APS INSIGHT

A STEP TOWARDS SOCIAL HOUSING:

CAMBODIA'S PUBLIC HOUSING STRATEGY AND INCENTIVES

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The General Department of Housing (GDH) within the Ministry of Land Management, Urban Planning, and Construction has released the **2026 Policy on Social and Affordable Housing Development** on the 13th February to further expand the government's commitment towards ensuring affordable residence for low to middle-income citizens.

POLICY RECAP

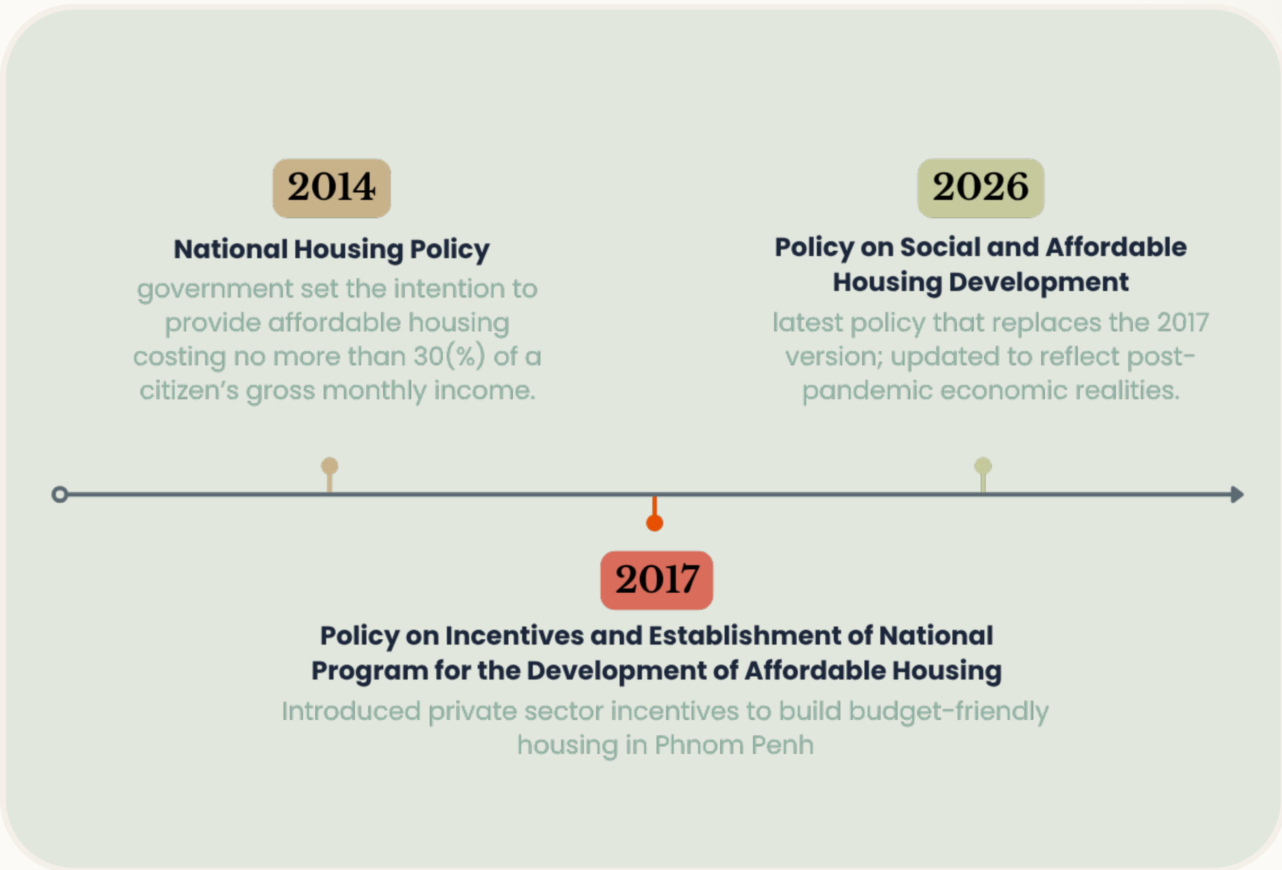

Figure 1: Timeline of Cambodia's Affordable and Social Housing Policy

History of the Policy

The 2017 policy relied heavily on the private sector to produce adequate housing. There were certain flaws that hindered the implementation of these policies. The unregulated land market in Cambodia remains a key bottleneck to the development of affordable housing, with land costs accounting for up to 30–50% of total development costs, making such developments financially unfeasible. As a result, the private sector has shown limited interest in pursuing these more challenging developments, which typically offer lower returns despite the incentives promised by the government.

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Primary Objectives

Provide Quality & Safe Affordable Housing	Supply affordable, safe, and legal homeownership and rental housing for low-to-middle-income citizens, vulnerable groups, students, workers, and internal migrants.
Drive Sustainable Urbanization	Support national urban development goals by setting housing criteria, financing options, and private sector incentives.

Types of Qualified Projects

Social Housing	(For targeted low-income / vulnerable groups)
Affordable Ownership Housing	(For purchase by low-to-middle-income buyers)
Affordable Rental Housing	(For rent by low-to-middle-income buyers/workers)

Key Development Rules & Criteria

Land Allocation Cap	A maximum of 70% of total project land area can be dedicated strictly to housing construction.
Urban Integration	Must preserve green spaces and include an initial Environmental and Social Impact Assessment (ESIA) report.
Mixed-Use Communities	Projects can combine state-supported housing with commercial/other housing types in a single development—ratios are determined by location, target buyers, and financial structure.
Strict Compliance	All proposals must align directly with official policy definitions and guidelines to receive government support.

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2026 Policy Breakdown

The 2026 policy update replaces the 2017 iteration to adjust the policy's target audience and formally consider the equity of urban migrants, informal settlement dwellers, and impoverished families, addressing the need for more state intervention and social housing across all of Cambodia.

Housing Type	Description	Target Audience
Social Housing **(លំនៅឋានសង្គម)**	• Located near urban areas, schools, health centres, or industrial zones • Must include basic utilities (water, power, drainage, waste collection) • 5-year ownership transfer restriction (requires state approval)	• Non-homeowner Cambodian citizens (18+) • Vulnerable groups & low-income families • Informal settlement relocatees & disaster victims • Civil servants/military **earning ≤ 10% above poverty line**
Affordable Ownership Housing **(លំនៅឋានតម្លៃសមរម្យកម្មសិទ្ធិ)**	• Built in commercial, industrial, suburban, or town-centre areas • Connected to standard public infrastructure and utilities • 5-year resale/transfer restriction without **IMC-SAHD (គ.អ.ល.)**** approval	• Non-homeowner Cambodian citizens (18+) • Low-to-middle-income households • Monthly household income **capped at ≤ 3,200,000 KHR (~$800 USD)** • Requires income or savings verification
Affordable Rental Housing **(លំនៅឋានតម្លៃសមរម្យសម្រាប់ជួល)**	• Rental developments built near schools, industrial, or commercial hubs • Fully equipped with basic public services and infrastructure	• Non-homeowner Cambodian citizens (18+) • Students, factory workers, & internal migrant workers • Civil servants & vulnerable households • Monthly household income **capped at ≤ 1,600,000 KHR (~$400 USD)**

** Across all three types, development may be undertaken by the state, institutions, NGOs, or private developers.*
*** IMC-SAHD stands for The Inter-Ministerial Committee for Social and Affordable Housing Development*

Financing Architecture & Credit Support

Strategy	Description
Core Funding Pillars	Combines **national budget** allocations, development partner **grants**/soft loans, direct **private capital**, and **blended finance** (using public funds to crowd in private investment).
Supplementary Liquidity	Taps dedicated Housing Funds, viability gap funding, and partner-backed financial pools to support project feasibility.
Risk Mitigation (CGCC Integration)	Partners with the Credit Guarantee Corporation of Cambodia (CGCC) to provide loan guarantees for both **developers** and **end-buyers** of state-incentivised affordable housing projects.

The policy encourages financial institutions to offer low-interest mortgages and flexible payment terms to align with recommended affordable price ranges. To support this, the government incentivises lenders through credit guarantee schemes (via CGCC), blended finance, and development partner support. Furthermore, displaced families and extremely poor households in informal settlements are prioritised for state-supported social housing programs.

Government Incentives & Implementation Framework

The government policy outlines two main operational pillars:

1) Government **Incentive packages** for developers partnering with the state, NGOs, or private entities
2) Execution mechanisms for project rollout through **Public-Private Partnerships (PPPs).**

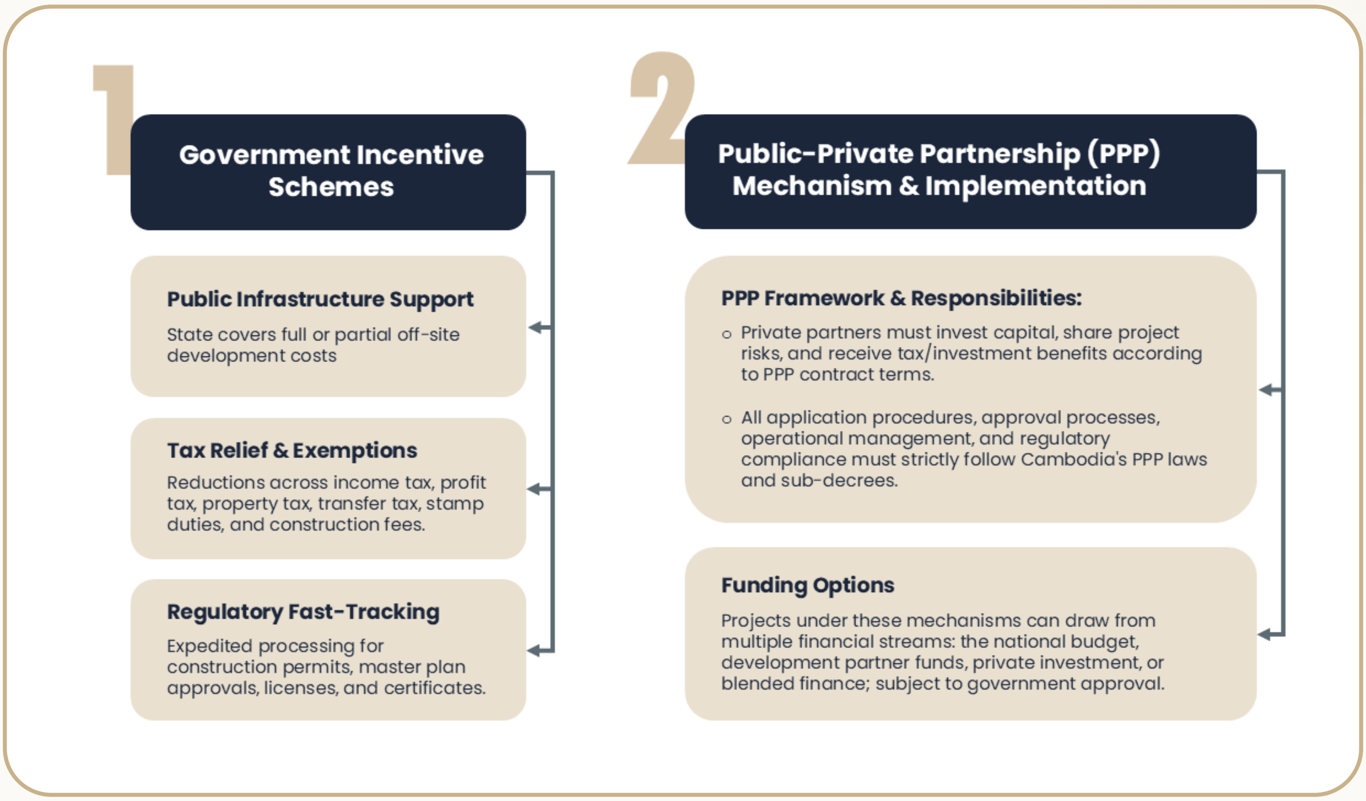

Figure 2: The Two Primary Incentive Framework of Cambodia's 2026 Social Housing Policy

To further boost policy commitments and market confidence, the government also empowers the **Inter-Ministerial Committee for Social and Affordable Housing Development (IMC-SAHD / គ.អ.ល.)** to review and submit pilot projects for urgent approval. Pilot projects can be **brand-new developments OR existing stalled/incomplete developments converted into social, affordable ownership,** or affordable rental housing to solve stranded asset issues.

These pilot projects must be prioritised near schools/universities, commercial centres, industrial zones, urban centres, or state-designated land with access to basic public infrastructure.

Developers who establish a cooperation agreement with the **IMC-SAHD (គ.អ.ល.)** will become an official member of the Project Partner List and get priority status to study, develop, and execute state-supported housing projects under either incentive pillar.

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Process Flow

The approval system for this policy is divided into three parts from project conception all the way to sales and handover. This is to ensure that for every step of the project, the developer is compliant with the policy requirements to enjoy the benefits of its incentives.

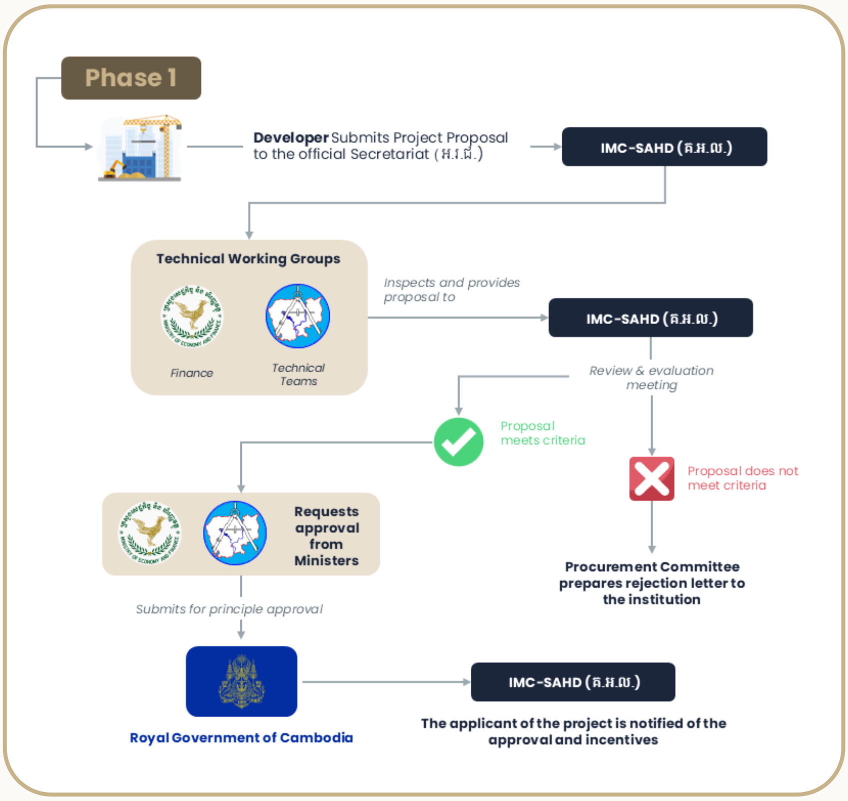

Figure 3: Phase 1 of the Approval Process

Once the project is approved by the appropriate ministries and the government as eligible for the policy incentives, construction must begin within 6 months of the approval or risk having the benefits rescinded.

Compliance does not end at the completion of the construction but continues through sales activities up until 5 years after project closure. This monitoring is to ensure that the developer maintains its responsibility for handling grievances and complaints to ensure that developers are sensitive to the needs of those occupying these spaces.

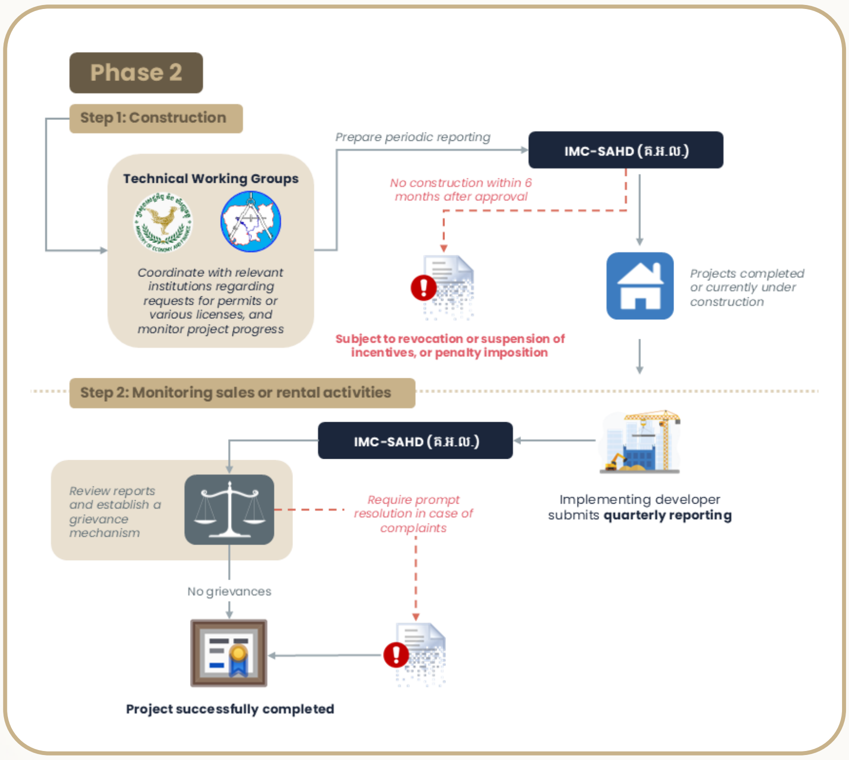

Figure 4: Phase 2 of the Approval Process

Process Flow (continued)

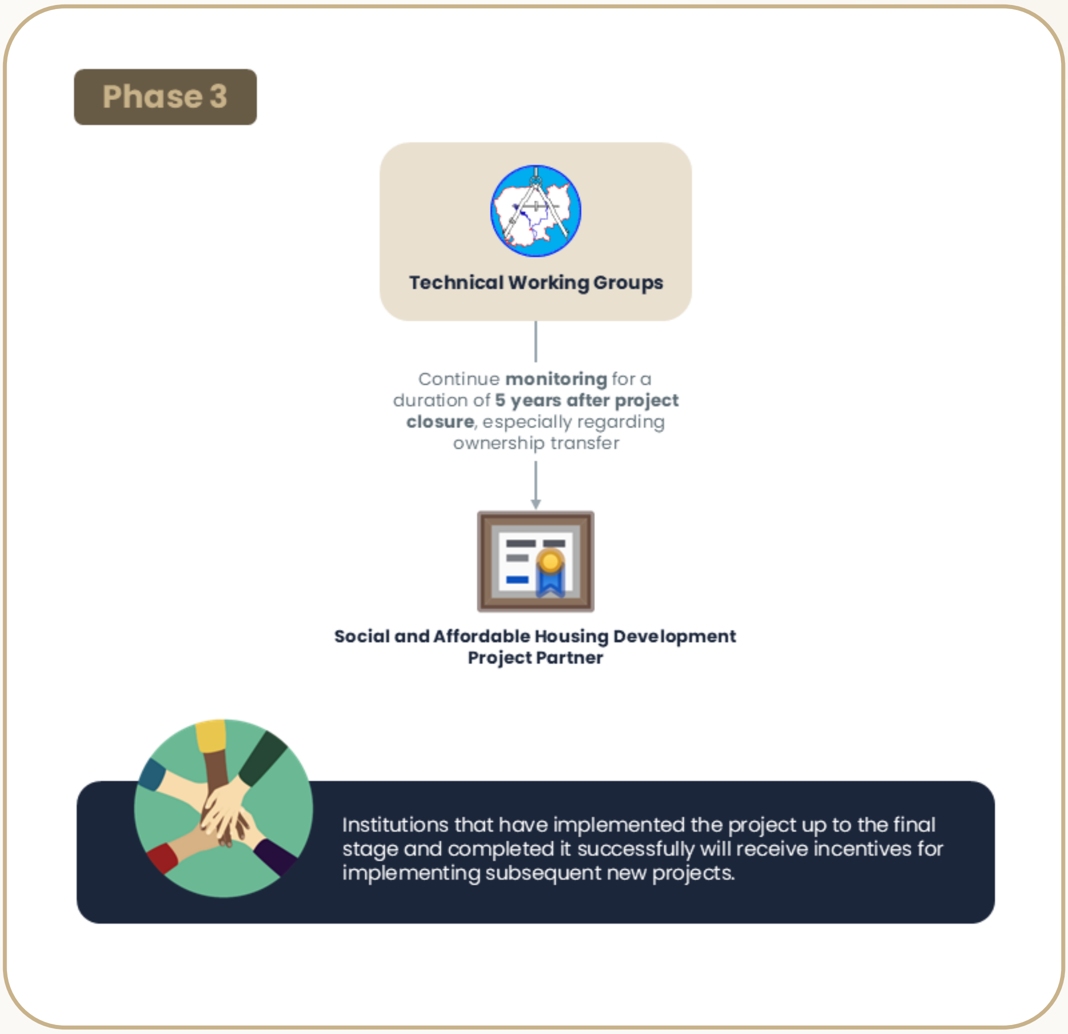

Figure 5: Phase 3 of the Approval Process

The government intend to continuously oversee development across all phases to ensure developers strictly meet construction timelines, quality standards, tax/infrastructure incentive conditions, and target buyer income eligibility, submitting regular progress reports to the government to maintain full project accountability and compliance.

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Market Insight

A more structured Framework for Affordable Housing Development

The introduction of the new Social and Affordable Housing Development Policy represents an important shift in Cambodia's approach to affordable housing. Rather than relying primarily on developers to deliver lower-priced housing products through free-market market mechanisms, the new framework places a **more active role on the Government** in facilitating land, infrastructure, financing and regulatory support. The policy therefore transforms affordable housing development into a structured public-private partnership.

Policy Instrument	Mechanism	Direct Beneficiary	Intended Outcome
Land provisions	Government supplies land for social housing or reduce land acquisition cost for low to mid-priced housing.	Developers	Lower land costs
Off-site utility connection subsidies	Government covers cost of connecting public utilities and services directly to the site border	Developers	Lower site preparation cost
Tax reductions	Government reduces tax burden on developers	Developers	Lower bureaucratic cost
Regulatory Fast-Tracking	Single-window expedited approvals for master plans, construction permits, business licensing, and completion clearances.	Developers	Lower bureaucratic and administrative holding costs

Greater Government Participation Could Improve Project Feasibility

Through public support, financial, and regulatory incentives, the government is aiming to create a cascading effect that would **de-risk affordable housing developments and improve financial feasibility**. For developers, this is important because land and infrastructure costs are among the key components that make affordable housing projects difficult to justify commercially. By reducing the overall development costs and regulatory burden, governments anticipate that there will be a strong incentive for private developers to enter the affordable market.

Greater Government Participation Could Improve Project Feasibility *(continued)*

This could gradually expand the supply of affordable housing while **reducing the extent to which developers must absorb the full cost of delivering a socially oriented product**. In turn, a larger pool of participating developers could encourage greater competition in construction efficiency, product design and financing solutions.

Policy Instrument	Mechanism	Direct Beneficiary	Intended Outcome
Nationally funded guarantee funds	Government-backed contingency fund compensates lenders for losses from potential defaults	Financial institutions	Reduced lending risk from mortgage defaults
Co-investment financing models	Government shares financing burden with developers and lenders through grants and subsidies	Developers & Lenders	Eased financial burden, increased incentive to participate

The government's mix of co-investment financing models and credit guarantees aims to ease capital constraints for developers while reducing mortgage risk for financial institutions, ultimately driving the supply and demand for affordable housing across Phnom Penh.

Benchmarking Affordability

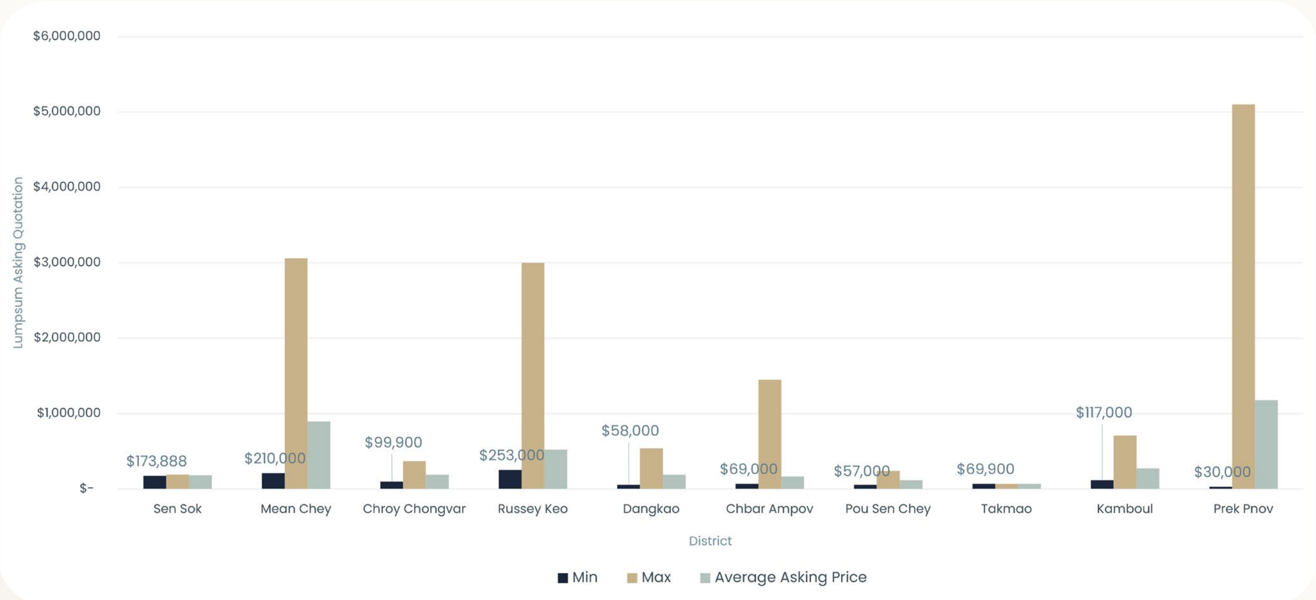

Figure 6: Average landed property quoted price by district, 2026

Benchmarking Affordability *(continued)*

The policy defines affordability as spending no more than a third of household income on housing—meaning rent should not exceed 30% of monthly income, and a home's sales price should not exceed three years of annual income. Under this standard, a unit's target sales price for middle-income families comes to no more than $28,800 USD. Currently, only one developer in Phnom Penh can offer units at this price point: Pihpup Thmey, whose landed properties range from roughly $18,000 to $88,000 USD depending on type and location.

In Mean Chey, one of Phnom Penh's industrial hubs, the cheapest condominium rentals run $200–350 USD per month. Factory workers, however, earn an average monthly salary of $240 USD, with even the highest-paid workers capped around $400 USD. As a result, urban migrant workers in manufacturing often split rent among two or three roommates to keep housing costs manageable. **Currently, the policy price benchmarks are far below market price.**

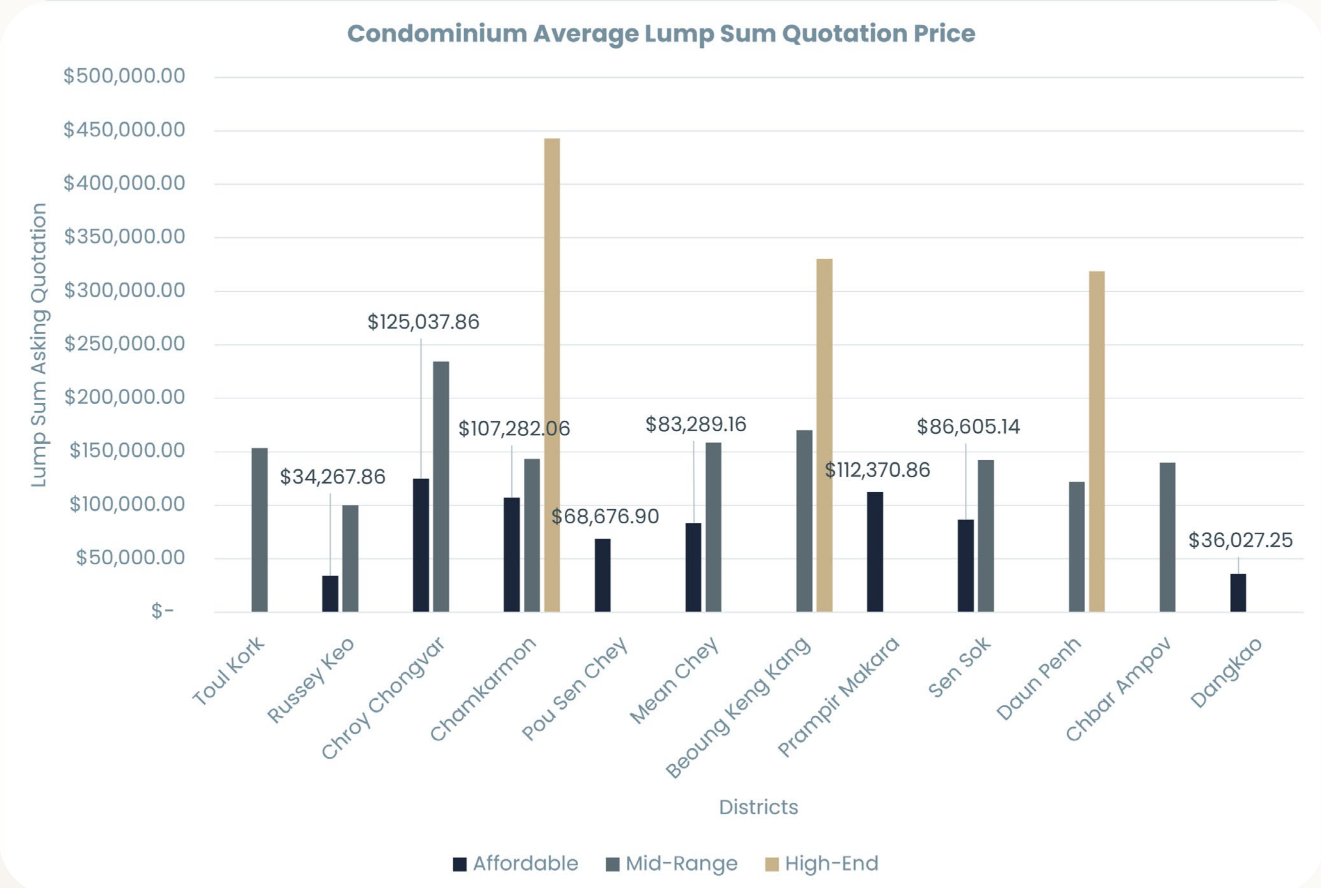

Figure 7: Average condominium quoted price by district, 2026

Benchmarking Affordability *(continued)*

Despite the government's more proactive approach, APS finds that this policy needs more practical grounding—specifically, it should **account for the diversity of Cambodian household incomes**, essential spending patterns, and access to existing affordable housing supply in order to meaningfully answer the question, 'is this housing unit affordable?' That means grappling with follow-up questions like: Affordable to whom? Under what income benchmark? And after accounting for a household's other essential expenses?

A transparent affordability methodology—one that potentially factors in income bands, household size, and repayment capacity—would make the policy easier to implement in practice. It would also reduce the risk of housing being technically labeled 'affordable' while remaining out of reach for the people it's meant to serve. At the same time, it would give developers clearer pricing benchmarks and a better sense of their target market if they choose to build under the policy's incentives.

Determinants of Policy Success

Ultimately, the success of this policy will **hinge more on implementation than on the design of the policy** itself. Inconsistent execution across government agencies risks discouraging private-sector participation. Government involvement throughout the project lifecycle can strengthen accountability, but it also demands strong coordination between institutions. Without effective oversight from the relevant ministries, added bureaucracy could deter private developers from engaging with these incentives at all.

Moreover, affordable housing is inherently a high-risk investment that developers won't pursue for low returns. Whether these incentives are attractive enough to draw in the private sector will only become clear once developers actually apply for the policy's benefits. Because **the financial framework's mechanisms remain vague**, they may not provide sufficient incentive for private actors to participate.

Determinants of Policy Success *(continued)*

While the policy outlines four distinct financing models, it would benefit from further detail on the government's specific role and operational parameters within the co-investment model. Key questions such as 'how much public funding will be allocated in total?', and 'how third-party partners can access financial backing?' are left to a case-by-case review process. As a result, developers won't have a clear picture of available support until the project approval stage, and the real impact of these incentives will only become apparent as implementation unfolds.

Finally, the policy largely **overlooks accessibility and climate resilience**. It includes no requirements for accommodating people with disabilities, and it says nothing about climate-resistant infrastructure. Other Southeast Asian countries are already grappling with flooding and heat-related housing challenges; by building climate-conscious design into its social housing policy now, Cambodia could avoid larger implementation obstacles later. Sustainable design should prioritise practical solutions such as flood prevention measures and non-electric methods of heat regulation. These are exactly the kinds of provisions that matter most for vulnerable populations, who need a stable, secure home base to participate more meaningfully in the economy.

Despite these gaps, this policy marks an improvement over its predecessors by distinguishing between social housing and affordable housing, **recognising that the former responds to demand from a more vulnerable segment of society**. This distinction matters as it allows the government to commit dedicated resources to those with the most acute needs, without also having to support segments of the population who don't require the same level of public assistance.

Conclusion & Recommendations

Developers may find it easier to achieve a low selling price by locating projects further from Phnom Penh's established employment centres, where land is cheaper. Yet for many lower-income households—particularly those reliant on informal businesses, daily wage work, or employment concentrated within Phnom Penh—longer commuting distances can amount to a significant hidden housing cost.

Although this policy applies to Cambodia as a whole, and recognises affordable housing as relevant to the country's rapidly urbanising population while identifying students, workers, and urban migrants as potential beneficiaries, APS's analysis assumes the policy carries particular relevance for the capital, Phnom Penh, where low-cost rental demand is projected to rise. The traditional model for low-cost housing has centred on landed properties; however, diversifying into vertical housing may be a more practical way of ensuring access to schools, essential services, and economic opportunities.

Given the mounting challenge of rising land and infrastructure costs, the substantial land requirements of landed properties suggest that higher-density development could make more efficient use of land, while bringing a greater number of households closer to employment, education, transport, and other urban services.

That said, the commercial viability of vertical affordable housing will depend on whether the policy allows sufficient flexibility around building formats, density, financing, management, and long-term maintenance. Affordable housing should not simply mean a lower initial purchase price; the recurring costs of common-area maintenance, utilities, management, repairs, and transport must also remain affordable to the households the policy is meant to serve.

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