

CHAPTER V CONCLUSIONS AND RECOMMENDATIONS

A. The Conclusion to the Research

This research aimed to develop a comprehensive framework to address housing affordability problems. To achieve this goal, the study outlined three key objectives that structured and guided the research design. The conclusions are presented in alignment with these objectives, ensuring a focused and coherent summary of findings. A summary of respondents' profiles is provided to contextualize the results. This research objective is followed.

- 1 To identify the housing affordability problems faced by working households in Phnom Penh and the contributing factors.
- 2 To assess the affordability levels of housing prices in Phnom Penh's urban areas.
- 3 To provide actionable recommendations for policymakers and stakeholders to improve housing affordability.

1. The Conclusion of identifying the housing affordability problems

The study identifies five critical components influencing housing affordability:

Policy Intervention: Government intervention, such as affordable housing quotas and low-interest loans, is essential to mitigate affordability challenges. Examples from Berlin's Social City program and inclusionary zoning policies in Southeast Asia highlight the need for inclusive urban housing policies.

Market Dynamics: Rising housing costs, speculative investments, and land development expenses disproportionately affect low- and middle-income households. Public land banking and land value capture are recommended to stabilize the market.

Financial Constraints: Insufficient income, high financial commitments, and loan ineligibility are major barriers. Targeted financial interventions, such as subsidized loans and rental assistance programs, are crucial to expanding access to housing.

Experience and Awareness: Limited understanding of housing policies hinders households from utilizing available resources. Public awareness campaigns and financial literacy programs are needed to empower individuals.

Alternative Preferences: Renting emerges as a viable option for many, but high rental costs and transportation expenses remain challenges. Affordable urban housing and improved public transportation are necessary to reduce these burdens.

2. The Conclusion of the level of affordable housing prices in urban areas

The findings of this study highlight a significant mismatch between household incomes and market housing prices in Phnom Penh. Most working households earn \$1,200 or less per month, which, using a conventional 3× income multiplier, limits their affordable housing price range to a maximum of \$32,400. However, this is far below the prevailing market prices, where typical housing units range from \$50,000 to \$80,000, making homeownership largely unattainable for the majority.

To better reflect the financial reality of the population, this study proposes using a 4× income multiplier, an approach already adopted by some neighboring countries, to calculate affordability. This adjustment increases the affordable price range for low- to middle-income households to between \$21,600 and \$43,200. This revised range aligns more closely with both the income capacity and perceptions of affordability among respondents, over 70% of whom believe that housing should cost less than \$60,000.

Despite this, only around one-fifth of the surveyed households earn enough to afford homes at current market prices, underscoring the urgent need for housing policy reform. Bridging this affordability gap calls for targeted interventions that reflect the true economic conditions of Phnom Penh's workforce. These may include revising affordability benchmarks, encouraging the development of lower-cost housing, and providing financial assistance mechanisms. Through these efforts, policymakers can help ensure broader access to adequate and affordable housing for urban residents.

3. The Conclusion of Recommendations for Policy-makers and Developers

Addressing housing affordability challenges requires coordinated efforts between policymakers and developers. Policy-makers should introduce regulations mandating that at least 20% of new housing projects be allocated for low-cost units priced below \$33,000. Developers, in turn, should also commit to setting aside a portion of their projects for affordable housing within this price range.

Financial support mechanisms are equally vital. Policy-makers can play a key role by implementing low-interest loan schemes, rental assistance for first-time homebuyers, and targeted subsidies for households earning less than \$600 per month. Developers can support these efforts by partnering with financial institutions to offer affordable financing options and aligning their housing projects with available subsidy programs.

Furthermore, both parties should focus on optimizing the location of affordable housing. Policy-makers are encouraged to promote developments within 10 kilometers of employment hubs and essential services, while developers should prioritize strategic sites near urban amenities to reduce commuting costs for residents.

To ensure market stability, policy-makers must enforce regulations that limit speculative investments and foreign ownership, while developers can contribute by leveraging public land banking initiatives to lower development costs and improve housing affordability. Promoting diverse housing options is also essential, with policymakers supporting inclusive housing policies and developers offering mixed-use developments to cater to a variety of income levels.

Lastly, raising public awareness and evaluating policy effectiveness are key. Policy-makers should conduct financial literacy campaigns and continuously adapt regulations based on data-driven evaluations. Developers should support these efforts by sharing relevant market insights and collaborating to raise awareness about affordable housing opportunities and financing programs.

B. Limitations of the Research

This study has certain limitations that may affect the comprehensiveness of its findings. It relies heavily on subjective self-reported data, which may introduce response bias. The sample is limited to respondents in Phnom Penh and may not fully represent the broader population. Moreover, the analysis does not account for macroeconomic factors such as inflation or interest rates, which significantly influence housing affordability. One factor was excluded due to a low eigenvalue, and overlapping items in the factor analysis reduced the clarity of the extracted components.

C. Area Requiring Further Research

Future research should address these gaps by including diverse demographics, employing longitudinal designs, and integrating objective data, such as actual income, housing prices, and macroeconomic indicators like inflation and interest rates, which can offer deeper insights into the dynamics of housing markets. Behavior aspects, preference for renting and owning, should also be explored. Comparative studies between urban-rural or international comparisons can further enhance understanding of housing challenges and solutions.

