

## **Statement by Executive Director, UN-HABITAT**

### **Agenda Item 1: Coordinated ECESA support to the SG in advance of the G20 meeting in London.**

The current financial crisis has its origins in over-extended housing finance systems – the so-called sub-prime mortgage instruments. While this crisis has exposed pervasive weaknesses in national and global financial systems and regulatory frameworks which need to be urgently addressed, it also serves as a potent reminder that housing is both a market product and a social good.

Housing finance systems must be seen, in this context, both as a means of harnessing market forces to increase housing supply, as well as a means of fostering affordable housing and equitable urban development.

World leaders at the highest levels from G20 will have to be seized with the matter of the role of Government in Housing Finance Systems if we are to prevent such future failures in the global financial systems. Housing is the ultimate economic sector. It is a repository of national wealth. Our Global Report on Human Settlements, 2005 on Housing Finance showed that national wealth is normally in housing finance. For example, 72% of American GDP in housing finance of which over 50% was insured by Fannie Mae and Freddie Mac. Little wonder that when the sub-prime mortgage erupted, the US Government had to step in to avert a financial and economic

In view of the above the GA in its Res. 63/221 (op. para. 11) has invited the Governing Council of UN-HABITAT to keep under review developments in the housing finance system in view of the current financial crisis, and decided to explore the possibility of convening a high level event of the GA on this subject. Thus, we have prepared the documentation for discussion during the Governing Council, which will be held 30 March to 3 April. UN-HABITAT would be happy to contribute its inputs to the EC-ESA note for the Secretary-General.