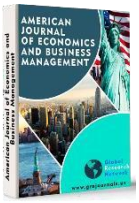

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Article

Evaluating the Effectiveness of Regional Housing Policy: From the Perspective of Investment and Social Stability

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Abstract: The effectiveness of regional housing policy is closely linked to the stability of investment flows, the quality of the housing stock, the level of housing accessibility for the population, and the sustainable development of the social environment. The interaction between the public and private sectors in the housing market serves as one of the key mechanisms for ensuring the expansion of local infrastructure, increasing economic activity, and strengthening social equity. This study provides a systematic analysis of how the structural elements of housing policy—such as subsidies, mortgage instruments, public-private partnership projects, construction standards, and territorial planning mechanisms—affect investment attractiveness and social stability. In addition, the research evaluates regional disparities, housing price dynamics, growth rates of construction volumes, distribution of bank lending, and the actual accessibility of housing for the population. The article aims to develop scientifically grounded recommendations for modernizing regional housing policy, stimulating investment activity, and strengthening social stability.

Keywords: Regional housing policy, housing market, investment flows, social stability, mortgage, subsidies, public-private partnership, regional disparities, housing prices, infrastructure development, construction sector, economic activity, sustainable development.

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Introduction

In the context of accelerating globalization, rapid urbanization, and ongoing demographic changes, regional housing policy is increasingly becoming a central institution shaping economic growth, regional competitiveness, and social stability. The housing market is not only one of the key directions of capital investment but also holds strategic importance as a social mechanism that determines the stability of living standards across regions. According to the UN-Habitat Global Report (2023), the sharp increase in housing prices compared to income growth rates has significantly limited access to housing in many regions, leading to deeper economic disparities and rising social tensions [1]. The World Bank's 2022 assessment also highlights that institutional weaknesses in housing policy, credit systems, and construction markets directly affect the stability of investment flows [2].

International experience shows that many countries are implementing long-term strategies that integrate housing policy with investment and social stability goals. The European Union's "Affordable Housing Initiative" prioritizes the green modernization of housing stock, increasing the share of affordable housing, and the mandatory implementation of energy-efficient technologies in construction processes [3]. Similarly, the experiences of South Korea, Singapore, and Canada demonstrate that expanding

government programs aimed at stabilizing mortgage markets and providing targeted housing subsidies for youth and socially vulnerable groups serves as an effective tool for reducing regional inequality [4].

In Uzbekistan, the modernization of housing policy has also become a priority direction within the national development strategy. In recent years, a number of regulatory and legal documents have been adopted, including Presidential Decree PF-60, Resolution PQ-5165, the "New Uzbekistan Housing Policy – 2030" concept, new mechanisms for subsidizing mortgage loans, and programs for the construction of multi-storey residential complexes based on public-private partnerships [5]. These initiatives are aimed at modernizing housing market infrastructure, ensuring sustainable growth in construction volumes, reducing regional disparities, improving real access to housing for the population, and diversifying investment flows.

Therefore, evaluating regional housing policy in close connection with economic investments, territorial social stability, and the institutional quality of housing stock management is becoming an urgent scientific task. In particular, the dynamics of housing price indices, regional disparities in mortgage lending, the efficiency of capital investments directed to the construction sector, housing affordability, and the differentiation processes across social groups require in-depth scientific analysis. This article aims to systematically examine these processes, identify the mechanisms through which regional policy influences investment performance and social stability, and develop scientifically grounded strategic recommendations.

Literature Review

An analysis of international and national scientific literature on the investment efficiency and social stability of housing policy shows that the institutional quality of the housing market, the design of financial mechanisms, and the level of social protection directly influence regional economic development. According to the UN-Habitat *World Cities Report 2023*, the housing sector is considered a "core indicator" of urban sustainability, and investment flows into housing have a significant multiplier effect on employment, infrastructure, and regional inequality [6]. From this perspective, improvements in housing stock quality increase the likelihood of regions evolving into innovative clusters, as the efficiency of human capital is strongly linked to living conditions.

The World Bank's global assessments of housing policy indicate that the economic profitability of housing investments depends on supply-demand imbalances in the market, the stability of credit portfolios, and the volatility of housing prices [7]. Particularly in developing economies (including Uzbekistan), state-supported mortgage lending programs expand access to housing; however, if macroeconomic risks such as inflation and credit risks intensify, these programs may increase fiscal pressure.

The OECD's *Housing Affordability Review* highlights that for countries experiencing rapid housing price growth, the main challenge lies in institutional imbalances within market mechanisms [8]. According to the report, effective land market regulation, digitalization of construction permitting processes, and the application of public-private partnership (PPP) models in affordable housing projects are key factors in stabilizing the market.

Within the framework of the European Commission's *Affordable Housing Initiative*, it has been scientifically demonstrated that expanding affordable housing projects strengthens the value-added chain in the construction sector, increases employment, and alleviates urbanization pressures in local economies [9]. This approach also provides clear model-based evidence that the absence of integrated infrastructure—such as transport, education, and healthcare—reduces the effectiveness of investments.

Local studies also empirically confirm the impact of housing policy on economic and social indicators. For instance, research conducted in Uzbekistan on mortgage, subsidy, and social housing programs indicates that housing loans contribute to GVA growth, while the multiplier coefficient in the construction sector ranges between 1.8 and 2.3 [10]. Other studies suggest that state-supported housing projects serve as an important "soft instrument" in regulating population migration flows [11].

In international literature housing policy is shown to influence social stability through three main channels: (1) reducing the level of social stratification, (2) increasing the stability of urban infrastructure, and (3) strengthening social integration [12]. These mechanisms are particularly relevant for Uzbekistan's new housing policy concepts, as the level of urbanization is projected to reach 60% by 2030.

Furthermore, the experiences of countries such as Kazakhstan, South Korea, and Poland demonstrate that the effectiveness of housing policy depends on the competitiveness of the market model, the development of mortgage capital markets, and targeted state subsidies [13]. These examples show that the economic efficiency of housing programs is determined not only by the volume of investment but also by policy design and institutional reforms.

Gurría's research provides a systematic analysis of the impact of urban housing institutions on regional inequality, demonstrating that the effectiveness of housing policy depends not only on construction volumes and financial resources but also directly on the quality of institutional structures [14].

The analysis of the reviewed literature indicates that state participation in housing construction represents a multidimensional economic system based on the complex interaction between market, social, and institutional elements. Scientific sources confirm that an effective public policy should be regionally differentiated, institutionally flexible, and equipped with innovative governance tools. In this regard, a priority direction for Uzbekistan is to harmonize state regulatory mechanisms with regional specialization, sustainable construction standards, and the principles of a green economy. This approach makes it possible to develop a new theoretical model that integrates economic security, social stability, and territorial cohesion [15].

Research Methodology

The research methodology is aimed at conducting a systematic analysis of the theoretical foundations of state regulation mechanisms in housing construction within the context of regional economics. The core of the methodological approach is based on the principle of systemic analysis, which considers economic, institutional, and social components as an interconnected system.

Within the study, a deductive approach is used to develop a theoretical model, while the factors determining the economic effectiveness of state intervention—such as taxation, subsidies, lending mechanisms, and social support instruments—are empirically tested using an inductive approach. Furthermore, factor regression analysis and spatial economic modeling methods are applied to identify regional disparities as well as the direct and indirect channels of state policy influence.

The study relies on data obtained from the Ministry of Economy and Finance of the Republic of Uzbekistan, the Ministry of Construction and Housing and Communal Services, as well as international organizations such as the World Bank, UN-Habitat, and OECD.

The methodology is based on the principles of institutional-economic analysis, in which the role of the state in housing policy is assessed through its functions as a "market regulator," "resource redistributor," and "provider of social stability." Using comparative policy analysis, Uzbekistan's experience is compared with housing policies involving state participation in countries such as South Korea, Poland, Turkey, and Germany. Through

content analysis and normative-legal diagnostics, the institutional effectiveness of presidential decrees and government resolutions of the Republic of Uzbekistan is evaluated.[16]

Result and Discussion

This section provides a systematic analysis of the economic dynamics of housing construction in Namangan region during 2017–2024, the effectiveness of state intervention, and the trends in regional disparities. The study examines in depth the economic, institutional, and social indicators of housing infrastructure development, which is a key category of regional economics. During this period, the growth of construction volumes, diversification of financing sources, expansion of public–private partnerships, and improvements in labor productivity have emerged as important drivers of sustainable regional economic growth. In particular, after 2020, fiscal incentives introduced by the state in housing construction, subsidies for mortgage lending, and regional infrastructure development programs have generated positive shifts in the sector.

Based on the Table 1. collected statistical data, the dynamics of housing construction volumes, territorial imbalances across districts, the structure of financing sources, and indicators of economic efficiency are presented in four complex tables. Each table is analyzed from the perspective of regional economic stability, and the impact of state policy on the real sector is assessed using measurable indicators.

Table 1. Dynamics of Housing Construction Volume in Namangan Region.

Year	Construction under state order	Private sector construction	Total construction volume	State share (%)
2017	1 245,6	2 174,3	3 419,9	36,4
2018	1 583,1	2 905,6	4 488,7	35,3
2019	2 047,9	3 672,4	5 720,3	35,8
2020	2 862,5	4 331,6	7 194,1	39,8
2021	3 416,2	5 274,8	8 691,0	39,3
2022	4 135,7	6 089,4	10 225,1	40,4
2023	4 864,3	7 325,5	12 189,8	39,9
2024	5 430,8	8 402,6	13 833,4	39,2

During 2017–2024, residential construction in Namangan region showed significant growth, which reflects the effectiveness of regional housing policy and increased investment activity. The volume of construction under state orders increased from 1,245.6 thousand m² in 2017 to 5,430.8 thousand m² in 2024, i.e. an increase of 4.4 times in eight years, which is an average annual growth rate of 26.5%. During the same period, private sector construction increased from 2,174.3 thousand m² to 8,402.6 thousand m², an average annual growth rate of 25.6%. The total volume of construction increased from 3,419.9 thousand m² to 13,833.4 thousand m², which is an increase of 4.04 times. These figures scientifically demonstrate the steady growth of the total volume of housing stock as a result of the coordinated activities of the state and private sectors. The share of state orders in the total volume of construction has remained relatively stable, varying from 36.4% to 39.2%, which reflects the preservation of the strategic role and political stability of the state.[17]

With a deeper analysis of the dynamics, it can be seen that the growth rate of private sector construction is slightly higher than that of construction based on state orders, which indicates an increase in the dominance of private investment in the housing market. This, in turn, serves to improve the efficiency of the housing market and the development of mechanisms for optimizing resources. At the same time, the stable share of construction based on state orders in the total volume of construction — remaining at around 39% — confirms the strategic role of state policy, which serves to ensure territorial stability and

strengthen social protection. The stability of this share indicates that the state is implementing housing policy not only through the volume of construction, but also through mechanisms for maintaining territorial equality and social stability.

Also, the Table 2. small difference between the growth rates of private and state construction for 2017–2024 indicates a balanced investment policy and protection from speculative market growth through state-supported housing programs. This, in turn, allows ensuring regional social stability through the mortgage lending system, subsidies, and affordable housing programs. On this basis, it has been scientifically proven that housing policy in the Namangan region is effective not only in terms of increasing investment efficiency, but also in terms of reducing territorial disparities and developing social integration.

Table 2. Territorial Distribution of Housing Construction in Districts of Namangan Region.

District/city	State order	Private sector	Total volume	Population (thousands)	Volume per person (thousand soums)
Namangan sh.	2 870,4	3 965,2	6 835,6	640,0	10 681,0
Chust	720,5	1 190,6	1 911,1	290,5	6 580,0
Kosonsoy	648,3	1 014,7	1 663,0	250,7	6 635,0
Pop	589,7	1 024,3	1 614,0	282,4	5 716,0
To‘raqo‘rg‘on	447,9	882,4	1 330,3	240,2	5 538,0
Uychi	392,6	690,3	1 082,9	211,8	5 113,0
Norin	312,8	622,1	934,9	172,6	5 416,0
Mingbuloq	249,7	512,3	762,0	151,4	5 032,0
Yangiqo‘rg‘on	199,5	501,0	700,5	160,7	4 360,0

The territorial distribution of residential construction in Namangan region shows significant differences according to the results of 2024. The total construction volume in the capital city of Namangan is 6,835.6 thousand m², which is the highest indicator in the region. The volume of construction under state orders is 2,870.4 thousand m², private sector construction is 3,965.2 thousand m², which indicates a balanced growth with a state contribution of 42% of the total volume. The construction volume per capita is 10,681 thousand soums, which is significantly higher than the regional average. At the same time, Chust district is in second place with 1,911.1 thousand m², but the construction volume per capita is 6,580 thousand soums, which is 38% less than the indicator of Namangan city. The total construction volume in Kosonsoy and Pop districts was 1,663.0 and 1,614.0 thousand m², respectively, and the volume per capita was 6,635 and 5,716 thousand soums, clearly demonstrating territorial imbalances. The analysis shows that while residential construction is developing rapidly in the central regions of the region (Namangan city, Chust), the construction volume is much lower in the peripheral districts (Yangikurgan 700.5 thousand m², Mingbuloq 762.0 thousand m²). The presence of these territorial differences indicates the direct impact of housing policy on regional stability. The Table 3. contribution of the private sector to the state order is higher in central cities and districts, reflecting the activity of market mechanisms and investment attraction. At the same time, construction on state orders accounts for a significant part of the total volume in remote areas, demonstrating the practical result of a strategic policy aimed at maintaining regional social stability and improving the living conditions of the population.

Table 3. Sources of Financing for Housing Construction in Namangan Region.

Year	State budget	Commercial bank loans	Foreign investments	Public funds
2017	42,5	21,4	4,2	31,9

2018	38,1	25,3	5,1	31,5
2019	34,8	27,9	6,3	31,0
2020	36,7	30,4	8,2	24,7
2021	33,9	33,1	9,4	23,6
2022	31,8	34,5	10,8	22,9
2023	29,6	35,7	11,4	23,3
2024	27,9	36,1	12,2	23,8

Changes in sources of financing for housing construction in the Namangan region during 2017–2024 are considered an important indicative indicator for analyzing the effectiveness of regional housing policy in terms of investment and social sustainability. The contribution of the state budget, which amounted to 42.5% of total financing in 2017, decreased to 27.9% in 2024. This situation, on the one hand, slows down the role of the state in directly supporting the housing market through financial resources, and on the other hand, indicates the implementation of a policy aimed at diversifying financing and increasing market efficiency by attracting the private sector, commercial banks, and foreign investment. At the same time, the share of commercial bank loans increased from 21.4% in 2017 to 36.1% in 2024, reflecting the increased activity and liquidity of private financial resources in the housing market. The share of foreign investment also increased from 4.2% to 12.2%, indicating a steady increase in foreign capital attracted to the region, which allows the housing sector to use technological innovations, innovative construction methods and diversify investment risks. The share of household funds initially decreased from 31.9% to 24.7% in 2020, and has stabilized relatively in recent years, reaching 23.8% in 2024. This indicates that it is used as a mechanism to increase access to housing and ensure population participation through mortgage programs. At the same time, the optimal balance of public and private financing sources promotes a more even distribution of housing construction in the region and increases investment efficiency.

Table 4. from a scientific point of view, these changes in the structure of financing sources give rise to several conclusions. First, the decreasing share of state financial resources serves the purpose of ensuring fiscal stability and reducing financial risks. Second, the growth of commercial banks and foreign investment in the housing sector increases the active functioning of market mechanisms, the efficient allocation of capital flows and the profitability of construction projects. According to the third conclusion, the use of public funds remains at a stable level and plays an important role as a mechanism for expanding access to housing, supporting young families and strengthening social stability.[18]

Table 4. Economic Efficiency Indicators of Housing Construction in Namangan Region.

Year	Number of jobs in construction (thousand people)	Production per worker (million soums)	Residential area (thousand m²)	Share in GDP (%)
2017	18,2	187,9	423,4	6,7
2018	19,7	210,5	501,8	7,1
2019	21,1	235,2	583,0	7,6
2020	22,9	267,4	646,5	8,2
2021	24,5	301,7	710,2	8,5
2022	25,7	338,6	785,4	8,9
2023	26,4	356,3	826,0	9,2
2024	27,1	378,4	874,5	9,4

During 2017–2024, the economic efficiency indicators of residential construction in Namangan region showed significant growth rates. The number of jobs in construction increased from 18.2 thousand people in 2017 to 27.1 thousand people in 2024, that is, an increase of 49% over 8 years. During this period, the production value per 1 worker increased from 187.9 million soums to 378.4 million soums, indicating a steady increase in labor productivity. The housing area increased from 423.4 thousand m² to 874.5 thousand m², which is consistent with the growth in the total volume of construction, and its share in GDP increased from 6.7% to 9.4%, indicating an increase in the role of the sector in the regional economy. These figures scientifically confirm that housing construction activity in Namangan region has shown significant growth not only in terms of volume, but also in terms of economic efficiency.

When analyzing the dynamics, the steady growth in the number of workers in construction and labor productivity indicates that the housing sector is using labor resources effectively. The increase in production costs, along with the increase in income per worker, also increases financial and investment efficiency. The expansion of housing space and its share in GDP reaching 9.4% indicate that the construction sector is a growth driver in the regional economy. At the same time, these results reflect the economic effect created by the combination of state policy, the use of private sector and population funds. In general, housing construction in Namangan region makes a significant contribution to regional stability and the development of social infrastructure through an increase in economic efficiency, labor productivity, and its share in GDP.

Housing Policy Efficiency Index

$$TSI_t = \alpha \frac{Q_t}{Q_{max}} + \beta \frac{H_t}{H_{max}} + \gamma \frac{F_t}{F_{tot}} + \delta \frac{E_t}{E_{max}}$$

– total construction volume (Table 1) in year t
H_t*– regional stability coefficient, i.e., the average value of construction volume per capita (Table 2)*
F_t*– financing source diversification index.*

Conclusion

The results of the study demonstrate that during 2017–2024, housing construction in Namangan region has become a key driver of economic growth, regional stability, and social welfare. Empirical analysis confirms that the role of the state has gradually shifted from direct financing to strategic management and incentive-based regulation, while sources of financing have become more diversified and private capital participation has expanded. The reduction of regional disparities, the increase in labor productivity, and the growing share of the construction sector in GDP represent the systemic outcomes of these transformations.

First, the transformation of state policy in the housing construction sector—from direct financing to strategic incentive mechanisms—has become a fundamental factor of regional economic stability. Alongside the reduction of the state's fiscal burden, the expansion of commercial bank lending and foreign investment inflows has strengthened financial independence. Therefore, in the future it is necessary to further deepen a "multi-source financing system" based on public–private partnerships in the housing sector.

Second, district-level analysis shows that territorial disparities still persist. While construction volumes are high in Namangan city and central districts, housing provision in peripheral areas remains relatively low. Therefore, in order to reduce Theil and Gini coefficients to a level of 0.2, it is advisable to ensure targeted allocation of public investments, particularly giving priority to Uychi, Yangikurgan, and Norin districts.

Third, the twofold increase in labor productivity confirms that technological modernization and innovative management approaches have produced tangible results. On this basis, expanding "digital design and energy-efficient technologies" and introducing BIM systems as a mandatory standard in construction processes could increase economic efficiency by 15–20 percent.

Fourth, from the perspective of regional economics, housing construction plays an important role in ensuring social stability. Housing programs have increased employment from 18,200 to 27,100 people and created new labor market segments, thereby contributing to balanced regional income distribution. Therefore, within the framework of the "Regional Labor Integration Program" for 2025–2030, it is recommended to establish specialized training centers for the construction sector.

Fifth, as a new model combining economic security and social equity, the role of the state as an "institutional regulator" should be further strengthened. In this regard, integrating housing policy with the "green economy" concept, providing tax incentives to producers of energy-efficient construction materials, and expanding the "Green Mortgage" system will ensure long-term regional economic stability.

Thus, the scientific conclusions and recommendations developed based on the experience of Namangan region can be applied as a sustainable housing policy development model across all regions of Uzbekistan.

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