

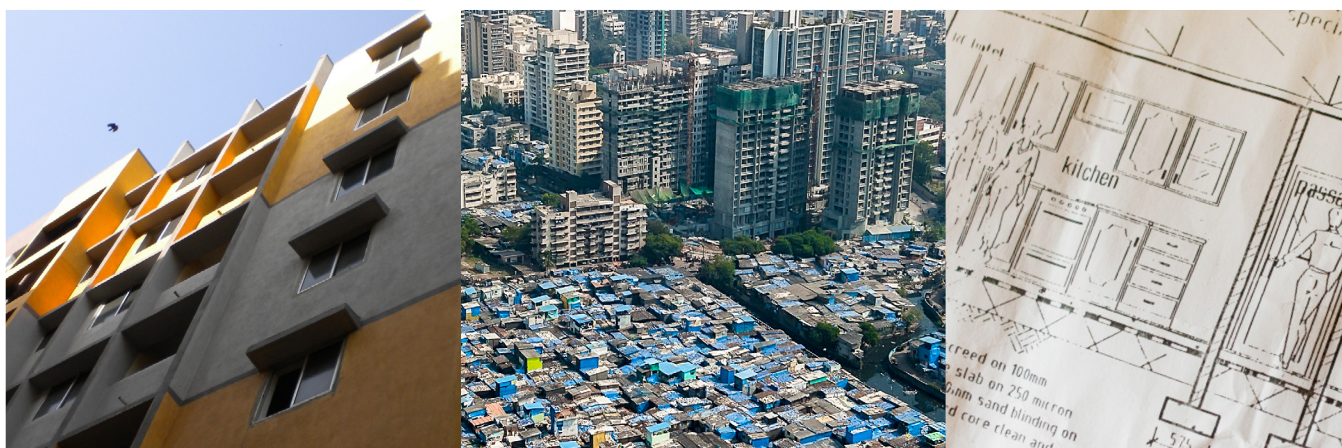


A HOME
FOR
HUMAN
POTENTIAL



INDIA

IMPACT SUMMARY BRIEF



**THE IMPACT OF REALL'S AFFORDABLE HOUSING INVESTMENTS ON
QUALITY OF LIFE IN URBAN INDIA**

OCTOBER 2020

ABOUT REALL'S IMPACT STUDY

Reall is an innovator and investor in affordable housing. Our goal is to build an affordable housing movement that will improve the life chances of 100 million people in urban Africa and Asia by 2030. As a market innovator with over 30 years' experience in the international affordable housing sector, Reall knows that quality housing has cross-cutting positive benefits on the lives of families and communities living on low incomes (contributing to 16 of 17 SDGs). To better evidence this impact and identify key lessons to improve effectiveness, Reall recently undertook an ambitious impact evaluation of urban housing projects in four countries – India, Kenya, Nepal, and Pakistan.

Through 1,259 household surveys, along with extensive focus groups, interviews, and site visits, Reall has generated substantive evidence about its housing investments, partners, and clients. Much of this information captures the profound positive impact of commercially viable housing on the health, wellbeing, and opportunities of people in the bottom 40% of the income pyramid. Through this evidence, Reall contributes new knowledge and catalyses stakeholders to unlock affordable housing solutions at scale in emerging economies.

INDIA IMPACT STUDY

Over the past two decades, Reall has partnered with SPARC Samudaya Nirman Sahayak¹ (SSNS) to drive forwards innovative and commercially viable housing models in urban centres. Together, Reall and SSNS have unlocked the capital investment and political will needed to supply over 6,600 affordable homes throughout India for people on low incomes. Reall's impact study research documented and evidenced the social and economic impacts of that housing, surveying 616 households across four SSNS projects in Mumbai and Pune. A baseline was established through homeowners recollecting their previous socio-economic circumstances, and how these have changed since moving into their new homes.

KEY FINDINGS

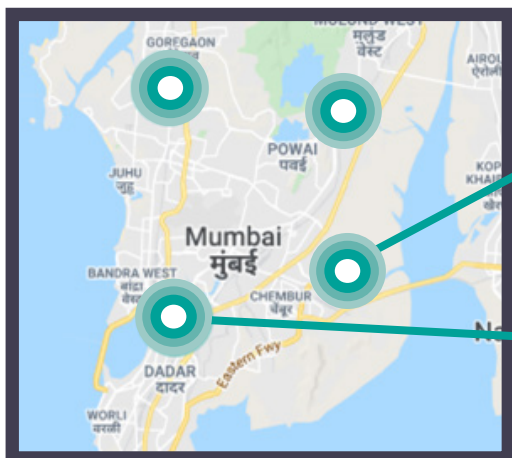
- Reall's \$6.3M investment has catalysed \$24.5M, demonstrating commercial viability for the bottom 40% of income earners with potential for scale
- 85% of households targeted were in the bottom 20% of the income pyramid when they received their homes
- Investments have catalysed wide-ranging positive impacts on residents, with Reall's average Quality of Life Index (QoLI) scores increasing from the baseline of 5.6, to 7.7 out of 10
- Increased access to in-home clean water, and in-home sanitation rose from 30% to 85%, improving health and boosting pandemic resilience²
- Affordable housing has had a particularly transformative impact on young people, providing opportunity and breaking the intergenerational cycle of poverty

¹ The construction arm of Society for the Promotion of Area Resource Centres (SPARC).

² The remaining 15% is a result of Milan Nagar residents choosing to have shared sanitation facilities at the planning stage, to allow for more living space in their apartments.

THE PROJECTS

MUMBAI



Milan Nagar:

Apartment block constructed for the rehabilitation of pavement dwellers.

Year Approved: **2001**

Homes Delivered: **88**

Rajiv Indira:

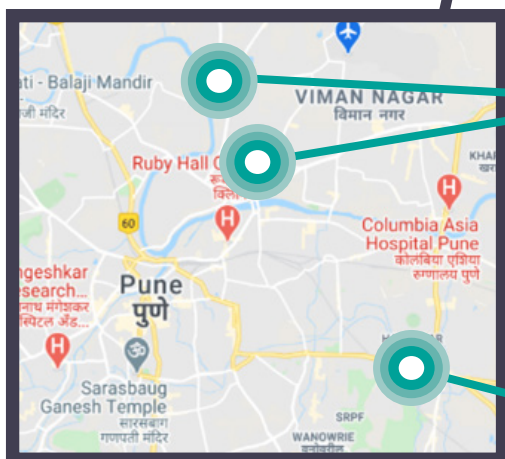
An in-situ project which constructed apartment buildings in the informal settlement of Dharavi.

Year Approved: **2001**

Homes Delivered: **157**



PUNE



Pune 1 and 2 (BSUP):

In-situ projects that replaced existing low quality homes with high quality, permanent houses in low income areas.

Years Approved: **2003 & 2012**

Homes Delivered: **750 & 388**

Hadapsar Wambay:

A relocation project, initially developed to serve flood affected families, later expanded to include others from slum areas.

Year Approved: **2003**

Homes Delivered: **713**



More information on these and other projects can be found on Reall's interactive data dashboard:

www.reall.net/dashboard

COMMERCIAL VIABILITY

Reall has been working closely with SSNS since 2000, demonstrating the commercial viability of affordable housing projects in India. These projects have leveraged government schemes to unlocked construction subsidies and recoup costs.

**TOTAL INVESTMENT
BY REALL:**

\$6.3m

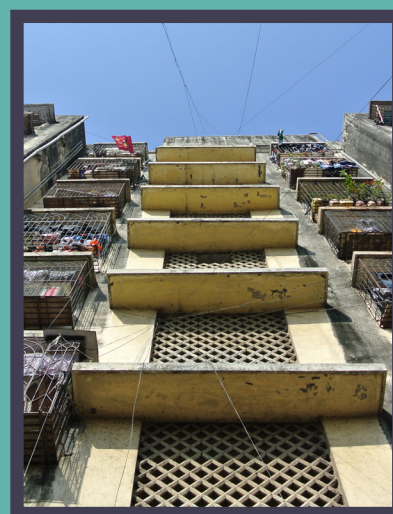
**FUNDS RECOUPED FROM
THIRD PARTIES TO DATE:**

\$24.5m

A CASE STUDY: RAJIV INDIRA

Rajiv Indira was bridge-financed by Reall, enabling SSNS to access Slum Rehabilitation Authority payments to cover construction costs. Additionally, the project harnessed an innovative policy framework in Mumbai which granted transferable development rights (TDR) that enable construction beyond official height and density regulations, in return for building slum replacement housing.

In cases like Rajiv Indira where these additional rights are not utilised, they can be sold and transferred to other developers for significant additional income. Rajiv Indira was one of the first slum-replacement projects to trial this approach and has been key in proving TDR as an effective and commercially viable method of informal settlement upgrading, now replicated by other developers in the sector.



**TOTAL INVESTMENT
BY REALL:**

\$400k

**FUNDS RECOUPED FROM
THIRD PARTIES TO DATE:**

\$545k

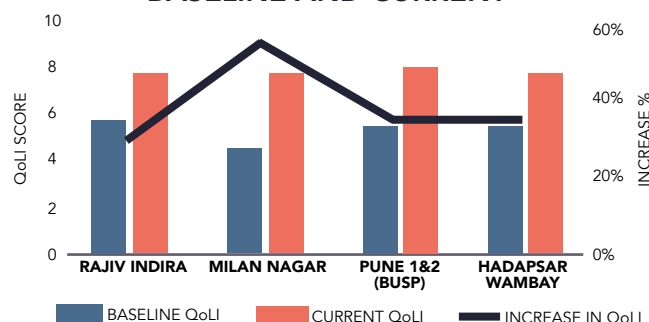
QUALITY OF LIFE INDEX

To assess the socio-economic impact Reall's investment, Reall developed the Quality of Life Index (QoLI) to provide a detailed and inclusive indicator of overall wellbeing of project residents. Using a scoring system from 0-10, it includes data regarding:

- Subjective wellbeing
- Incomes
- Overcrowding
- Affordability
- Access to water and sanitation
- Distance to workplaces, schools and services.

QoLI scores improved significantly in all surveyed locations, with an average increase of 38%. The impact of affordable housing was most prevalent in Milan Nagar, with a 53% increase against the index. This project houses residents who had previously been living on the streets, with some of the worst living conditions of all Reall clients at baseline.

**QUALITY OF LIFE INDEX AT
BASELINE AND CURRENT**



QOLI SHOWED INCREASES OF UP TO 53% ACROSS SURVEYED PROJECTS

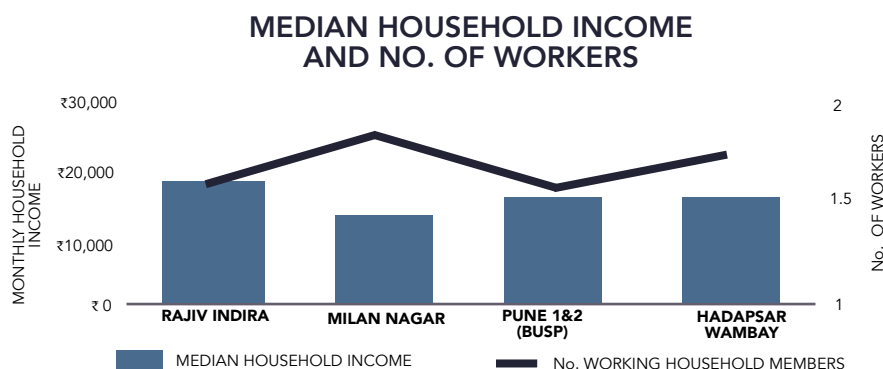
AFFORDABILITY

Reall invests in homes for those in the bottom 40% of the income pyramid. Data gathered demonstrates significant success in hitting this target market. Overall, 93% of clients were identified as being in the bottom 40% of income earners, with the majority in the bottom 20%. 48% of those clients were female, as Reall's investment strategy has driven increased gender inclusion for homeowners.

93%
OF HOUSEHOLDS IN
BOTTOM 40

10%
OF HOUSEHOLDS
INCLUDE SOMEONE
WITH A DISABILITY

5.5
MEAN HOUSEHOLD
SIZE



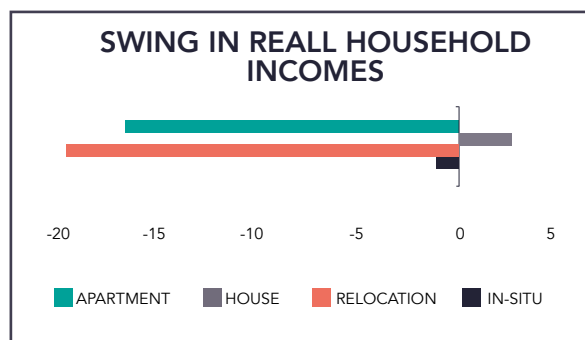
84% OF HOMEOWNERS SAT IN THE BOTTOM 20% OF INCOME EARNERS, BEFORE RECEIVING THEIR REALL AFFORDABLE HOUSING

CHALLENGING ECONOMIC CONDITIONS

UNDP data estimates that earnings for the bottom 40% in India have increased at less than half the rate of the national average over the last 18 years. This was apparent during Reall's data collection, with residents reporting significant financial challenges. Though total household incomes of residents increased significantly after they received their new homes, increased household expenditure due to inflation has meant reductions in 'real' spending power.

Reall's research suggests that these changes are closely linked with the type and location of the new housing that residents received, and similar findings were visible in other countries:

- In-situ vs relocation: Residents that remained in the same location, with new houses built on the plots of their previous homes, significantly outperformed those that were relocated, with a swing of -1% compared to -19%. This was due to greater travel distances to reach jobs, and fewer employment opportunities in new locations.
- Houses vs apartments: Residents that received houses were the only ones that experienced an increase in 'real' household incomes. This is likely due to the disruption of moving home-based enterprises into apartments, and could be mitigated through provision of more commercial spaces for residents.



EVIDENCE SUGGESTS HOUSEHOLDS WOULD HAVE BEEN WORSE OFF FINANCIALLY IF STILL IN THEIR PREVIOUS HOMES

WELLBEING

Extensive evidence and literature have demonstrated a strong association between housing conditions and the occupants' mental health. Decent, quality housing fosters an increased sense of privacy, security, control, and identity.

Reall's data supports this trend. Surveyed residents rated their perceived mental wellbeing and life satisfaction both before they received affordable housing and at present, on a 0-10 scale. Overall, residents consistently rated life satisfaction as 60% higher now than in their previous housing conditions, demonstrating a significant improvement in contentment and mental health as a direct result of home ownership.

MEDIAN WELLBEING SCORES



"The most significant change has been the mindsets of the people here. It has reduced people's stress levels, and their priorities have shifted to education and health."

- Thevar, Homeowner at Rajiv Indira

In both interviews and focus group discussions, it was frequently indicated that owning a home elevated a resident's standing within the wider community. This has led to improved confidence and self-esteem and opened up opportunities to live a more stable life and plan for the future.

Reall's housing projects in India were developed through close collaboration with the communities, promoting responsible ownership and sustainable communities. This has contributed to further improvements in wellbeing, creating close-knit, conscientious, and safe environments.

This was supported by participants in focus group discussions and interviews, often making reference to safer areas for women to socialise and for children to play, as well as reduced stigma within communities.

The anomaly in this trend is the Hadapsar project. Due to external circumstances the community was not involved in the housing development process and moved onto site with little time for preparation. As a result, and in contrast with other projects, the community never formed a residents' committee or fostered the collective action to maintain buildings or the surrounding area. This illustrates the vital importance of community involvement in and ownership of housing projects.

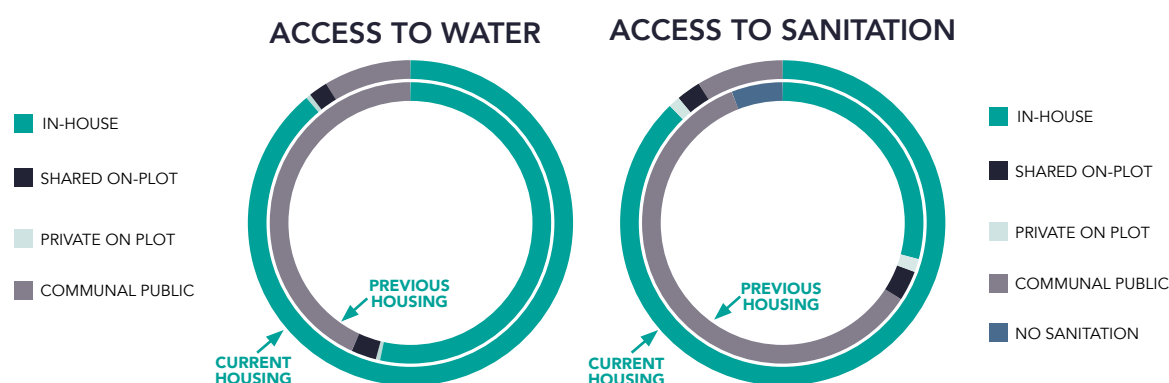
"I get better sleep as our family now feels safe and secured; there is no fear of eviction or demolition. No fear of our houses getting flooded with water or people dying of heat."

- Laxmi, Homeowner at Milan Nagar

HEALTH

Housing conditions have a profound impact on human health. Overcrowded, low quality slum housing can drastically increase both exposure to infectious disease and chance of injury, and in a post-Covid world, the need for affordable housing has become increasingly paramount.

The provision of fully serviced housing is a key, successful method of tackling this issue, and one that has been a cornerstone of all Reall projects. Prior to receiving their affordable housing, almost half of respondents in India purchased water from public water points within the city, and 66% of households either used communal public toilets or had zero access to sanitation. Now, all homes have access to either private toilets or a toilet shared with two other households, and the vast majority of homes have a private water point.

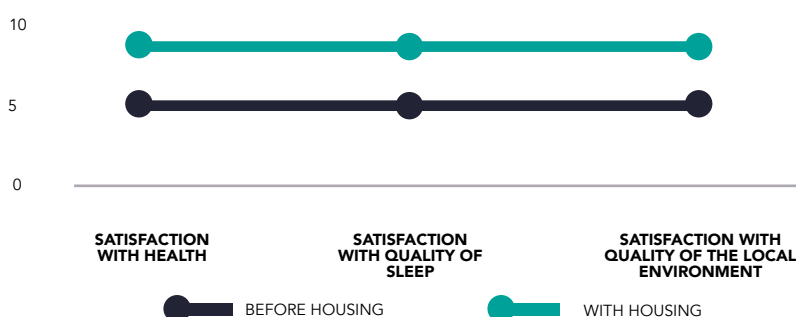


In addition to the physical implementation of in-house water and sanitation, the residents of Reall's affordable housing also demonstrated a 60% increase in subjective health, based on survey responses. This indicates a demonstrable improvement in the health of residents after receiving their affordable housing.

"Through owning a home, I've been able to radically improve the prospects of my three children. Since moving out of the slum, the constant illnesses that previously plagued us have vanished."

- Govind, Homeowner at Hadapsar Wambay

MEDIAN HEALTH SCORES



Ensuring a quality life for all: A key limitation of apartment buildings is accessibility for the elderly or disabled. At project development, these issues were mitigated through providing wide, light-filled corridors and allocating ground floor flats to those with the greatest needs. However, as the population has aged and children with complex needs have been born, this provision has in some cases been inadequate. As a result, all Reall housing must now reach disability access requirements to ensure that affordable housing is accessible to all. Stair lifts and communal wheelchairs in particular are noted affordable options that could drastically improve the quality of residents' lives on these projects.

OPPORTUNITIES FOR YOUNG PEOPLE

Reall's data shows that improved housing has had a particularly positive impact on young people, for whom housing can be the tool that breaks the poverty cycle. Young adults experienced a significant rise in opportunities available to them as a result of their improved housing, and were significantly more optimistic about their futures. These opportunities include:

ASSET BUILDING

Affordable housing can provide a financial asset to leverage resources or earn an income. A house can be offered as collateral for a loan, used as a base to run a small business, or rented out. This allows for greater stability and long term planning, and creates intergenerational change and mobility for young people.

Without the pressure of rental payments Thevar was free to take a break from earning and build a career that would never have been possible previously. He retrained as a yoga instructor and now teaches full time.

ACCESS TO EDUCATION

Building affordable quality homes is proven to boost school attendance and provides a safe space for children to do their homework with adequate lighting and less crowding.



"People are encouraging their children to get higher education... Many are in good professions and earning well."

- Thevar, Homeowner at Rajiv Indira

Reall's data demonstrates improved educational opportunities for those in permanent housing. As a result, many young adults are now seeking higher paid, skilled jobs in the formal sector that will bring increased stability in the future.

REDUCED DISCRIMINATION

Young people living in poor-quality housing experience stigma which can reduce access to job opportunities and harm mental health. Affordable housing provides residents with a permanent address that can be indicative of effective citizenship and prevent discrimination.



"Before, my children would not bring their friends home for the fear of being insulted... We did not get any respect from anyone. But after the move all the negatives were changed into positives. Children freely bring their friends home and relatives come and stay."

- Laxmi, Homeowner at Milan Nagar

IMPROVED MARRIAGE PROSPECTS

Having a financial asset in property often enables young people to marry into a higher socioeconomic group. This can be transformational in lifting households out of poverty, offering improved livelihoods and greater opportunity.



With their new affordable home, Govind was able to find good marriage prospects for his children. His daughter has since moved into a middle-income neighbourhood with her husband, where together the couple have purchased land and constructed their own two storey house.

Young people in focus groups and interviews frequently noted that they were no longer singled out as "slum dogs" or discriminated against, as a result of their affordable homes.