi Arabia has made substantial progress in addressing housing

affordability, achieving fully inclusive and equitable housing outcomes requires continued attention to both structural and social dimensions of housing policy.

2.3. Conclusion

The findings of this study reinforce the view that housing affordability is not merely a sectoral issue but a central component of economic development, poverty reduction, and social welfare. Evidence from the literature demonstrates that housing conditions, as well as interventions aimed at improving housing affordability and stability, have far-reaching effects on socioeconomic outcomes, influencing access to education, employment, and long-term income potential. This chain of effects illustrates the mechanism through which housing affordability contributes to socioeconomic mobility; housing operates as a key mechanism through which poverty is both reproduced and alleviated. Issues such as overcrowding, inadequate infrastructure, and limited access to services further aggravate inequality, highlighting the importance of housing as a determinant of quality of life and social inclusion.

Structurally, the literature consistently emphasizes the importance of coordinated policy strategies and institutional frameworks in shaping housing outcomes and addressing housing affordability and urban poverty. Effective governance and intervention, supported by integrated policy approaches and public-private sector coordination, play a significant role in ensuring equitable access to housing and managing urban growth. Governments are therefore encouraged to adopt policies that balance market efficiency with social equity, combining regulatory frameworks, financial support mechanisms, and infrastructure development, ensuring that housing remains accessible to all segments of society. Such approaches align with broader development goals by integrating housing with transportation systems, employment opportunities, and access to services.

Another central theme is the importance of addressing supply-side constraints. Regulatory barriers and development restrictions can contribute to rising housing costs, underscoring the need for balanced policy reforms that facilitate housing supply while maintaining planning standards. Expanding the availability of affordable housing through streamlined development processes and regulatory efficiency remains essential for

improving market functionality and reducing urban inequality. In this context, strengthening public–private partnerships is critical to enhancing both the scale and quality of housing provision.

Beyond supply, the spatial dimension of housing emerges as a key determinant of socioeconomic mobility. Access to housing in opportunity-rich environments significantly improves long-term outcomes, including education, employment, and income. This highlights that increasing housing supply alone is insufficient; the location and integration of housing within broader economic systems are equally important. Integrating affordable housing into well-connected, economically active areas—such as large-scale developments like Emaar The Economic City and Red Sea Global—can maximize its impact on socioeconomic mobility.

At the same time, housing stability represents another critical dimension of poverty reduction and social inclusion. Stable housing enables individuals to maintain employment, access education, and achieve long-term economic security. Policies aimed at preventing displacement and reducing housing evictions—such as rental regulation, financial assistance, and targeted subsidies—are therefore essential complements to supply-side interventions. These measures help break cycles of deprivation and support sustained socioeconomic participation.

Importantly, the literature also highlights the role of social and political factors in shaping housing outcomes, even when financial resources and policy frameworks are in place. Public acceptance, governance structures, and community engagement significantly influence the success of housing policies. Resistance to affordable housing development, often driven by concerns about property values, neighborhood quality, and social composition, can limit the effectiveness of affordability initiatives. Addressing these challenges requires not only economic solutions but also inclusive strategies such as mixed-income housing, transparent planning processes, and active community participation. These measures are essential for ensuring long-term sustainability and avoiding social segmentation.

In addition, effective housing policy requires a coordinated and data-driven approach that integrates multiple dimensions of urban development. Aligning housing strategies with infrastructure, transportation networks, and labor market dynamics enhances overall policy effectiveness and ensures that housing contributes to broader development objectives. The integration of these elements reflects a shift toward more holistic and sustainable urban planning models.

Within this broader framework, the Saudi Arabian case provides a compelling example of how these theoretical insights can be operationalized in practice. As indicated in the previous section, housing affordability in Saudi Arabia is shaped by a complex interaction of economic, institutional, and spatial factors. National strategies increasingly combine supply expansion, financial accessibility, and integrated urban planning, supported by strong government intervention and growing private-sector participation. While these initiatives align with global best practices, their long-term effectiveness ultimately depends on balancing supply growth with equitable access, ensuring housing stability, and promoting inclusion across different income populations.

Overall, the Saudi experience reflects both convergence with and refinement of global housing policy frameworks. It demonstrates that housing affordability cannot be addressed through isolated interventions but requires comprehensive and coordinated strategies that integrate market mechanisms with social policy objectives. In this regard, affordable housing emerges not merely as a social necessity but as a strategic instrument for reducing urban poverty and promoting sustainable development. Continued policy innovation, institutional coordination, and evidence-based planning will remain essential for achieving inclusive and equitable housing outcomes in the long term.

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