

Ownership Dynamics of Low-Income Households Under Iran's Mehr Housing Policy (IMHP) (The Case Study of 13 IMHP Residential Complexes in Babol and Babolsar, Iran)

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Abstract

Iran's Mehr Housing Policy (IMHP), implemented since 2007, represents the Iranian government's most extensive intervention aimed at providing affordable housing for over two million low-income households. This study examines the effectiveness of IMHP as a home-ownership-centric model through a case study of 13 IMHP residential complexes in Babol and Babolsar (3,031 units). Using quantitative methods, including field surveys and statistical analysis, the research reveals significant gaps between policy objectives and outcomes, with only 27% of units remaining occupied by target beneficiaries. The findings show that some low-income owners rented out their units (23%) or resold them in the informal market (26%) despite resale restrictions. The study advocates for context-based, mixed-tenure solutions that integrate ownership and rental options while accounting for informal housing dynamics.

Keywords: Iran's Mehr Housing Policy (IMHP); Affordable Housing; Ownership Dynamics; Low-Income Households; Informal Market.

Introduction

Housing policies play a critical role in addressing the shelter needs of low-income households, with varying models adopted across different socio-political contexts. The relationship between public housing policies and ownership presents several challenges, often stemming from the tension between the goals of providing affordable housing for low-income households and the realities of market dynamics, socio-economic factors, and policy implementation (Phang & Pacey, 2018; Aalbers, 2016; Rolnik, 2013; Rohe, Van Zandt, & McCarthy, 2002).

Homeownership-centric policies, prevalent in liberal welfare states such as the U.S. and UK, emphasize private ownership as a means of wealth accumulation and social stability (Rohe & Lindblad, 2013; Ronald, et al., 2015; Rohe & Stewart, 1996; Wainer & Zabel, 2020). In contrast, rental-centric models, dominant in corporatist welfare states in Northern Europe like Germany and the Netherlands, prioritize long-term affordability and tenant protections (Scanlon, et al., 2014; Whitehead, et al., 2016; Kemeny, 2006; Ronald, 2008; Kemeny, 1995). The effectiveness of these models remains contested, with scholars debating whether homeownership truly benefits low-income households or exacerbates financial vulnerability (Arundel & Ronald, 2021; Aalbers, 2016; Rohe & Lindblad, 2013).

Iran's Mehr Housing Policy (IMHP), one of the largest social housing initiatives in the Middle East, represents a large-scale effort to promote homeownership among low-income groups through subsidized housing units, akin to homeownership-centric policies. Homeownership rates in Iran declined from 89% in 1976 to 69% in 2006. Under the IMHP, over two million units have been built since 2007 on both state-owned and private land to increase homeownership rates, particularly for low-income households.

Affordable housing, as defined by Freeman and Schuetz (2017), must be sold or rented at below-market prices and occupied by households below a defined income threshold. To achieve this, IMHP employed several implementation tools, including state loans, allocation of state-owned land, building permits on inexpensive suburban plots, and legal and bureaucratic facilitation for applicant registration. More than a decade after the delivery of IMHP units to target households, this study examines the policy's effectiveness in achieving its goals. Specifically, it addresses the question: *Has IMHP, as a homeownership-centric model, led to the ownership and occupancy of housing units by low-income households?*

This study analyzes IMHP through the lens of comparative housing policy frameworks, engaging with two central tensions in contemporary housing scholarship: first, the position of IMHP between homeownership-centric and rental-centric welfare models (Ronald, et al., 2015; Scanlon, et al., 2014; Whitehead, et al., 2012; Kemeny, 2006); and second, the challenges of maintaining affordability in public housing systems for target households amid market-driven resale dynamics (Freeman & Schuetz, 2017; Aalbers, 2016; Hackworth, 2014; Rohe & Lindblad, 2013).

Empirical studies highlight that public housing units are increasingly treated as financial assets, leading to speculation and price inflation that exclude low-income groups (Aalbers, 2016). Market mechanisms often transform public housing into a commodity, benefiting investors rather than low-income residents (Rolnik, 2013). Public housing policies may also displace low-income residents, creating housing more attractive to middle- and high-income buyers (Hackworth & Smith, 2001), or result in mixed-income neighborhoods (lees, 2008). Market incentives encourage low-income owners to resell or rent their units at market prices for profit. Consequently, many public housing programs impose resale restrictions to ensure units remain affordable for future low-income households (Phang & Helble, 2016). These restrictions, commonly used to maintain affordability, have varying impacts on neighborhood stability and socio-economic integration (Rohe, et al., 2002). In some cases, they lead to vacant units (Han, 2014), while in others, they enable low-income households to benefit from housing market gains (Phang & Pacey, 2018). However, they do not account for the effectiveness of informal market practices.

It is expected that IMHP, as a homeownership-centric model, has increased ownership rates among low-income households, given its implementation tools for providing affordable housing and resale restrictions—though the impact of the informal market remains to be analyzed.

This exploratory study employs quantitative methods (field surveys and statistical tests) to investigate ownership dynamics in 13 IMHP housing complexes in Babol and Babolsar, Iran. Using proportional stratified sampling and systematic sampling, 335 questionnaires were distributed across 3,031 IMHP units. The study analyzes vacancy rates, rental trends, and informal resale markets to determine whether IMHP effectively serves its target households or inadvertently facilitates speculative practices.

Finally, this study makes three key contributions to planning theory and practice:

1. It provides empirical evidence on the implementation gaps of large-scale housing programs in Middle Eastern countries.
2. It analyzes how informal market practices subvert formal policy instruments.
3. It offers a critical assessment of homeownership promotion as a poverty alleviation strategy.

Housing Policies and Tenure Typologies

Different housing policies are pursued in various countries, generally to meet the housing needs of low-income groups. Housing-welfare models vary across countries: the asset-based welfare model in the USA and UK (Ronald, 2008); the rental-as-welfare model in Germany (Ronald & Doling, 2010); the family-as-welfare model in Japan and South Korea (Doling & Ronald, 2014; Ronald & Jin, 2010); and state-led ownership in China (Zhou & Ronald, 2017). Most countries have focused on “homeownership” policies to address the housing needs of low-income households, while the “private rental sector” operates as well (Schwartz, 2021; Whitehead, et al., 2016). Some countries have turned to “social housing” and “social rental systems” to ensure low-income households meet their housing needs, particularly in Europe and East Asia (Scanlon, et al., 2014; Phang, 2007). Earlier, Kemeny (2006; 1995) distinguished between dualist and unitary rental markets:

- “Dualist rental markets” are found in liberal welfare states (e.g., the U.S., UK), where a small, residual social rental sector exists alongside a dominant profit-driven private rental market. Social housing is stigmatized, and homeownership is promoted as the norm.
- “Unitary rental markets” are found in corporatist welfare states (e.g., Sweden, Germany), where social and private rental sectors compete on equal terms, leading to higher-quality, cost-rental housing.

Kemeny (1992) argues that housing systems are socially constructed, shaped by political ideologies rather than purely economic forces. For instance, the promotion of homeownership in Anglo-Saxon countries reflects neo-liberal individualism, whereas rental parity in Nordic countries aligns with collectivist welfare principles. Kemeny defines “path dependency,” meaning historical policy choices constrain future reforms. For example, once homeownership becomes entrenched, shifting to rental-based systems becomes politically difficult (Bengtsson, 2009). For this reason, in dualist rental markets, governments try to increase homeownership, while in unitary rental markets, governments focus on social renting. Therefore, various models can be classified into two main categories: homeownership-centric models and rental-centric models.

Homeownership-Centric Models

Homeownership-centric models have benefits and consequences, varying significantly across countries due to differences in housing policies and market conditions. Increasing homeownership rates is the main goal of many housing policies worldwide. In the USA and UK, Southern and Eastern Europe, West Asia, and the Middle East, various housing policies have been designed and implemented based on homeownership.

There are some infamous examples of public housing failures, such as the Pruitt-Igoe and Cabrini-Green projects in the USA and the Aylesbury Estate in the UK. These large-scale public housing projects, despite being owned by poor households, have suffered from concentrated poverty, crime, stigma, poor maintenance, and economic isolation (Jacobs, 1961; Newman, 1972; Venkatesh, 2000; Lees, 2008; Schwartz, 2021). After the failure of large-scale public housing projects, approaches shifted to other forms of intervention in the USA, such as the HOPE VI program, which replaced distressed public housing with mixed-income developments but still emphasized homeownership (Schwartz, 2021).

Homeownership has had different impacts on low-income households. On the one hand, it has improved self-esteem and life satisfaction (Rohe & Stegman, 1994b), civic engagement and social capital (Rohe & Stegman, 1994a), long-term community ties (Rohe & Basolo, 1997), neighborhood stability (Rohe & Stewart, 1996), and wealth-building (Rohe & Lindblad, 2013; Phang, 2004). Wainer and Zabel (2020) illustrate how low-income households that transitioned from renting to homeownership experienced significant gains in wealth compared to households that remained renters.

On the other hand, homeownership has caused low-income households to face unexpected repair costs, predatory lending, foreclosure risks (Rohe & Lindblad, 2013; Rohe & Watson, 2007), and purchases in disadvantaged areas (Rohe & Lindblad, 2013). Aalbers (2016) explains how public housing units in Europe and North America are increasingly treated as financial assets, leading to speculation and price inflation that exclude low-income groups. Rolnik (2013) argues that the privatization of public housing and the introduction of market mechanisms have turned public housing into a commodity, often benefiting investors rather than low-income residents. Lees (2008; 2003) highlights how public housing redevelopment in cities like London and New York often results in mixed-income housing, but low-income residents are frequently excluded due to rising costs and eligibility criteria. Hackworth (2007; 2002) explains how public housing policies in the U.S. lead to neighborhood redevelopment, which can displace low-income residents and create housing more attractive to middle- and high-income buyers. Moreover, some studies highlight declining access to homeownership, particularly among younger generations, due to financialization and market liberalization (Arundel & Ronald, 2021) and increasingly favor older, wealthier cohorts, deepening generational inequality (Lennartz, et al., 2016).

Comparing different European models shows that high homeownership rates (as seen in Southern Europe) can create market inflexibility; countries such as Spain (with a homeownership rate of 85%) suffered more during the financial crisis, whereas balanced tenure systems like Germany (with a homeownership rate of 43%) are presented as models with lower ownership but stable renting and greater resilience (Scanlon & Kochan, 2011; Whitehead, et al., 2012). Ronald (2008) challenges the dominant ideology that promotes homeownership as a universal ideal, arguing that it is deeply embedded in welfare and social policies, often exacerbating inequality. Lees (2021) criticizes policies favoring homeownership, which she argues exacerbate housing unaffordability. She discusses how

new-build luxury developments, often marketed to investors, reduce the availability of affordable rental housing. She contends that the financialization of housing, where homes are treated as assets rather than places to live.

Table 1: Benefits and consequences of homeownership.

Homeownership	
Benefits	Consequences
self-esteem and life satisfaction (Rohe & Stegman, 1994b)	Financialization (Aalbers, 2016)
civic engagement and social capital (Rohe & Stegman, 1994a)	Displacement (Hackworth, 2007)
long-term community ties (Rohe & Basolo, 1997)	Generational inequality (Arundel & Ronald, 2021).
neighborhood stability (Rohe & Stewart, 1996)	unexpected repair costs, predatory lending, foreclosure risks (Rohe & Lindblad, 2013; Rohe & Watson, 2007)
wealth-building (Wainer & Zabel, 2020; Phang, 2004; Rohe & Lindblad, 2013)	purchases in disadvantaged areas (Rohe & Lindblad, 2013)

Most critiques of homeownership, such as financialization, displacement, and gentrification, stem from the resale of units by initial owners. Therefore, many public housing programs impose resale restrictions to ensure that units remain affordable for future low-income households. Affordable housing, as defined by Freeman and Schuetz (2017), must be sold or rented at below-market prices and occupied by households below a defined income threshold. However, market incentives encourage owners to resell or rent their units at market prices to earn profits.

Successful public housing policies often include strict eligibility criteria, robust oversight, and measures to prevent resale or exploitation. For example, Singapore's Housing and Development Board (HDB), despite critiques of homeownership in Europe and North America, has been successful in ensuring homeownership for a large portion of its population (over 90%) through policies like mandatory savings via the Central Provident Fund (CPF), subsidized housing loans, and resale restrictions. The government ensures affordability through income-based subsidies, price controls, and long-term leases. Comparing Singapore's public housing resale policies, which allow for limited profit-making, with U.S. policies that often impose stricter resale restrictions, shows how Singapore's approach has enabled low-income households to benefit from housing market gains (Phang & Helble, 2016; Phang & Pacey, 2018).

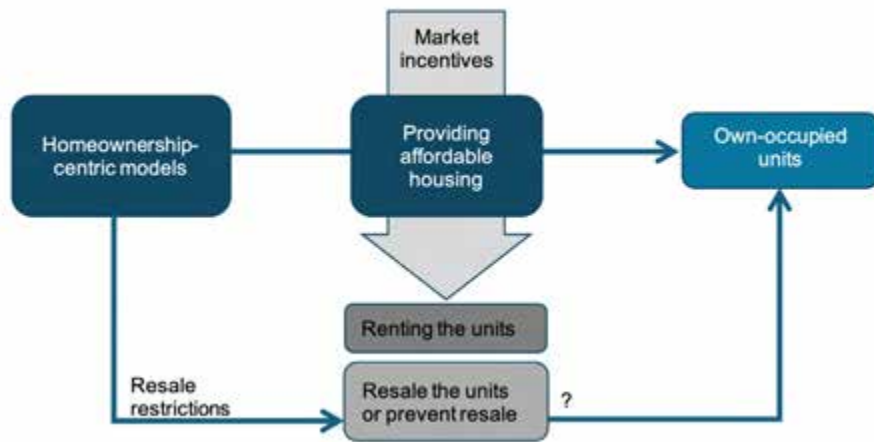


Figure 1: How market incentives encourage the rental or resale of units in homeownership-based models, undermining public housing goals.

Public housing units may be resold or rented at market rates, benefiting investors rather than low-income households (Aalbers, 2016; Rolnik, 2013), so resale restrictions enable low-income households to benefit from housing market gains (Phang & Pacey, 2018). resale restrictions are often imposed to maintain affordability, but their effectiveness varies widely. In some cases, resale restrictions lead to vacant units or disincentivize maintenance (Han, 2014). Rohe et al. (2002) highlight the trade-offs between preserving affordability and allowing homeowners to benefit from market appreciation. Low-income households often rely on home equity as a primary source of wealth, but resale policies affect their ability to accumulate wealth through homeownership. While resale restrictions can help maintain affordable housing stock, they may limit neighborhood turnover, restrict wealth-building potential for low-income households, and propel them into informal markets.

Rental-Centric Models

In various countries, a combination of tenure types—homeownership, private renting, and social housing—is in operation. Homeownership is not the only aspect of housing policy. It is necessary to consider a combination of various tenure types across different contexts. Some countries have a large private renting sector, while others have social renting systems. In the US and UK, homeownership and private renting are the most common tenure types, and high homeownership rates depend on mortgage reliance and family gifts. In contrast, Germany and the Netherlands have a strong rental sector and a legacy of social housing. Each has benefits and consequences that should be considered. Rental-centric models prevent the resale and rental of affordable units in the market by promoting social renting instead of homeownership and private renting.

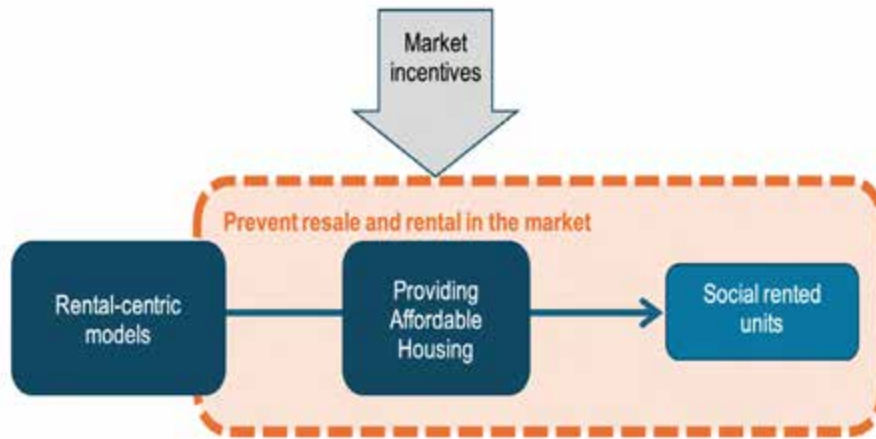


Figure 2: Rental-based models aim to prevent units from being resold or rented on the market.

Kemeny (1995) argues for a shift from market-oriented housing policies to a more social rental model, emphasizing the importance of long-term affordability and tenant rights. Ronald & Kadi (2018) defend social housing and discuss how declining homeownership has led to a resurgence of private renting, often under precarious conditions, and critique deregulation and the erosion of social housing. Schwartz & Meltzer (2015) illustrate the growing affordability crisis in rental markets, particularly in high-cost cities like New York. They argue that high rent burdens correlate with poor health outcomes, emphasizing the need for expanded rental assistance (e.g., Housing Choice Vouchers) and stronger tenant protections. Oxley (2004) argues that social housing is a vital tenure for providing affordable and secure housing. He critiques the overemphasis on homeownership in UK housing policy, arguing that it has often been promoted at the expense of other tenures and can lead to market instability and affordability crises, particularly for lower-income households. Oxley & Smith (1996) acknowledge the growing importance of private renting but highlight its shortcomings, including insecurity and high costs. They believe that social renting should be expanded rather than diminished through right-to-buy policies, which have reduced social housing stock.

Whitehead et al. (2016) and Scanlon (2014) in their comparative study of public housing in Europe, found that countries with strong social welfare systems, such as Austria and Denmark, were more successful in providing affordable housing to low-income groups compared to countries with market-driven approaches. They highlight the growing importance of the private rented sector (PRS) in housing markets, particularly in high-demand cities like London, and note that private renting is no longer just a transitional tenure but a long-term solution for many households, including families. However, they critique the private rental sector for its insecurity, high costs, and variable quality.

Table 2: Comparing tenure typologies: homeownership-centric vs. rental-centric models

	Country	Owner-Occupied	Private Rented	Social Rented	References
Most homeownership-centric ↑ ↓ Most rental-centric	USA	~65% (→)	~30% (↑)	~5% (↓)	HOME VI program, Housing Choice Vouchers (Scanlon, et al., 2014)
	UK	~63% (↓)	~20% (↑)	~17% (↓)	Affordability crises, Buy-to-Let market, Right-to-Buy policies (Ronald & Kadi, 2018; DKM, 2014; Scanlon, et al., 2014)
	Germany	~45% (↓)	~40% (↑)	~15% (↓)	Strong rental sector, tenant protections (Scanlon, et al., 2014; Ronald & Doling, 2010; Whitehead, et al., 2016)
	Netherlands	~55% (→)	~15% (↑)	~30% (↓)	Social housing legacy, privatization (DKM, 2014; Scanlon, et al., 2014; Whitehead, et al., 2016)

Social housing also has its consequences. For example, units may fall into disrepair due to inadequate funding for maintenance or lack of ownership incentives (Rohe, et al., 2002), or some units built in remote or undesirable locations remain unoccupied due to poor location, lack of demand, or restrictive policies (Han, 2014). Unlike European social housing, Singapore's system was able to address these consequences by making public housing aspirational—even middle-income households live in HDB flats (Phang & Helble, 2016). In Singapore, a small rental sector exists for the lowest-income households, but the focus is on ownership to prevent welfare dependency (Phang, 2007). Phang & Pacey (2018) critique Singapore's minimalist rental sector, which serves only the poorest while reinforcing ownership as the norm. Low-income households without family support may fall through the cracks, as rental supply is tightly rationed.

Iran's Mehr Housing Policy (IMHP)

Iran's housing policies have historically emphasized homeownership over rental solutions, such as housing construction, housing loans, and public-private projects to meet housing needs. According to the last official housing census, 60% of housing units in Iran are owner-occupied versus 31% private rented units. The remaining units often belong to state-owned organizations such as state factories and state universities for the residence of their employees or students. In this sense, Iran's housing market aligns with Kemeny's theory (2006; 1995) of "dualist rental markets," where a small, residual social rental sector exists alongside a dominant profit-driven private rental market and homeownership is promoted as the norm. Similarly, we can see both the asset-based welfare model (like the USA and UK) with high homeownership rates and a large private rental sector (Ronald, 2008), and the family-as-welfare model (like Japan and South Korea) with family assistance to young couples (Ronald & Doling, 2010; Ronald & Jin, 2010).

Iran's Mehr Housing Policy (IMHP) is the largest large-scale social housing initiative launched by the government in 2007 under President Mahmoud Ahmadinejad. IMHP was designed to provide affordable housing for low-income

households by leveraging government resources and private sector participation. Under the IMHP, the government provided free or low-cost land to developers to build housing units. The program aimed to build over two million housing units across Iran, particularly in suburban and less-developed areas. IMHP units were sold at below-market prices, with long-term, low-interest installment plans (up to 15 years) and were given to first-time homebuyers.

The official housing census of Iran showed that homeownership rates had declined from 89% in 1976 to 69% in 2006 (Figure 3). The decline in homeownership over the last decades resembles trends in countries such as the UK (with a liberal market) and the Netherlands (with strong social renting). But despite privatization and market-driven policies in these countries, Iran's government decided to build over two million units to increase homeownership rates, especially for low-income households since 2007, under the IMHP. Nevertheless, the decline in homeownership continued in the next decade, falling to 60%, while private rented units increased to 31%. Thus, the change in the combination of owner-occupied and rental-occupied units under IMHP differs from other countries where market-driven policies were implemented.

IMHP units were constructed in all provinces of Iran, particularly in Mazandaran Province, where 65,000 units were built to accommodate around 200,000 residents. Of these, almost 21,000 units were organized in residential complexes, and the rest were standalone buildings. Under the IMHP, 14 residential complexes with around 3,300 units were built in Babolsar and Babol, where this study was conducted.

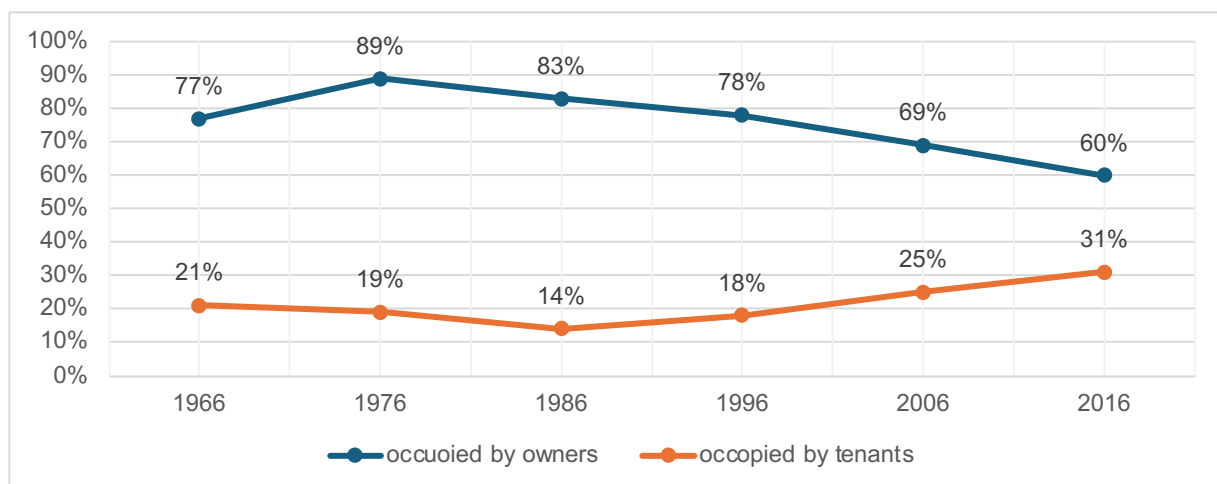


Figure 3: Percentage of units occupied by owners and tenants in Iran, 1966-2016.
Source: Iran's statistical center; <https://amar.org.ir/statistical-information/catid/3108>

Homeownership by low-income households was the main goal of the IMHP. The government wanted to provide affordable housing and ensure occupancy by low-income households. To achieve this, they employed several implementation tools, including: provision of state loans, allocation of state-owned land, building permits on inexpensive suburban plots, legal and bureaucratic facilitation, applicant registration, and resale restrictions. It was expected that most IMHP units would be occupied by low-income households and none would be resold, although some would likely be rented out.

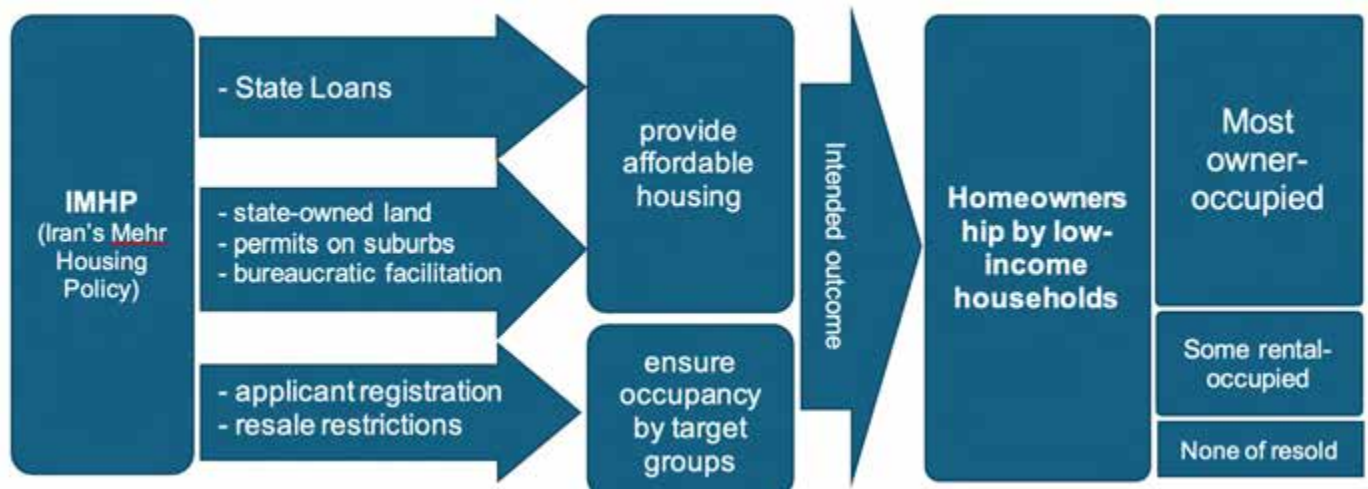


Figure 4: IMHP and its implementation tools to provide affordable housing.

Therefore, the intended outcomes of IMHP were:

- Provide affordable housing;
- Homeownership by low-income households;
- Most owner-occupied, some rental-occupied;
- State loans, state-owned land, permits on suburbs, bureaucratic facilitation;
- Applicant registration and resale restrictions to ensure occupancy by target groups;
- No resale of units.

Methodology

Given the goals of IMHP and the research questions of this study, we needed to determine which units were occupied. If a unit was vacant, follow-up visits were conducted to confirm its vacancy status. We decided to investigate housing complexes that were more accessible for subsequent field surveys. We selected 13 IMHP housing complexes¹ in two cities of Mazandaran Province, Babol and Babolsar, comprising 3,031 units: Mehshahr (No.1), Kiamehr (No.2), Omid Oshib (No.3), Arezoo (No.4), Velayat (No.5), Golsar (No.6), and Farzanegan (No.7) in Babol; Moalleman (No.8), Talash (No.9), Narenjistan (No.10), Danesh (No.11), Andisheh (No.12), and Persia (No.13) in Babolsar (Figure 3). Some of these complexes are located inside the administrative municipal boundary, and some are outside. These complexes varied significantly in ownership—state-owned versus self-owned.

In the initial phase, we conducted a pilot survey using systematic sampling methodology. From each residential complex, we selected 20 samples to estimate the rate of vacant units. The distribution of questionnaires followed a carefully designed protocol to ensure sampling homogeneity across all complexes. When initial visits identified vacant units, follow-up visits were conducted to determine whether these vacancies were temporary or permanent. This phase revealed an average vacancy rate of 24% across all complexes, with notable variations between different developments. For instance, the Golsar (No.6) and Omid Oushib (No.3) complexes in Babol demonstrated near-complete occupancy (100% and 95%, respectively), while the Persia (No.13) and Narenjistan (No.10) complexes in Babolsar showed significantly higher vacancy rates (58% and 45%, respectively).

The second phase involved a more detailed survey to collect additional variables of interest, including ownership patterns and tenancy characteristics. Due to the differences between complexes, we employed stratified ran-

¹ . There are totally 14 IMHP housing complexes in Babol and Babolsar, but only we were permitted to do survey in 13 complexes.

dom sampling with proportional allocation to enable meaningful cross-complex comparisons.

Table 3: Total sample size using proportional stratified sampling

Target Population	Occupied Units (%)	Sampling Population	Margin of Error (d)	Probability (pq)	Confidence Level (Z)	Sampling Method	Sample Size
3,031 households	75.8%	2,296 households	0.05	0.25	95%	Stratified random (proportional)	330 samples

Our sampling framework accounted for a target population of 3,031 households, with a 75.8% occupancy rate (2,296 occupied households). Initial calculations suggested 330 samples were required (see Table 3). However, after refining the proportional allocation, the final sample size was adjusted to 346 to ensure optimal distribution (see Table 4).

Table 4: Refined sample allocation by residential complex

No.	Complex Name	City	Total Units	Occupied (%)	Stimate of Occupied Households	Final Samples
1	Mehrdasht	Babol	346	80%	277	40
2	Kiamehr	Babol	320	81%	260	39
3	Omid Oshib	Babol	300	95%	285	38
4	Arezoo	Babol	240	85%	205	27
5	Velayat	Babol	168	79%	133	20
6	Golsar	Babol	144	100%	144	21
7	Farzanegan	Babol	120	82%	99	17
8	Moalleman	Babolser	298	67%	199	21
9	Talash	Babolser	186	81%	151	28
10	Narenjestan	Babolser	320	55%	175	24
11	Danesh	Babolser	294	69%	202	32
12	Andisheh	Babolser	120	80%	96	20
13	Persia	Babolser	175	42%	74	19
Total			3,031	75.8%	2,296	346

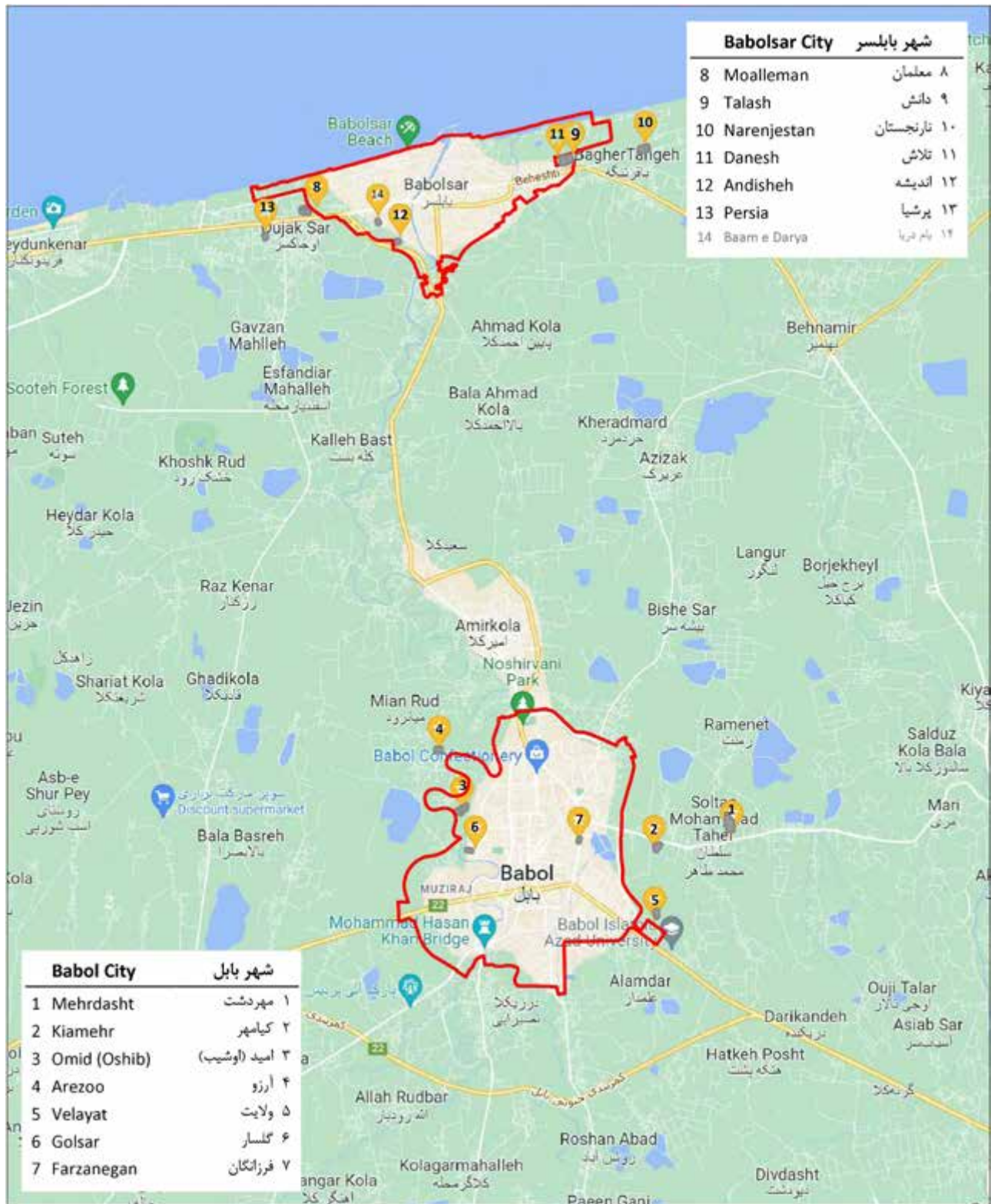


Figure 5: The location of 13 IMHP housing complexes in Babol and Babolsar.

Thus, this exploratory study employs quantitative methods (field surveys and statistical tests) to investigate ownership dynamics in IMHP housing complexes in Mazandaran Province. Using proportional stratified sampling and systematic sampling, 346 questionnaires were distributed across 13 IMHP housing complexes in Babol and

Babolsar, encompassing 3,031 housing units.

IMHP's Non-Occupied Units

To answer the research questions, we analyzed the field survey data in four steps. First, we need to know what rate of IMHP units haven't been occupied in different complexes?

The main goal of IMHP was to provide housing for low-income groups solely for residential purposes. Vacant units represent wasted resources and fail to address housing needs. Therefore, if IMHP units were vacant, the goal of this policy was not achieved. The results of the pilot survey show that in some complexes, the rate of non-occupied units was very high, for example, 58% in Persia (No.13) and 45% in Narenjestan (No.10). (Both of these complexes are located outside the border of Babolsar City.) Regardless of the causes, these units were out of reach of target groups, so the goal of IMHP was not achieved in these complexes. In contrast, the lowest rate of vacant units was in Golsar (No.6) and Omid Oshib (No.3)—both located inside the border of Babol City. It seems that complexes located at the top of Figure 6 were more successful in achieving the goals of IMHP. In total, 24% of IMHP units were vacant, indicating that a quarter of IMHP goals were not met.

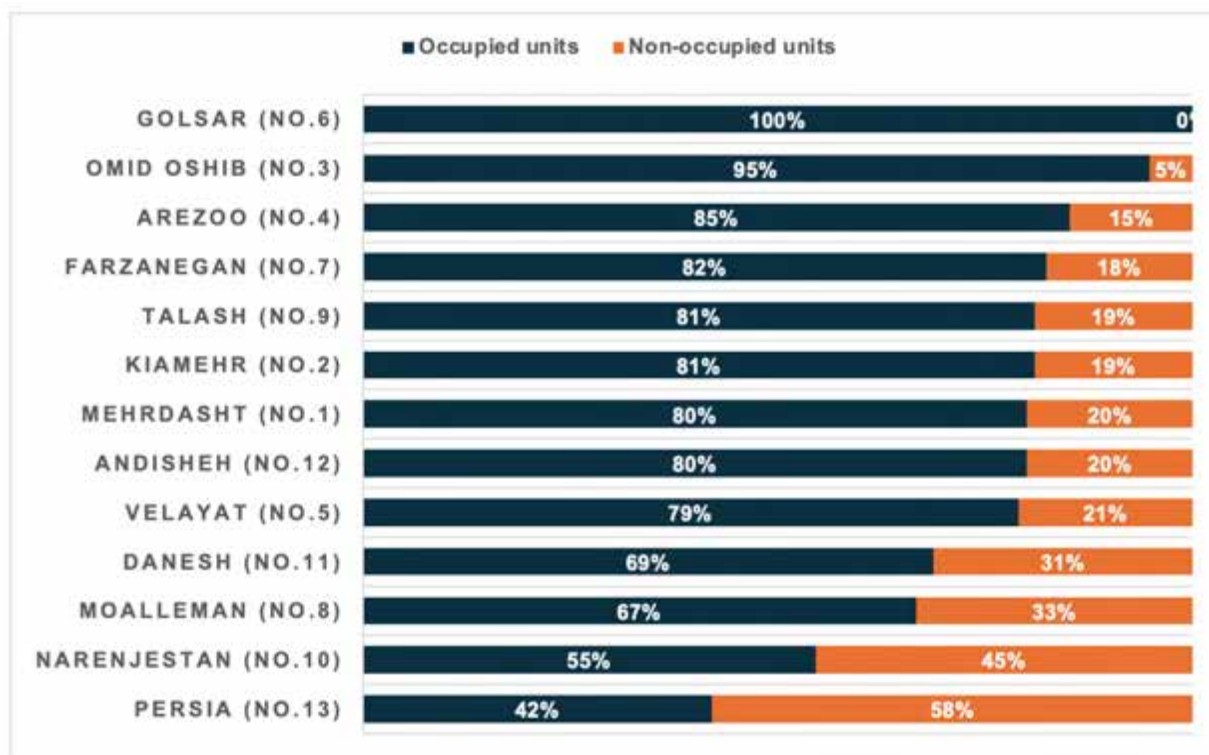


Figure 6: Percentage of non-occupied units in each IMHP complex.

IMHP's Rented Units

Iran's housing policy focused on ownership by low-income groups, not tenancy. Therefore, if owners rent their units, it indicates they need money for monthly household expenses, not a home—which contradicts IMHP goals. In the second step, we need to know what rate of IMHP units were rented in different complexes. As shown in Figure 7, the highest rate of rented units was in Moalleman (No.8)—located outside Babolsar's border—where 54% of units were rented. In this complex, only 13% of units were occupied by owners, placing it at the bottom of the chart. Next, in Andisheh (No.12)—located inside Babolsar's border—40% of units were rented. In contrast, the lowest rates of rented units were in Mehrdasht (No.1) at 12% and Persia (No.13) at 13%. In the rest of the complexes, the rate of rented units ranged between 19% and 27%. In total, 23% of IMHP units were rented to earn profit.

Overall, 52% of IMHP units are owner-occupied, which is lower than the national homeownership rate (60% in 2006).

The rate in 5 complexes is close to 60%, while the rate in 5 others is below 47% due to the large number of vacant and rental units. Only 3 complexes have over 68% owner-occupied units. Therefore, it seems IMHP, as a homeownership-centric model, has not succeeded in increasing the homeownership rate.

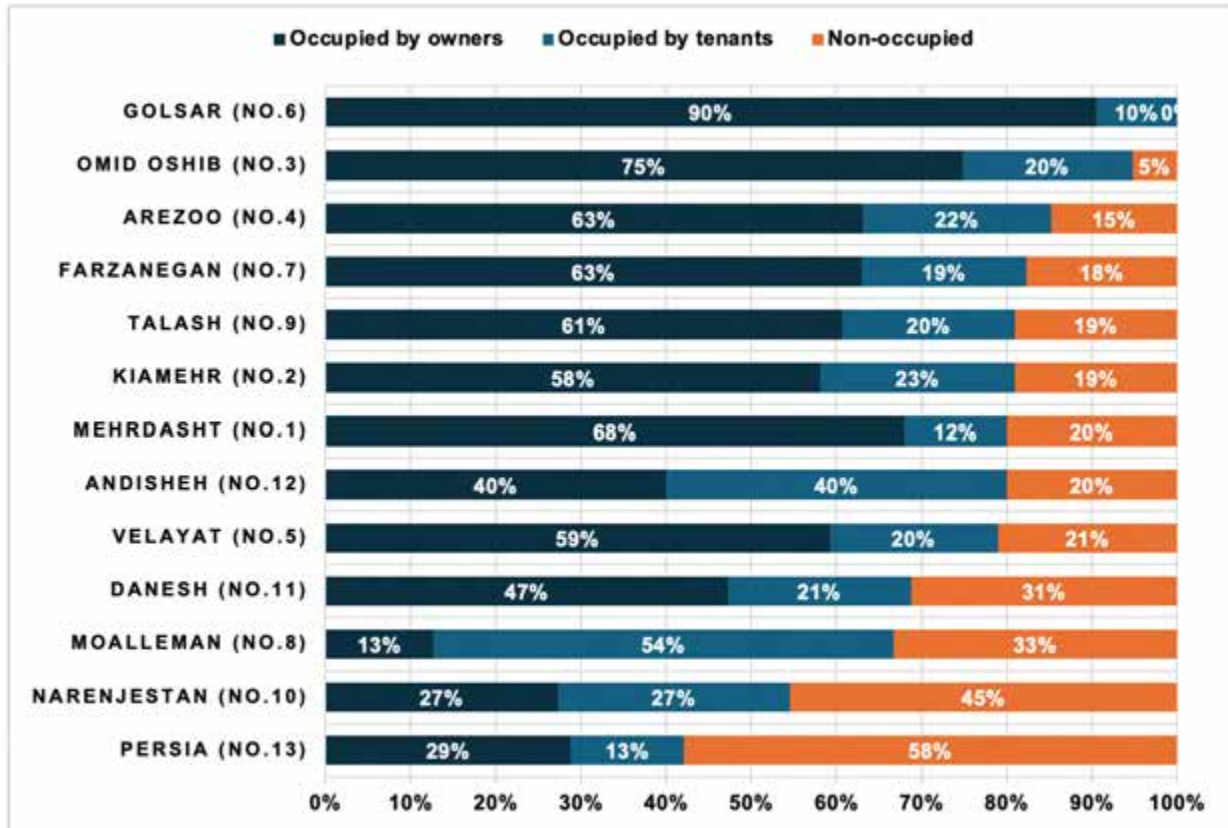


Figure 7: Percentage of units occupied by owners and tenants in each IMHP complex.

IMHP's Resold Units

To ensure units were occupied by low-income households and not resold, IMHP used applicant registration and resale restrictions. If units were resold to new owners, IMHP goals were not achieved. Therefore, in the third step, we have to know what rate of units were occupied by new owners who have bought their units later outside the IMHP mechanism? Observations showed that IMHP units were resold in informal markets despite resale restrictions. As a specific example, Golsar (No.6) appeared to be the most successful complex due to its low rented units (10%) and no vacant units, but it was determined that 80% of units were resold and occupied by new residents. In this case, IMHP units became a trade commodity for low-income households who profited from the difference between affordable housing prices and market rates. Similarly, in Arezoo (No.12), half of the units were resold to new owners in the informal market.

In total, the survey results show that 26% of IMHP units were resold by low-income households to others in the informal market. After subtracting resold units, the homeownership rate declines to 27%.

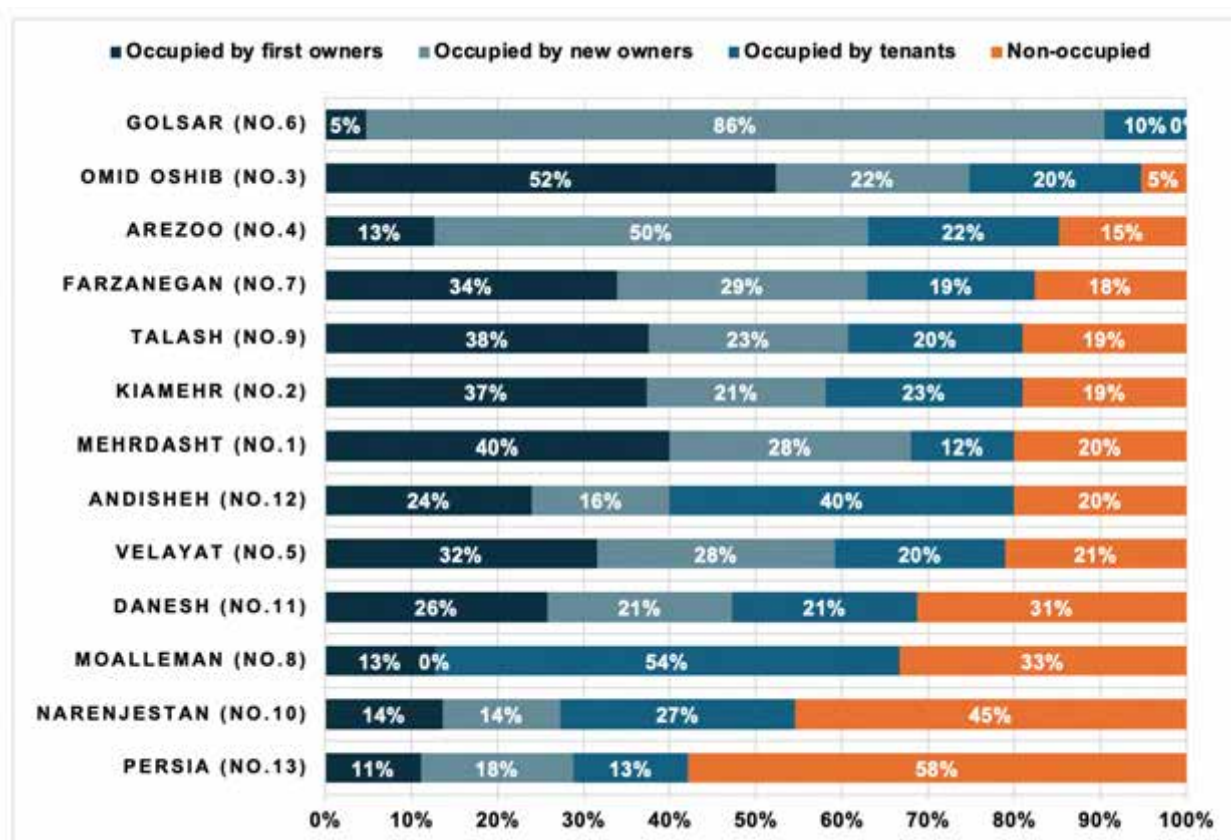


Figure 8: Percentage of units occupied by new owners in each IMHP complex.

IMHP's Occupied Units by Target Groups

In total, 24% of IMHP units were vacant, 23% were rented to earn money, 26% were resold by low-income households to new owners, and only 27% were occupied by target groups (see Figure 9). In Omid Oshib (No.3), over half of the units were occupied by first owners who were target groups, making it the only IMHP complex with a home-ownership rate above 50%. In the rest of the complexes, this rate was below 40%. At the bottom of the chart (see Figure 8) there are six complexes below the average, indicating they were unsuccessful in achieving IMHP goals.

Table 5: Comparison of IMHP units with highest rates.

Highest Rates of			
Vacant Units	Rented Units	Resold Units	Own-Occupied Units by Target Groups
Persia (No.13): 58%	Moalleman (No.8): 54%	Golsar (No.6): 86%	Omid Oshib (No.3): 52%
Narenjestan (No.10): 45%	Andisheh (No.12): 40%	Arezoo (No.4): 50%	Mehshahr (No.1): 40%

The context of various cities can impact the outcomes of public housing. In this case, IMHP's outcomes in Babolsar and Babol were very different, despite their proximity (less than 30 km apart). Babolsar is a touristic coastal city near the Caspian Sea, while Babol is a central plains city. The percentage of homeownership/rental units likely differs between these cities. Comparing the data from Babolsar and Babol (see Figure 9) shows that the rate of vacant units in Babolsar was higher than in Babol (36% versus 15%). Additionally, the rate of rented units in Babolsar was higher than in Babol (28% versus 18%). In other words, the goal of IMHP was not achieved for two-thirds of the units in Babolsar. In Babol, it appeared that 67% of units were occupied by IMHP target groups, but the results showed that half of these were resold in the market, with new owners replacing the target groups. In Babol, 34% of units were resold to new owners, compared to 16% in Babolsar. Finally, it can be stated that only 33% of units in Babol and 21% of units in Babolsar reached the target groups in line with IMHP goals.

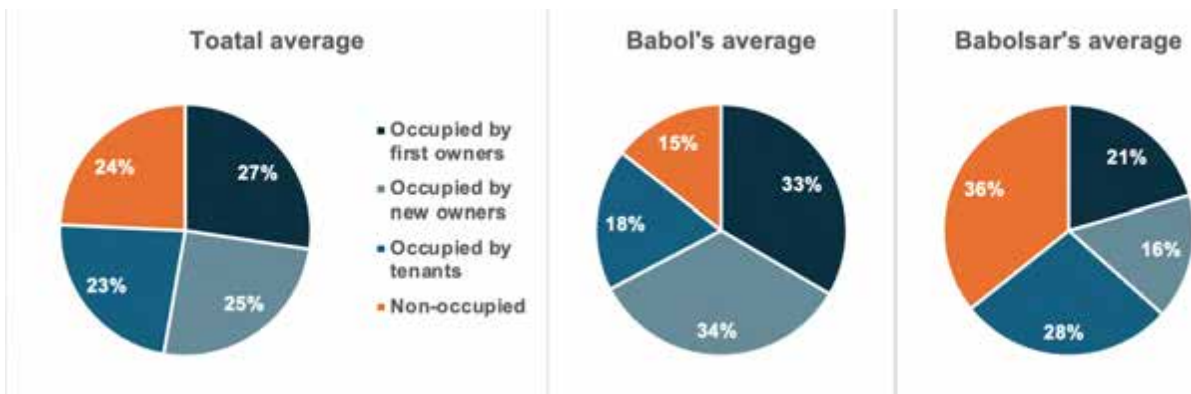


Figure 9: Comparison of the rate of units occupied by new owners between Babol, Babolsar, and total average.

Discussion

The findings reveal significant discrepancies between IMHP's objectives and actual outcomes, reinforcing critiques of homeownership-centric models (Ronald, et al., 2015; Scanlon, et al., 2014; Whitehead, et al., 2012; Kemeny, 2006). While the policy aimed to provide affordable homeownership for low-income households, only 27% of units were occupied by the intended beneficiaries. A substantial portion (24%) remained vacant, suggesting inefficiencies in allocation or locational disadvantages (Han, 2014). In particular, in two cases—Persia (No. 13) and Narenjestan (No. 10)—vacancy rates were 58% and 45%, respectively. These complexes are located outside Babolsar City's urban boundary, where poor accessibility and undesirable locations exacerbate vacancies.

Additionally, 23% of units were rented out, indicating that financial incentives led low-income owners to treat IMHP housing as income-generating assets rather than permanent residences—a phenomenon observed in other homeownership-centric models (Arundel & Ronald, 2021; Aalbers, 2016; Scanlon & Kochan, 2011). Specifically, Moalleman (No. 8) and Andisheh (No. 12) had the highest rental rates (54% and 40%, respectively). Both are located in Babolsar, a tourist coastal city, highlighting how the region's socio-economic context influences rental trends.

Most strikingly, 26% of units were resold, bypassing IMHP's resale restrictions. This aligns with critiques of homeownership policies in which subsidized housing becomes commodified, benefiting initial buyers rather than sustaining long-term affordability (Wainer & Zabel, 2020; Rolnik, 2013). However, a key difference in Iran is the existence of an active informal market, where bureaucratic resale restrictions alone cannot counter market incentives. The case of Golsar (No. 6), where 80% of units were resold, exemplifies how market incentives distort policy goals. These findings echo Singapore's experience, where resale restrictions balance affordability with wealth accumulation (Phang & Pacey, 2018), but unlike Singapore, IMHP lacked robust enforcement mechanisms.

Geographical disparities further highlight policy shortcomings. Babolsar, a tourist coastal city, had higher vacancy (36%) and rental rates (28%) than Babol, suggesting that demand-side factors (e.g., seasonal migration, investment speculation) influenced occupancy. Conversely, Babol's lower vacancy rate (15%) masked high resale

activity (34%), revealing that even occupied units often deviated from policy intent.

Comparative analysis suggests IMHP's dualist rental market structure (Kemeny, 2006; Bengtsson, 2009) exacerbated these issues. Unlike unitary rental systems (e.g., Germany's social renting), IMHP's reliance on homeownership without complementary rental safeguards left low-income households vulnerable to market pressures. The policy's failure to curb informal resales mirrors challenges in liberal markets, where financialization displaces target beneficiaries. Finally, three key discussion points emerge from our analysis:

- **The Paradox of Homeownership Promotion:** The data show that only 27% of units remained with original low-income beneficiaries, challenging the homeownership-centric model. This aligns with Ronald's (2008) critique of the "homeownership ideology," where policy instruments become disconnected from household realities. The high resale rates (26%), particularly in Babol, demonstrate what Bengtsson (2009) terms the "asset-based welfare trap"—where subsidized housing becomes a liquid asset rather than stable shelter.

- **Informality and Governance Challenges:** The prevalence of informal resales despite formal restrictions reflects broader debates about state capacity in Iran. Bureaucratic controls alone cannot counter market incentives, and community-level enforcement is often lacking. Policy instruments assume formal market behaviors that do not align with local realities.

- **Spatial Mismatches and Policy Design Flaws:** The stark differences between Babol (15% vacancy) and Babolsar (36% vacancy) highlight the importance of locational factors in housing policy success. The higher rental conversions in Babolsar (28% vs. 18% in Babol) further illustrate how tourist economies distort housing markets in ways that homeownership-centric policies cannot address.

While this study provides critical insights into IMHP's implementation gaps, several limitations must be acknowledged:

- **Sample Scope:** The analysis focuses on two cities (Babol and Babolsar), which, while illustrative, may not capture regional variations in Iran's housing markets. Future studies could expand to other IMHP projects in Mazandaran Province and other provinces of Iran to test generalizability.

- **Temporal Dynamics:** The study examines a snapshot of IMHP outcomes. Longitudinal tracking of units (e.g., resale price trends, generational transfers) would reveal whether deviations from policy goals intensify over time.

- **Policy Context:** The findings reflect IMHP's performance under specific economic sanctions and inflation rates in Iran. Comparative studies in stable economies could disentangle policy flaws from macroeconomic shocks.

Conclusion

This study demonstrates that Iran's Mehr Housing Policy (IMHP), as a homeownership-centric model, has achieved only 27% of its objectives across 13 case studies in Babol and Babolsar, while 73% of IMHP units were either vacant, rented, or resold. High vacancy rates, rental conversions, and informal resales indicate systemic flaws in targeting, enforcement, and market regulation.

The IMHP case studies reflect several critical lessons for housing policy and planning practice:

- Challenges the universality of homeownership as a welfare tool;
- Highlights the need to conceptualize informality as integral to policy frameworks;
- Demonstrates the centrality of spatial equity in policy design.

We argue that while homeownership has benefits, it is not a sufficient solution to the housing affordability crisis. We advocate for a context-based, balanced approach and propose the following policy recommendations for housing policymaking and implementation in Iran:

- **Understanding informal market mechanisms:** Formal bureaucratic regulations alone cannot achieve housing policy goals.
- **Hybrid tenure models:** Introduce affordable rental options alongside ownership to diversify housing solutions.
- **Consideration of socio-economic realities:** Economic conditions and social priorities of Iranian households significantly influence housing policy outcomes.
- **Context-based policymaking and urban planning:** Differences in cities, locations, and communities must be considered in policy design.

Ultimately, IMHP's mixed results highlight the need for adaptive housing policies that balance ownership incentives with protections against market exploitation. Further research should explore participatory approaches, where beneficiary feedback informs policy adjustments to enhance effectiveness and equity. Housing policies should choose between rigid idealism and adaptive pragmatism. IMHP's legacy should inform Iran's next steps—not as a failure, but as a catalyst for systemic reform.

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