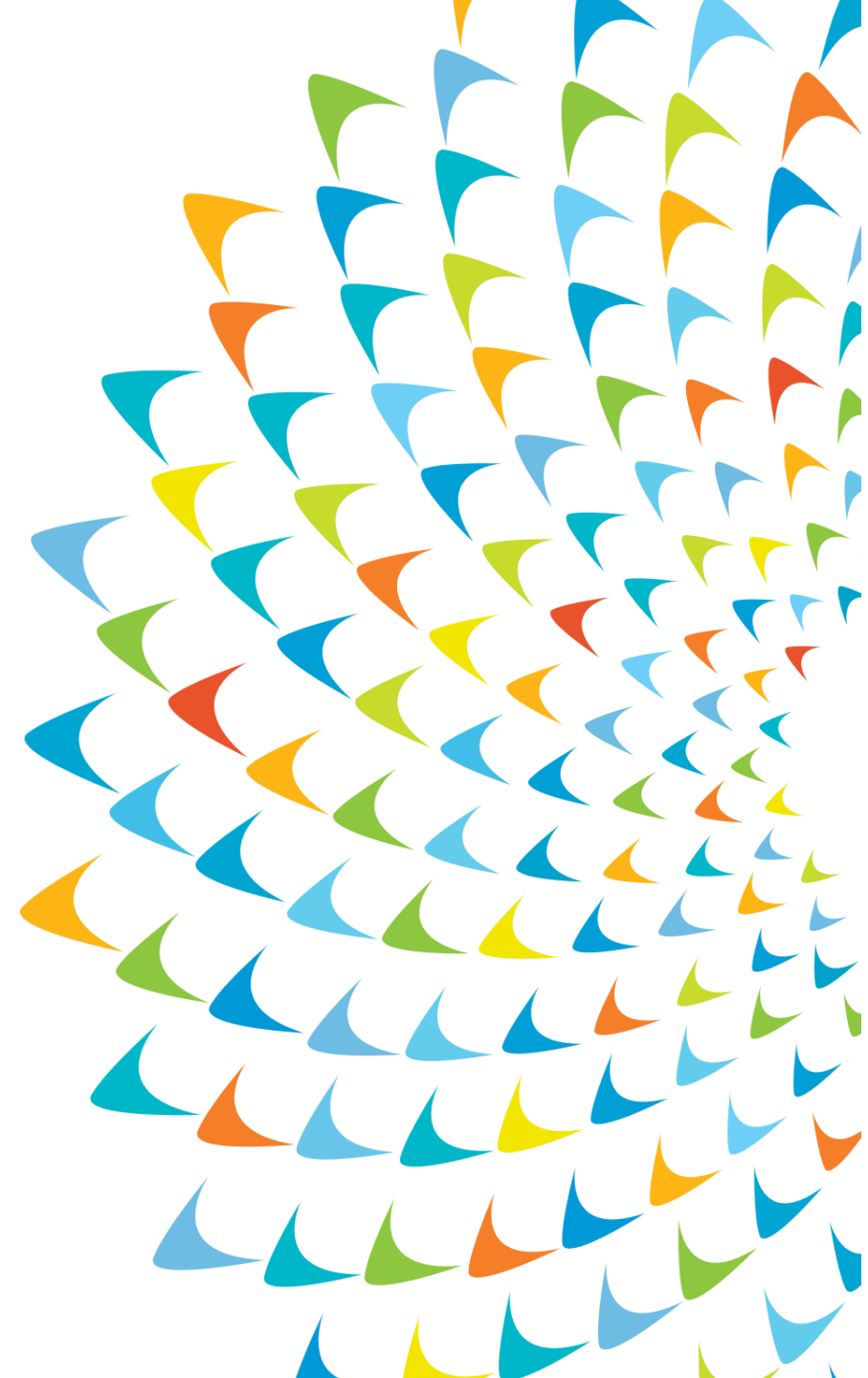




ADB's Private Sector: Enabling Supply and Demand for Affordable Housing in Asia

Susan Olsen
Senior Investment Specialist
Private Sector Financial Institutions Division



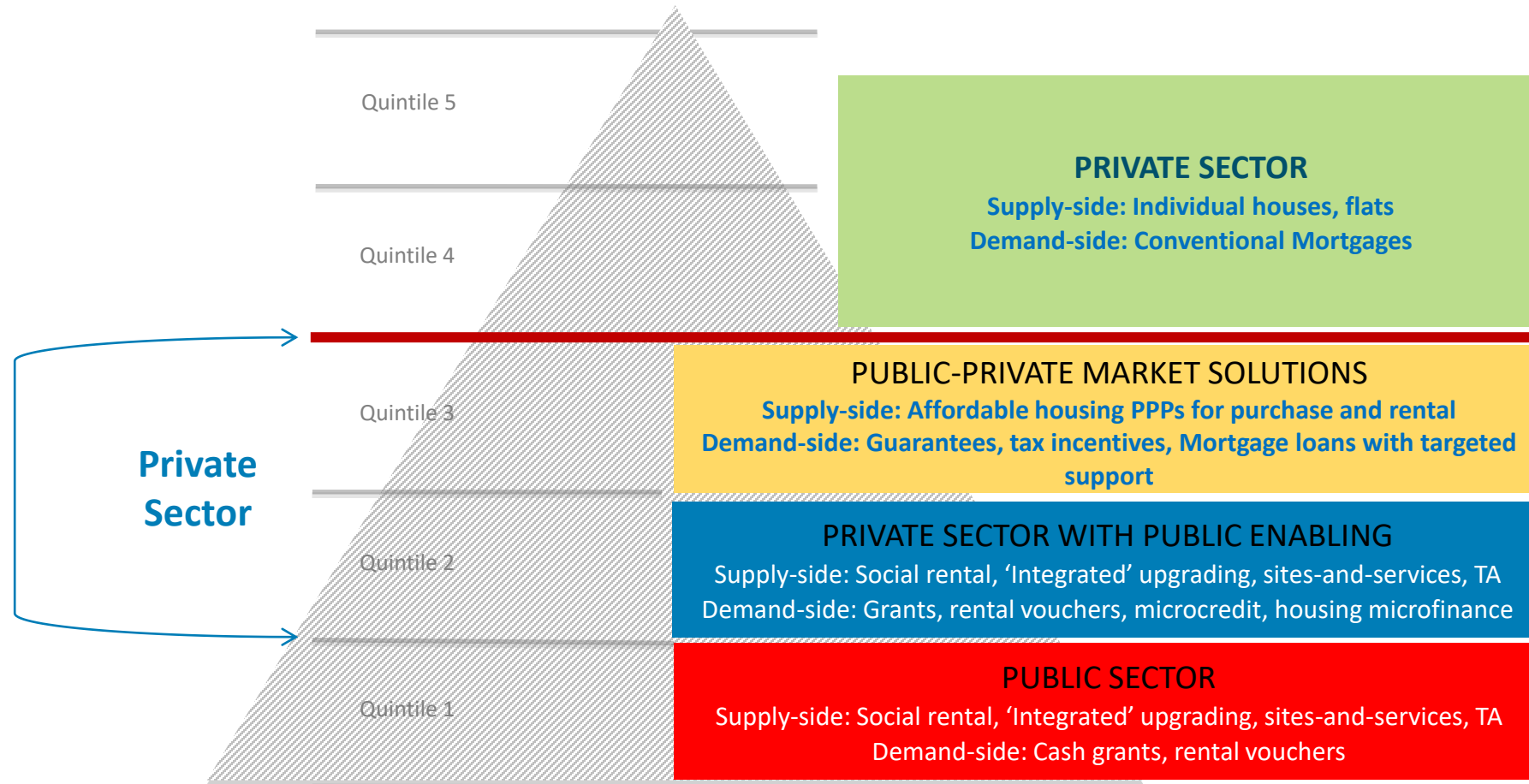


Affordable Housing is an ADB Priority





Targeting ADB's Private Sector by Socio-Economic Segment



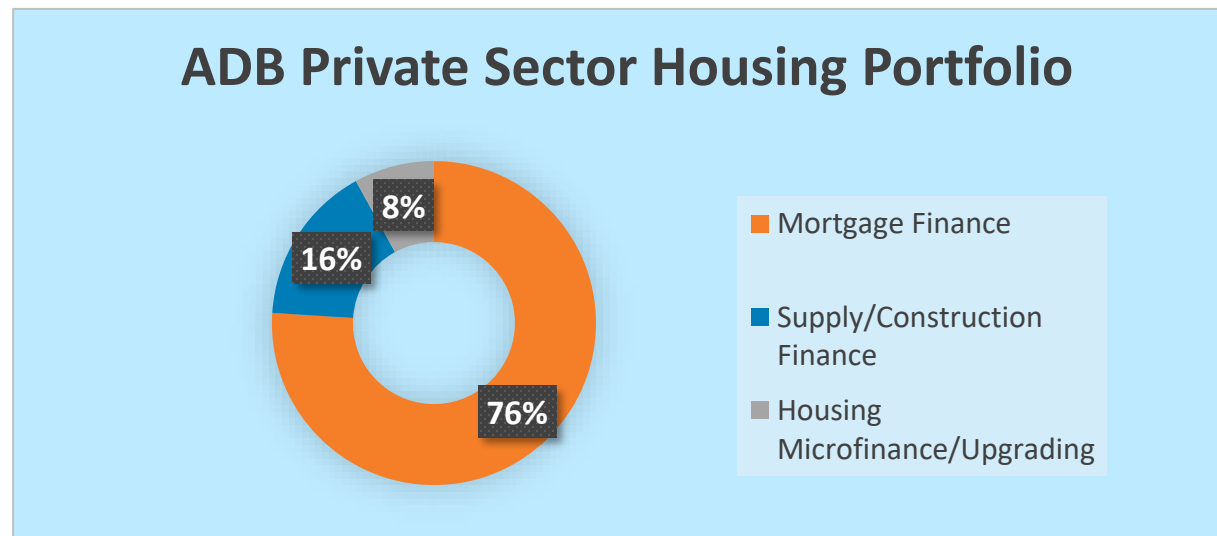
Source: Adapted from ADB Publication, *Adequate and Affordable Housing*, Manila, Hong Soo Lee and Anisha Singh, September 2022





ADB's Private Sector Housing Portfolio 2000-2022

- Total Portfolio of ~ \$500 mm
 - Debt & equity
 - Additional Technical assistance for market development
- Focus on 3 sub-sectors:
 - Category (i): mortgage / housing finance
 - Category (ii): integrated infrastructure/slum upgrading/ microfinance
 - Category (iii): housing policy / supply / construction finance





ADB Private Sector Supply Side Projects



Joyville Shapoorji

ADB 2.2 billion cr/\$35 mm equity investment

17.5% minority stake in the Affordable Housing Segment
"Joyville" Brand

20,000 Affordable Housing Units; LIG & lower MIG
5-6 projects across India
Metrics on max size of units
Caps on maximum price units

IGBC Certified/EDGE Aligned
All Joyville Affordable Housing Units to be Green Certified



M2 Optima Georgia

\$10 mm loan eq in Lari

Partially finance the development of two affordable residential complexes in Tbilisi developed by Optima

Nearly 4,000 units for Low- and Middle-Income buyers
1st ADB private sector housing finance project in CWRD

Energy Efficient Construction
CO2 emissions reducing
TA for Integrated Solutions for Livable Cities



IIFL Home Finance Ltd.

\$68 mm ADB Loan eq INR

Climate Resilience & Adaptation Housing Project

IIFLHF pioneering in developer finance for green-certified homes in the affordable housing segment.

Supply of IGBC/GRIHA certified affordable housing units Gold/4*
Leverages Credit Linked Subsidy Scheme program (CLSS) to enable access to green mortgages for EWS/LIG buyers



Enabling Demand Side For Housing Finance



Microfinance Risk Participation Program

\$30 mm ADB Partnership
MFI loans for low-income families in rural/peri-urban areas of Bangladesh, India, Indonesia & Philippines
Focus on home improvement, water and sanitation for vulnerable communities
TA for Habitat for Humanity to build MFIs' capacity to design, pilot-test, and scale the loans



Shubham Housing Finance

\$35 mm Equity Investment eq
INR

Shubham targets mortgage lending for lower-income households residing in the peripheries of cities and in Tier II and below cities
75% lower-income households
61% of clients with informal income
90% of loans disbursed to women as the primary or co-borrowers



Credo Bank JSC

\$25 mm loan or eq in Lari
Housing finance to low-income clients for home renovation and construction in rural Georgia
50% of Credo's 230,000 clientele are women, predominantly in rural households with farm income
~13,000 women borrowers served
TA to extend reach to rural clients in 1700 additional villages, for ~30,000 women clients via branchless banking services and financial literacy



ADB Green Finance Solutions for Housing

Blended Finance: Concessional donor funding combined with ADB's own ordinary capital loans to fund projects. Focus on Climate Finance

- Incentivize use of Certified Green Building that would otherwise not be promoted
- Helps overcome climate adaptation risks through design elements
- Aligned to 5 DFI Principles of Blended Concessional Finance (e.g. minimal concessionality, commercial sustainability, crowd in markets)

Technical Assistance

- Market building activities: Training and certification for developers, financing product design, training credit officers
- Address market barriers: that prevent private sector development in areas of strategic importance and high development impact



Canadian Climate Fund for
the Private Sector in Asia





Key Themes in ADB Private Sector Housing Portfolio



INCOME SEGMENT

- Focus on low & low middle income
- Lever government subsidies to enable demand
- Capacity to evaluate informal income critical



GENDER FOCUS

- Women as title holders
- Women as co-borrowers or head of household
- TA to promote financial literacy & formal titling



GREEN CLIMATE RESILIENT

- New market
- Need for green certifications
- Regulatory Incentives for developers
- Blended finance to incentivize supply & demand



RURAL VS URBAN

- Land affordability = multi-family units & home upgrades
- Regulatory framework key to inspire confidence
- Rural self or progressive construction