

UNLOCKING HOUSING FINANCE FOR PEOPLE ON LOW INCOMES TO DELIVER AFFORDABLE HOMES AT SCALE



PEOPLE LIVING ON LOW INCOMES NEED ACCESS TO FINANCE IN ORDER TO AFFORD DECENT HOUSING AND IMPROVE THEIR LIVES.

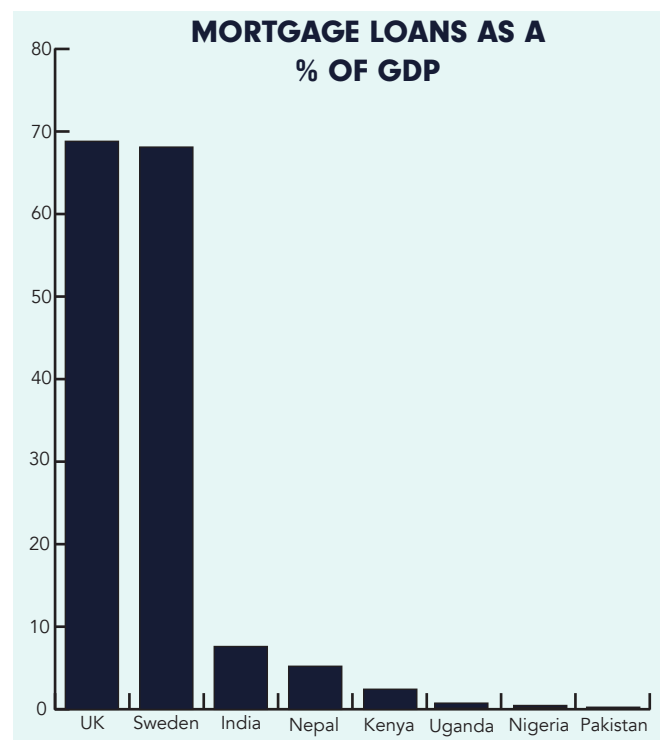
WHY IS IT A GLOBAL PRIORITY?

Two billion people will need new housing by 2030. Against the backdrop of rapid urbanisation and slum formation, many people living on low incomes will be unable to afford quality homes without the development of robust housing finance solutions. This puts accessible housing finance firmly at the forefront of the global development agenda.

HOUSING FINANCE: THE GLOBAL CONTEXT

Housing finance is a critical blockage for the majority of people in Africa and Asia. Government subsidies are inadequate and mortgage markets only serve high-income elites. People on low incomes have been perceived as too risky by lenders to receive finance, especially those working informally who lack conventional proof of income or employment. Many countries in Africa and Asia possess limited or dysfunctional housing finance systems, reflected in very low mortgage-to-GDP ratios. The urban poor have instead been compelled to build substandard housing, paid for with expensive informal credit.

Reall is pioneering innovative new approaches to end-user finance that are attuned to the needs of low-income groups while being scalable to enable construction and improve the lives of millions living in poor conditions.



**HOUSING FINANCE:
REALL'S BREAKTHROUGHS**

- 1** **PAKISTAN** Unlocked the first commercial bank mortgages targeted at low-income groups, for people working formally and informally.
- 2** **MOZAMBIQUE** In the process of brokering the first commercial bank mortgages available to low-income people.
- 3** **INDIA** Provided quality housing for over 10K people living in slums by leveraging the opportunities offered by the government's Transferable Development Rights legislation.
- 4** **NEPAL** Introduced an innovative loan guarantee fund which encourages local banks to lend to people living on low incomes. Some of the banks report a 100% repayment rate.
- 5** **PAKISTAN & NIGERIA** Partnered with major businesses to provide affordable homes for low-income employees.

**HOUSING FINANCE:
REALL'S STRATEGY**

FINANCIAL INCLUSION FOR THE INFORMALLY EMPLOYED

Housing finance systems have typically perceived people on low incomes as too risky to lend to due to their irregular employment patterns and cash flows, weak property rights and lack of collateral. This is particularly true for people who work informally (over two billion globally). Reall is working to change these conventions.

Reall partners with banks, credit bureaus and credit rating agencies to encourage financial institutions to reduce their processing costs, accurately assess clients and underwrite loans to them. This contributes towards extending financial inclusion to historically unbanked groups, improving financial systems and promoting equality as a whole.

ENGAGING WITH BANKS

The banking sector must be convinced to provide mortgages to people on low incomes at affordable terms and rates. For affordable housing developers, partnering with banks enables the recycling of capital at a faster pace and the building of houses on a larger scale. Using Reall's evidence and data to illustrate viability, Reall brokers partnerships with banks to prove the commercial opportunity of affordable housing, develop innovative products tailored to the needs of low-income groups, and stimulate competition within the sector to further drive down costs.

UNLEASH FINANCIAL INNOVATION

Many African and Asian countries are pioneering

impressive financial innovations, such as flexible mobile money systems and community savings organisations and co-operatives. Reall unleashes this innovation into the affordable housing finance sector through partnerships with an ecosystem of stakeholders to co-ordinate and innovate.

ADVOCATE FOR POLICY CHANGE

The supply of housing finance in Africa and Asia is constrained by outdated laws and regulations. Reall engages with national, regional and local governments to lobby for legislation which reduces the cost and improves the administration of end-user finance. This includes standardising mortgage and foreclosure laws and reducing waiting times for planning.