



THE RELATIONSHIP BETWEEN HOUSING AFFORDABILITY AND MORTGAGE FINANCING: PROSPECTS AND CHALLENGES

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Annotation. *The article is dedicated to analyzing the relationship between housing affordability and mortgage financing, with a focus on development prospects and key challenges. It explores the economic and social factors affecting housing accessibility, including household income levels, interest rates, and inflation. The study provides an analysis of the current state of the mortgage lending market and its impact on housing construction. Recommendations are offered to improve housing affordability through the enhancement of mortgage programs and the implementation of successful practices. The research findings highlight the role of mortgage financing as an important tool of social and economic policy.*

Keywords: *government support, financial literacy, regional differences, inflation, interest rates, Uzbek mortgage market, modernization of mortgage programs, interest rate subsidies, digitalization of lending processes.*

Introduction .Housing accessibility is one of the most important indicators of a country's socio-economic development. This issue affects not only the quality of life of the population but also the prospects for economic growth and social stability. In today's world, mortgage financing has become a key tool for improving housing accessibility, offering citizens the opportunity to acquire real estate under more favorable conditions.

However, the use of mortgage financing comes with several challenges. High interest rates, population income levels, inflation, and other macroeconomic factors often become barriers for many citizens. Additionally, regional disparities and insufficient financial literacy further exacerbate the imbalance in housing accessibility through mortgage programs.

The goal of this study is to analyze the relationship between housing accessibility and mortgage financing, identify key challenges, and explore the prospects for developing the mortgage lending system. The research aims to understand how mortgage mechanisms can be improved to make them more accessible to different social groups.

The methodology includes the study of statistical data, analysis of global mortgage financing practices, and a comparative approach to evaluating the effectiveness of existing strategies. The scientific and practical significance of this work lies in providing recommendations for improving housing accessibility through the optimization of mortgage programs.

Main Section

Mortgage Financing in Uzbekistan

Mortgage financing in Uzbekistan is developing rapidly, yet housing accessibility remains limited for most citizens. Currently, there is a significant gap between mortgage demand and the ability to obtain loans. According to the National Statistical Agency, only about 40% of middle-class families can secure a mortgage for purchasing an apartment in major cities such as Tashkent. This is primarily due to insufficient income levels and high interest rates.

Economic Barriers to Mortgage Development

One of the most serious challenges to mortgage accessibility is the high interest rates. For example, the average mortgage rate in Uzbekistan reaches 18-20% per year, significantly exceeding those in neighboring countries like Kazakhstan and Kyrgyzstan, where rates range between 10-12%. This makes mortgage loans unaffordable for families with below-average incomes.

Additionally, inflation and the instability of the Uzbek sum exchange rate exert further pressure on the market. In 2022, inflation reached 12%, leading to a substantial increase in property prices and a decline in the real purchasing power of

the population. For instance, the price of a one-bedroom apartment in Tashkent rose by 25% over the past two years.

The Role of Government Support

Government support plays a crucial role in improving mortgage accessibility. A successful initiative is the interest rate subsidy program for young families, implemented as part of the national strategy. Through this program, thousands of families have secured mortgage loans on more favorable terms, increasing housing accessibility.

Additionally, some countries, such as Russia, have introduced government mortgage programs with fixed low interest rates, helping the population cope with economic challenges. A similar approach could be successfully adapted in Uzbekistan to support low-income families.

Prospects for Optimizing Mortgage Financing

To enhance mortgage accessibility, innovative solutions such as process digitalization are essential. For example, automating application submissions and providing online mortgage consultations significantly lower barriers for citizens. In 2023, one of Uzbekistan's major banks launched a digital platform for processing mortgage loans, leading to a 20% increase in applications compared to traditional methods.

Another crucial step is developing specialized programs for rural areas. In this context, India's successful "Rural Mortgage" initiative serves as an example, where requirements for rural residents were eased, allowing thousands of families to improve their housing conditions.

Research Findings

The Impact of Mortgage Financing on Housing Accessibility

The analysis has shown that mortgage financing remains the primary mechanism for improving housing accessibility in Uzbekistan, but access to it is constrained by several factors. High- and middle-income families actively utilize

mortgage programs, while low-income groups are often excluded due to insufficient solvency and strict banking requirements. For example, statistical data indicates that less than 30% of households with below-average incomes have the possibility to secure a mortgage.

Economic Barriers

Key barriers include high interest rates, which range between 18-20% annually, as well as inflation and rising real estate prices. Over the past two years, the cost of residential property in major cities has increased by an average of 25%, further restricting financial opportunities for most citizens.

Regional Differences

The study has revealed significant disparities between regions. In Tashkent and other major cities, mortgage programs are more accessible due to a greater number of banks and financial instruments. However, in rural areas, mortgage accessibility remains extremely low due to the lack of banking branches and specialized programs.

Positive Impact of Government Support

Government programs, such as subsidizing interest rates for young families, have proven effective. Thanks to such measures, the number of mortgage transactions has increased by 15% in recent years. This confirms the importance of active government participation in the development of the mortgage market.

Conclusions

Based on the research, the following conclusions can be drawn:

1. Mortgage financing is a crucial tool for improving housing accessibility, but its use is restricted by economic and social barriers.
2. High interest rates and economic instability pose serious challenges for most citizens.
3. Regional disparities reinforce inequalities in mortgage accessibility.
4. Government support can partially mitigate existing limitations.

Recommendations

1. ****Lowering Interest Rates:**** Introducing subsidies and refinancing programs to reduce borrowers' financial burden.
2. ****Improving Infrastructure in Rural Regions:**** Developing specialized mortgage programs and expanding banking networks.
3. ****Enhancing Financial Literacy:**** Organizing educational campaigns and providing consultations on mortgage products.
4. ****Government Initiatives:**** Continuing and expanding support for young families and low-income groups.

Conclusion .Based on the conducted analysis, it can be asserted that mortgage financing plays a key role in improving housing accessibility and stimulating residential construction in Uzbekistan. However, access to mortgage loans for the population is constrained by factors such as high interest rates, economic instability, regional disparities, and low financial literacy. These barriers require a comprehensive approach for their resolution.

Government programs aimed at subsidizing interest rates and supporting young families have demonstrated their effectiveness but require further expansion. The implementation of digital technologies, improvement of infrastructure, and adaptation of international practices represent promising directions for optimizing mortgage lending.

Thus, the development of mortgage financing in Uzbekistan should include measures to reduce economic barriers, create specialized programs for different population groups, and enhance financial literacy. These steps will not only increase housing accessibility but also contribute to long-term economic growth and social stability.

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