

AFFORDABLE HOUSING AND SUSTAINABLE COMMUNITIES IN URBAN AFRICA AND ASIA



**REALL IS PIONEERING
COMMERCIALLY VIABLE
SOLUTIONS FOR CLIMATE-
SMART AFFORDABLE
HOUSING IN URBAN AFRICA
AND ASIA.**

**BY MOVING BEYOND
INDIVIDUAL HOMES
TOWARDS DEVELOPING
SUSTAINABLE
COMMUNITIES,
URBANISATION CAN BE
HARNESSED TO DRIVE
IMPACTFUL AND INCLUSIVE
GROWTH.**

THE GLOBAL HOUSING OPPORTUNITY

1.2 billion people worldwide live in substandard housing, and this number is increasing quickly in the context of rapid urban population growth. An estimated 300 million new homes will be required by 2030 to bridge the global deficit, with the majority concentrated in rapidly urbanising Sub-Saharan Africa, South Asia, and Southeast Asia.¹ This demand represents an uncrowded US\$17 trillion market opportunity.

While the challenge is vast, the potential for impact is enormous. Quality affordable housing with secure tenure and clean water and sanitation is a catalyst for meeting the health and wellbeing of people living on low incomes. Delivering housing at scale also drives macroeconomic growth, job creation and financial inclusion, while boosting climate resilience and social cohesion. In the context of the Covid-19 global pandemic, the link between housing and healthcare has never been more evident.²

Supported by both the UK (FCDO) and Swedish (Sida) governments, Reall is an innovator and investor in climate-smart affordable housing for the bottom 40%

of the income pyramid in urban Africa and Asia. Reall has invested US\$80 million into impactful affordable housing development since 2000, housing over 100,000 people and creating over 80,000 new jobs.³

Reall and its in-country partners showcase the investable proposition and cross-cutting impact of climate-smart affordable housing – opening a doorway to 16 of 17 Sustainable Development Goals (SDGs).⁴ Through this, Reall crowds in actors and resources to transform housing markets and improve the lives of 100 million people by 2030.

HOUSING AND URBANISATION

The world is undertaking one of the most profound demographic transformations in history. Currently, 56% of the world's population reside in urban areas, with this rising to 68% by 2050. This represents a staggering increase of 2.5 billion people over the next three decades.⁵

This explosive growth will be heavily concentrated in Africa and Asia. Sub-Saharan Africa will add 950 million new

urban dwellers by 2050, giving birth to several megacities. South Asia will add almost 600 million new urban residents over the same period.⁶ These changes are transforming societies across both continents – becoming denser, faster, younger, and modern.

While urbanisation drives economic transformation, urban growth in these regions often outpaces the capacity of national and municipal governments to cope – resulting in sprawl and substandard housing. People living on low incomes are forced into segregated spaces that are disconnected from infrastructure, or into overcrowded and unsanitary informal settlements. These areas present problems with air quality, poor public lighting and signalling, dirty water, open sewers, unpaved narrow paths and irregular surfaces.

In these locations housing is typically constructed inadequately, below any minimum standards and with inappropriate materials. Limited access to public spaces, transportation, education and healthcare perpetuates poverty and reinforces the lack of decent housing options. This inhibits the realisation of the SDGs and the 'leave no one behind' agenda. Often, these locations are also those most at risk to extreme climate change impacts.⁷

¹ World Bank, 'Housing for All by 2030' (2016), <https://www.worldbank.org/en/news/infographic/2016/05/13/housing-for-all-by-2030>

² Maimunah Mohd Sharif and Leilani Farha, *Housing is Both a Prevention & Cure for Covid-19* (2020), <https://unhabitat.org/housing-is-both-a-prevention-cure-for-covid-19>

³ Reall, 'Data Dashboard: Global Impact' (2021), <https://www.reall.net/data-dashboard/global/>

⁴ Reall, 'Sustainable Development Goals X Affordable Housing' <https://www.reall.net/sustainable-development-goals-x-affordable-housing/>

⁵ United Nations Department of Economic and Social Affairs (UN DESA), '68% of the world population projected to live in urban areas by 2050, says UN' (2018), <https://www.un.org/development/desa/en/news/population/2018-revision-of-world-urbanization-prospects.html>

⁶ UN DESA, *World Urbanization Prospects: The 2018 Revision* (2018), <https://population.un.org/wup/>

⁷ Over 95% of the 234 cities most affected by climate change and considered 'extreme risk' in the Climate Change Vulnerability Index are in Africa and Asia.

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THERE IS AN URGENT NEED FOR CHANGE.

Without renewed thinking and an emphasis on innovation, poor urban planning and inadequate investment will constrain the possibilities of harnessing the untapped development potential of urbanisation. Sub-Saharan Africa's housing deficit is currently estimated at 60 million homes, while South Asia's deficit stands at 80 million homes.⁸ These massive backlogs drive up housing prices while preventing the emergence of more sustainable communities and cities. There is an urgent need for change.

SUSTAINABLE COMMUNITIES

Gaining access to secure, health promoting, and affordable housing is essential for escaping the cycle of urban poverty. Reall and its partners have also learned that practitioners and policymakers must look beyond the sole provision of individual homes or units, towards developing inclusive housing communities that are accessible to people on low incomes while being economically, socially, and environmentally sustainable.⁹

Realising this vision requires intelligent urban design and planning principles, underpinned by a culture of sustainability, delivered with effective project management. Strategic foresight and patient capital investment are also essential, as this approach to housing development often defers immediate financial rewards in anticipation of longer-term returns and impact.

Reall and its partners have found the that key dimensions to developing sustainable communities are:

- **Urban Planning:** Effective urban planning ensures communities develop rationally, widening access to services and future proofing against extreme urban growth. This also enables higher-density building, which is essential to improving affordability and lowering emissions. Several Reall developer partners have embraced vertical building models and rationally planned communities, while aligning their developments with wider city planning processes
- **Climate-Smart Housing:** Alternative building materials and technologies can lower the carbon footprint of affordable homes, while improving thermal comfort and energy efficiency. For example, Reall Partner ModulusTech is developing bespoke houses in Pakistan using recyclable materials and sustainable alternatives to cement. A ModulusTech house has a carbon footprint that is up to 52 times lower than traditional concrete homes¹⁰
- **Resilience:** Climate-smart homes are more resilient to extreme weather events, disasters, and disease pandemics. Affordable housing communities also contribute to the resilience of their wider regions – transforming disconnected neighbourhoods into thriving cities. In Mozambique, Reall's partner Casa Real has developed resilient affordable homes that withstood the devastating impact of Cyclone Idai in 2019 with minimal damage¹¹
- **Livelihoods:** For affordable housing to be economically sustainable, it is essential that communities are connected to major employment centres and opportunities. Impact evaluations of Reall-funded housing developments have found that homeowner incomes contract when relocated to new areas of cities for housing, in comparison to when jobs and infrastructure are considered from the outset¹²
- **Access to Services:** Delivering affordable housing in tandem with clean water and sanitation, solid waste collection, electricity, roads and transportation is essential for sustainable settlements. Reall developer partners work with municipal governments to access infrastructure, and several partners also provide bespoke off-grid solutions. In Kenya, Reall's partner BuildX Studio is driving a new housing design focused on developing a circular housing economy, where waste and emissions are minimised whilst recycling and reuse are maximised¹³
- **Financial Inclusion** The availability of appropriate housing finance impacts the financial sustainability of communities. This is because many people living on low incomes are simply unable to afford quality homes without access to affordable loans and mortgages. Reall has facilitated affordable housing finance solutions for over 17,000 households in urban Africa and Asia to date, which includes brokering the first ever formal mortgage products for low-income customers in Pakistan and Mozambique¹⁴
- **Community Engagement and Structures:** Engagement and open dialogue with target customers is essential when planning and developing housing projects. This ensures that inclusive communities are fostered in which people feel secure and are motivated to maintain their surroundings. Several Reall partners have established resident committees and women's groups for these purposes, including Reall's long-standing Indian partner SPARC Samudaya Nirman Sahayak (SSNS).¹⁵

8 Compiled by Reall based on most recent housing deficit calculations and projections (2021).

9 This 'three-pillar' conception of sustainability (social, economic, environmental) is widely accepted and underpins the SDGs. These principles are also informally used as profit, people, and planet.

10 Reall, *Reall Partnerships: ModulusTech* (2020), <https://www.reall.net/wp-content/uploads/2020/09/ModulusTech.pdf>

11 Centre for Affordable Housing Finance in Africa (CAHF), *Affordable and Climate Resilient Building: A Case Study of Casa Real in Beira, Mozambique* (2020), <https://housingfinanceafrica.org/documents/case-study-17-affordable-and-climate-resilient-building-a-case-study-of-casa-real-in-beira-mozambique/>

12 Reall, *Impact Report Briefing: Key Findings on Quality of Life in Reall's Affordable Homes* (2020), <https://www.reall.net/wp-content/uploads/2020/10/Impact-Report-Briefing.pdf>

13 Reall, *Reall Partnerships: BuildX Studio* (2020), <https://www.reall.net/wp-content/uploads/2020/09/BuildX.pdf>

14 Andrew Jones, Lisa Stead and Lucy Livesley, 'Partnership and financial innovation: Reall and unlocking affordable housing markets in urban Africa and Asia', *Housing Finance International* (2020), <https://www.reall.net/wp-content/uploads/2020/10/Jones-Stead-Livesley-Reall-and-unlocking-affordable-housing-markets-in-urban-Africa-and-Asia.pdf>

15 Reall, *Impact Summary Brief: India* (2020), <https://www.reall.net/wp-content/uploads/2020/10/India-Impact-Summary-Brief.pdf>

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CASE STUDY: ANSAAR MANAGEMENT COMPANY (AMC)

ONE OF REALL'S PARTNERS IN PAKISTAN – AMC – SHOWCASES HOW SUSTAINABLE HOUSING COMMUNITIES CAN BE IMPACTFUL AND COMMERCIALY VIABLE, EVEN IN CHALLENGING LOW-INCOME URBAN ENVIRONMENTS.



About AMC

A social enterprise, AMC develops affordable housing within or close to large cities in Pakistan such as Faisalabad, Lahore, Multan, and Peshawar.

AMC emphasises high design quality of both their houses and the surrounding neighbourhoods, which are positioned around large, safe green spaces for communal use. Single storey units are constructed with the option to extend vertically, and community sites also include communal park areas, schools, places of worship and commercial units.

AMC provides free access to drinking water via on-site reverse osmosis plants,

and also employs dedicated Community Development Officers to support residents and promote social cohesion.

The Impact

Reall's 2019-2020 Impact Study¹⁶ captured the transformative improvements in the quality of life for AMC's homeowners, especially women. Many occupants directly attribute this to the quality housing and tranquil, safe environments developed by AMC.

These secure environments are often described as unique in Pakistan and enable residents to interact safely with neighbours and grant them the assurance that their families are safe whilst they are away at work. These

impacts are especially profound for women and girls. Access to recreation and play facilities have also been linked to improved wellbeing, behaviour, and educational performance among children.

A Placemaking Approach

AMC's 'placemaking' approach demonstrates that through strategic and creative interventions, underused urban areas once associated with disinvestment and isolation can become places for people and communities. Capital investment from Reall was essential to incubate the early phases of AMC's construction work and ensure equitable, sustainable development for their clients living on low incomes.

KEY RECOMMENDATIONS AND WAYS FORWARD

Reall and its partners demonstrate the investable proposition and impactful opportunity of climate-smart affordable housing for the bottom 40% in urban Africa and Asia. To scale this impact further and enable the development of sustainable communities for all will require **sustained commitment and joined-up interventions by stakeholders across the ecosystem.**

- **Affordable urban housing developments must have access to infrastructure and services**, including transport, livelihoods, social services and commerce. Without this, isolated communities will emerge. Access to jobs is critical for safeguarding incomes after relocation
- **African and Asian governments must commit to legislation and policies that improve construction standards** for planning, housing, infrastructure, and public spaces, while reducing carbon emissions. These should be linked with appropriate indicators to assess progress
- **There is a need to build capacity of decision makers and built environment professionals for affordable housing and urban planning.** Housing construction must be informed by principles of sustainable urbanism, aligning with wider efforts to improve health, alleviate poverty, create jobs, and boost resilience
- **Renewable energy within affordable housing projects is a huge untapped opportunity.** Installing climate-smart solutions will improve access to clean energy, while reducing reliance on 'dirty' energy and lowering long-term living costs
- **Access to affordable end-user housing finance must be improved for people living on low incomes** to deepen inclusion and widen affordability. This requires sustained evidence of commercial viability, innovative financial partnerships, and evidence-based interventions to leverage banks and lenders 'downmarket'
- **Affordable housing developers must engage with local communities and target clients to understand demand.** This will enable housing estates that are inclusive, sustainable, and characterised by responsible ownership of public facilities and services

¹⁶ Reall, *Impact Summary Brief: Pakistan* (2020), <https://www.reall.net/wp-content/uploads/2020/11/Pakistan-Impact-Summary-Brief.pdf>