IUHF
www.housingfinance.org

Summer 2026

HOUSING FINANCE INTERNATIONAL

The Quarterly Journal of the International Union for Housing Finance

- Is the Australian Labor Party succeeding in resolving the housing crisis it faced when it regained government in May 2022?
- Unlocking blended finance in Africa: bridging the gap between investors and developers
- Blended Finance: A housing solution
- Paving the way for affordable and available housing: the case of Lille

International Union for Housing Finance

Housing Finance International

Housing Finance International is published four times a year by the International Union for Housing Finance (IUHF). The views expressed by authors are their own and do not necessarily represent those of the Editor or of the International Union.

ISSN: 2078-6328
Vol. XLI No. 4

➔ **Subscriptions:**
Regular Annual Rate €250

For further details, please contact Mark Weinrich (weinrich@housingfinance.org)

Contents:

International Union for Housing Finance
Rue Montoyer 25, B-1000 Brussels – Belgium
Tel: +32 2 231 03 71
Fax: +32 2 230 82 45
www.housingfinance.org
Secretary General: Mark Weinrich

The end of the end of History?

We are, literally a world away from the easy confidence following the end of the cold war and the belief in the beneficent triumph of liberal democracy, globalisation, free markets and accompanying prosperity and stability. Statements such as:

"The triumph of the West, of the Western idea is evident first of all in the total exhaustion of viable systematic alternatives to Western liberalism",[1]

were accepted by many as plausible predictions of a future in which the churning process of history was to be replaced by the calmer waters of a post-historical world.

The inevitable sense of irony engendered by retrospective journeys into our ideological past is particularly pointed at the present time.

As I write this editorial the latest announcement of a "peace deal" to end the conflict in the Middle East is only a few hours old and the deal (really a memorandum of understanding leaving much still to be negotiated) is not scheduled to be signed for some days. Given the past litany of predictions about imminent peace deals (over 30 by some counts) one must maintain a large dollop of scepticism in the interim, although the fact both the US and Iran plus the mediator are apparently in agreement on the prospect of a deal gives grounds for optimism.

However, the damage has already been done. Apart from the physical damage in the region and the civilian lives lost and ruined, the economic stability of economies across the world and the welfare of some of the most vulnerable communities has been undermined. The EU Central Bank has just raised three key interest rates, and while the Bank of England has not raised its bank rate, a reversal of the previous trend to reduce it is widely predicted. The disruption of global fertiliser production is likely to cause famine in Africa later in the year, employment and growth predictions have been downgraded, the list goes on. That a conflict like this one could have arisen and is likely to result in so few positive outcomes and so much misery is a testament to instability and irrationality of what used to be know as the World Order.

As if all this were not enough, consider the unresolved war in Ukraine, the graveyard that is Gaza, the rise in extreme nationalism and increasingly xenophobic reactions to immigration in so many "civilised" countries, the replacement of free markets with tariffs and the escalation of defence spending in so many states. As cash-strapped governments trade social security for military security are we even clear what is being defended? All this confounds our previous expectations of a rules- based and predicable geo-political substratum, on which economic, political and business decisions could be made and where there was a fundamental social and political consensus on which the outputs of such decisions could be built.

Those running businesses that operate in housing and lending markets are facing a world in which old certainties and existing practices must adapt to a rapidly changing and far less accommodating business environment. The key to survival will lie in understanding that environment and being capable of adapting to it. Knowledge is key. *Housing Finance International* will continue to provide access to some of the best and most timely sources of knowledge and understanding just as we have been proud to do up to the present.

Australia has been badly hit by the Middle East war, and it is therefore fitting that our leading main article is from the country. In *Is the Australian Labor Party succeeding in resolving the housing crisis it faced when it regained government in May 2022?*, The author, Alan Morris, sets out the housing crisis that the Labor Government inherited: escalating prices outstripping incomes, falling levels of homeownership, dwindling levels of social housing, and a rapidly growing private rented sector. Morris then goes on to analyse the extent to which the Government of Anthony Albanese has succeeded in resolving what is predominantly a crisis of affordability. His answer is highly qualified; there have been some significant measures introduced but there are flaws in fundamental thinking so that there is, so far, no real grip on affordability.

Given the chronic nature of affordable housing deficits across Africa, we are pleased to offer two complimentary articles on blended finance, seen by many as an innovative way of increasing the development of appropriate housing and infrastructure.

Our first article on blended finance is *Unlocking blended finance in Africa: bridging the gap between investors and developers* by Davina Wood and Margaux Morenas. The authors point to the increasing investment in affordable housing across Africa by institutional investors. They go on to discuss how blended finance, combining "concessional capital, credit enhancement and technical assistance are improving the risk/return profile of projects." A very useful piece.

The second article on blended finance is by Palesa Mkhize and is entitled *Blended Finance: A housing solution*. The article draws on an Africa Union for Housing Finance (AUHF) masterclass on blended finance to show how blended finance can assist governments in stimulating development of housing for the "missing middle"– those unable to access welfare-based initiatives but also unable to access conventional mortgage finance.

We are excited to include an unusual article by Jean-Baptiste Debrandt, the Head of the Department of New and Old housing of the City of Lille Administration. The article outlines some fascinating innovative practices in the fields of planning and development including the introduction of Community Land Trusts (CLT) French style! This article is unusual and well worth reading.

Overall, we hope this issue of *Housing Finance International* will provide some positive encouragement and some relief from a less than encouraging world geo-political scene.

Andrew Heywood

June 2026

[1] The End of History?, Francis Fukuyama, The National Interest, Summer 1989.

Contributors' biographies

Davina Wood Buckley is President of the Affordable Housing Institute, where she leads the firm's International Development Consulting practice. With over 15 years of experience in affordable housing finance, she advises global institutions, governments, and private sector actors on housing policy and investment strategy.

Jean-Baptiste Debrandt is an urban planner, having worked in the field of urban planning since the early 2000s. He has been Head of the Department of New and Old Housing in the City of Lille administration since 2014, coordinating a team of 7 collaborators, dedicated to supporting the implementation of new construction and renovation policies. He contributed technically to the creation of the Organisme de Foncier Solidaire de la Métropole Lilloise, the first approved Community Land Trust in France in 2017.

Thandiwe Dhlamini is the AUHF Coordinator within the Centre for Affordable Housing Finance in Africa. She holds a BA in History and Development Studies and completed the Housing Finance Course for Sub-Saharan Africa in 2018. She has experience in project management which she has gained through working with local and International Non-Governmental Organisations. She is passionate about community development and curbing injustices and inequalities affecting the underprivileged.
EMAIL: *thandiwe@housingfinanceafrica.org*

Claudia Magalhães Eloy holds a PhD (USP), an MBA on Construction Economics and Real Estate Financing (OEB) and a Master's Degree in City Planning (UPenn). After having worked as housing program manager at Bahia´s Housing Company and as planning manager for the Development Agency of Bahia, she has been working as an independent consultant, specialized in housing finance, funding, policy and subsidies. Clients have included the IADB, the World Bank, GIZ and CAF, as well local research foundations and homebuilders' associations in Brazil. She was the finance lead specialist in the elaboration of Brazil´s National Housing Plan (Planhab, 2008/2009) and for Planhab's ExPost Analysis (2023). Claudia has published several articles as well as chapters of books on housing finance and is a member of the Board of Directors of a non-profit organization – Santa Fé – which assists homeless children and adolescents in São Paulo.

Andrew Heywood is an independent consultant specialising in research and analysis of housing and mortgage markets, regulation and policy with both a UK and international focus. He is a visiting fellow of the Cambridge Centre for Housing and Planning Research [CCHPR] and a research fellow with the Smith Institute. He is also Editor of the journal Housing Finance International. Andrew writes for a number of publications on housing and lending issues and publishes reports commissioned by a wide range of clients.
EMAIL: *a.heywood53@btinternet.com*

Margaux Morenas is a Director at the Affordable Housing Institute, specializing in affordable housing policy, finance, and African housing markets. She has led major regional studies for the World Bank, IFC, Proparco, and CRRH-UEMOA.

Alan Morris is a professor at the Institute for Public Policy and Governance at the University of Technology Sydney. He works mainly in the areas of housing and marginality. His most recent book is *The Private Rental Sector in Australia: Living with Uncertainty*, co-authored with Kath Hulse and Hal Pawson.

Edward J. Pinto is a senior fellow of the American Enterprise Institute and the Founder of the AEI Housing Center in Washington DC.

Alex J. Pollock is a senior fellow at the Mises Institute, a past-president of the IUHF, the author of *Finance and Philosophy – Why We're Always Surprised, and co-author of Surprised Again! The Covid Crisis and the New Market Bubble.*

Zaigham M. Rizvi is currently serving as Secretary General of the Asia-Pacific Union of Housing Finance and is an expert consultant on housing and housing finance to international agencies including the World Bank/IFC. He is a career development finance banker with extensive experience in the field of housing and housing finance spread over more than 25 countries in Africa, the Middle East, South-Asia, East-Asia and the Pacific. He has a passion for low-cost housing.

Mark Weinrich holds graduate degrees in political science and economics from the University of Freiburg, Germany. He is the General Secretary of the International Union for Housing Finance and the manager for international public affairs at the Association of Private German Baus.

African Union for Housing Finance (AUHF)

↳ By Thandiwe Dhlamini

Africa's housing finance sector continued to gather momentum during the second quarter of 2026, marked by major policy commitments, institutional transformation, capital market activity and innovative approaches to housing delivery. From the adoption of the Nairobi Declaration at the Second Africa Urban Forum and the Baku Call to Action at the World Urban Forum, to new bond issuances, housing microfinance initiatives and climate-resilient housing programmes, the period reflected growing recognition that housing is both a social imperative and an economic driver. Across the continent, governments, development finance institutions, mortgage refinance companies and private sector actors strengthened partnerships aimed at mobilising capital, expanding access to housing finance and supporting sustainable urbanisation. Three themes emerge from this quarter's developments: stronger continental cooperation, increasing sophistication in housing finance markets, and a renewed focus on inclusion and resilience.

Key continental issues, gatherings and outcomes

The dominant story of this period was the Africa Urban Forum 2 (AUF2), convened by the African Union Commission and hosted by the Government of Kenya, with technical support from UN-Habitat and the United Nations Economic Commission for Africa. Opening the Forum, Kenya's Prime Cabinet Secretary Dr Musalia Mudavadi called for a shift "from conversation to execution, towards bankable projects, investable pipelines, and implementable policies that translate our ambitions into results on the ground". The Nairobi Declaration commits member states to legislate predictable fiscal transfers and ring-fenced housing and infrastructure grants to subnational governments, to champion housing as an economic driver through lower capital costs, and to leverage the African Continental Free Trade Area (AfCFTA) to drive industrialisation in the housing value chain. For the AUHF and its members, this is a significant marker, it places government, as primary enabler, alongside the housing finance industry in a single continental framework, a theme that resonates directly with the AUHF's own preparations for its 42nd Annual Conference in Lusaka in November, themed Transforming Africa's Housing Future: Innovation, Technology and Value Chain Synergies.

Read the Nairobi declaration here: https://au.int/sites/default/files/newsevents/workingdocuments/46115-wd-AUF2-_Draft_Declaration_English_0.pdf

AUHF members at WUF13

The Thirteenth Session of the World Urban Forum (WUF13), held in Baku, Azerbaijan from 17–22 May 2026 under the theme "Housing the World: Safe and Resilient Cities and Communities," drew over 57,000 participants from 176 countries, including 11 heads of state, 88 ministers and 130 mayors, making it the largest Forum in the event's history. For the AUHF and its members, the Forum was a significant platform. The AUHF, together with the CAHF Secretariat and members from across the continent, participated throughout the week hosting a partner led session and speaking in various sessions. The Forum closed with the adoption of the "Baku Call to Action," which commits signatories to expanding finance for affordable housing; including by pioneering new ways to calculate and manage risk, targeting subsidies, expanding access to credit, and blending finance, alongside strengthening multilevel governance and making homes climate resilient.

Read the Baku call to action here: https://unhabitat.org/sites/default/files/2026/05/wuf13_baku_call_to_action.pdf

AUHF member Shelter Afrique Development Bank had one of the most visible presences of any African institution at WUF 13. ShafDB, working with the African Development Bank Group, used WUF13 to launch a new Municipal Toolkit aimed at strengthening subnational governments' capacity to plan, finance and deliver housing and urban infrastructure. The Bank also co-convened, with UN-Habitat and CAHF, a "Housing Compact and Deal Room" session designed to connect bankable housing projects with investors and held bilateral knowledge-exchange engagements with India's National Housing Bank and Gulf Cooperation Council institutions on climate-resilient urban financing. Reflecting on the week, ShafDB's delegation noted that the future of Africa's growth will depend on the continent's ability to redesign its financial architecture around climate resilience and urban investment.

See the Shelter Afrique Municipal Toolkit here: https://www.content.shelterafrique.org/en/wp-content/uploads/2026/05/Affordable-Housing-toolkit-Final-May-2026.pdf

While policy commitments continue to shape the continental housing agenda, a parallel transformation is taking place within Africa's housing finance institutions themselves. Across the continent, institutions are expanding their mandates, accessing capital markets and developing new instruments to support housing delivery at scale.

Shelter Afrique Development Bank completes transition and reports strong profit growth

AUHF member Shelter Afrique Development Bank (ShafDB) held its 45th Annual General Meeting in Rabat, Morocco, from 9–10 June 2026. During this AGM ShafDB unveiled a new brand identity, marking the completion of its transition into a fully-fledged Multilateral Development Bank focused on accelerating housing and urban development across Africa. Alongside the rebrand, ShafDB reported a 20% increase in profitability, demonstrating its ability to balance social impact with commercial sustainability despite currency volatility and inflationary pressures across several member states. During the AGM, Managing Director and CEO Mr Thierno-Habib Hann highlighted Africa's housing deficit of more than 53 million units and outlined how the institution's expanded mandate will strengthen its capacity to mobilise capital and support governments, developers and financial institutions in delivering housing and urban infrastructure. He also presented a four-pillar business model that addresses the entire housing value chain: financing banks, microfinance institutions and mortgage lenders to stimulate housing demand; funding private developers and construction firms to increase housing supply; supporting governments through public-private partnerships for housing delivery, urban renewal and slum upgrading; and investing in impact-focused initiatives such as women's housing, climate-resilient housing, SME development, youth employment and basic infrastructure. The Bank further announced plans to expand its capital mobilisation capacity beyond US$1 billion through local-currency bond issuances and capital market initiatives across East and West Africa, reinforcing its role as a leading catalyst for affordable housing, urban infrastructure and sustainable development on the continent.

Find out more about Shelter Afrique Development Bank: http://www.auhf.co.za/shelter-afrique/

Source: https://www.cnbcafrica.com/media/7781019873926/shafdb-launches-rebrand-reveals-strong-2025-financial-results

Côte d'Ivoire Ratifies Agreement to Host Shelter-Afrique Development Bank

April 2026, the Government of Côte d'Ivoire approved a decree ratifying the agreement to host the Shelter-Afrique Development Bank in Abidjan. This move positions the country as a regional hub for housing finance in West Africa and aiming to strengthen access to long-term capital for real estate development amid an estimated housing deficit of over 800,000 units. The decision is expected to enhance financing capacity across the housing value chain by enabling greater mobilisation of capital from governments and capital markets, improving coordination between public and private sector actors, and supporting developers and financial institutions in delivering large-scale affordable housing programmes. By anchoring a pan-African housing finance institution within its jurisdiction, Côte d'Ivoire seeks to accelerate sector transformation, expand housing supply, and develop more structured financing solutions to respond to rapid urbanisation and growing household demand.

Source: https://www.ecofinagency.com/news-finances/0204-54385-cote-d-ivoire-ratifies-agreement-to-host-shelter-afrique-development-bank

CRRH-UEMOA rebrands as AFINHAB and signals new wave of social housing financing in West Africa

AUHF member CRRH-UEMOA, the Lomé-based regional mortgage refinancing institution serving the eight WAEMU countries, has officially rebranded as AFINHAB short for *Afrique, finance et habitat* (Africa, finance and housing). Rebranding marks a strategic shift to deepen its role in expanding housing finance across West Africa. The announcement was made by CEO Mrs Yedau Ogoundele at the second edition of the BOAD Development Days in Lomé, a forum focused on sustainable housing finance and development in the region.

The rebrand comes on the back of a strong 2025 performance, during which the institution significantly scaled its impact through innovative capital market instruments. These included a FCFA 60 billion (approx. US$105 million) labelled social bond, rated "SQS1 – Excellent" by Moody's and listed on both the BRVM and the Luxembourg Green Exchange, as well as the launch of its first residential mortgage-backed securitisation under the ZAKA programme in partnership with BOAD Securitisation and NSIA Banque Côte d'Ivoire. The institution also recorded a refinancing volume of FCFA 60.4 billion, reinforcing its role in supporting liquidity within WAEMU housing finance markets.

Looking ahead, Mrs Ogoundele confirmed that a second social bond issuance is imminent, expected to bring total social financing commitments to around FCFA 100 billion (approx. US$175 million). The institution is also advancing new partnerships with the World Bank and BOAD aimed at strengthening household financial inclusion and expanding access to affordable housing finance across the region.

Find out more about AFINHAB: https://afinhab.org/en

Source: https://www.ecofinagency.com/news-finances/2105-55817-how-crrh-wants-to-expand-mortgage-finance-across-waemu-interview-with-crrh-uemoa-ceo-yedau-ogoundele

https://www.financialafrik.com/en/2026/05/20/the-crrh-uemoa-approves-a-record-breaking-year-in-2025-and-accelerates-its-strategic-transformation-in-support-of-affordable-housing/

KMRC returns to capital markets with sustainability-linked bond

AUHF member Kenya Mortgage Refinance Company (KMRC) returned to the capital markets with a KSh 3.0 billion (approx. US$23 million) bond issuance, opened on 28 April 2026 under the second tranche of its KSh 10.5 billion Medium-Term Note programme. This marks KMRC's first capital markets fundraising in four years and introduces an eight-year amortising, sustainability-labelled note structured under its Sustainable Finance Framework, which was published in March 2026. The framework commits 100% of net proceeds to refinancing eligible green and social housing loans, reinforcing KMRC's mandate to expand affordable housing finance in Kenya. The offer closed on 12 May 2026 and was listed on the Nairobi Securities Exchange Fixed Income Securities Market on 25 May 2026.

Find out more about KMRC: https://www.auhf.co.za/kenya-mortgage-refinance-company/

Source: https://thekenyatimes.com/latest-kenya-times-news/kenya-mortgage-refinance-company-plc-rolls-out-second-tranche-issuance/

Nigeria Mortgage Refinance Company lists oversubscribed N11.5 billion bond

AUHF member Nigeria Mortgage Refinance Company (NMRC) has listed an N11.50 billion (approx. US$7.3 million), 10-year, 17.25% Series 1 Fixed Rate Bond on the FMDQ Securities Exchange in May 2026, under its N440 billion (approx. US$280million) Medium-Term Note Programme. The issuance, arranged by Stanbic IBTC Capital as sole issuing house and bookrunner, recorded strong investor demand and was oversubscribed, reflecting continued confidence in Nigeria's housing finance instruments. Proceeds from the bond will be deployed to expand NMRC's refinancing capacity and strengthen liquidity support to primary mortgage lenders, thereby enhancing the flow of long-term housing finance in the market. The listing also follows renewed policy momentum in March 2026, when the Federal Ministry of Housing and Urban Development called for closer collaboration between NMRC, the Federal Mortgage Bank of Nigeria (FMBN), Family Homes Funds Limited (FHFL), and the Ministry of Finance Incorporated (MOFI) under the newly approved N150 billion (approx. US$95million) MOFI Real Estate Investment Fund (MREIF), aimed at deepening institutional coordination in affordable housing finance.

Find out more about NMRC: https://www.auhf.co.za/nigeria-mortgage-refinance-company/

Source: https://businessday.ng/companies/article/nigeria-mortgage-refinance-company-lists-n11-50bn-fixed-rate-bond-on-fmdq-exchange/

New tax regime trims CABS profits despite strong lending growth in 2025

AUHF member the Central Africa Building Society (CABS) delivered a strong operational performance for the year ended 31 December 2025, with profit before tax increasing 21.1% to US$38.59 million, supported by improved investment income and fair value gains. However, the introduction of a new income tax regime for building societies effective January 2025 limiting tax exemptions to mortgage-related income resulted in a US$15.11 million tax charge, reducing after-tax surplus to US$23.48 million from US$31.87 million in 2024. Despite this impact on profitability, CABS continued to expand its balance sheet and lending activity, with total assets rising nearly 27% to US$632.4 million and loans increasing to US$253.26 million, underpinned by credit lines from development finance institutions including the African Export-Import Bank, the European Investment Bank, and the Trade and Development Bank, as well as participation in national infrastructure and targeted financing facilities aimed at strengthening productive sector lending and critical infrastructure investment.

Find out more about CABS: http://www.auhf.co.za/central-africa-building-society-cabs/

Source: https://www.newsday.co.zw/theindependent/business-digest/article/200053485/cabs-takes-us15m-hit-from-new-tax

Tanzania Mortgage Refinance Company launches wholesale housing microfinance scheme

Tanzania has taken a significant step towards broadening access to housing finance with the launch of a new Wholesale Housing Microfinance Scheme by AUHF member Tanzania Mortgage Refinance Company (TMRC), in partnership with AUHF member, Habitat for Humanity International. The initiative is designed to address the long-standing exclusion of low-income and informally employed households from conventional mortgage markets across Africa. Through an estimated TSh 30 billion (approx. US$11.3 million) facility channelled via participating financial institutions, the scheme enables households to access incremental housing finance using alternative forms of collateral and non-traditional income assessment methods, while also easing reliance on formal title deeds. The programme reflects the reality that many African households construct their homes progressively over time and therefore require smaller, flexible, and more accessible financing solutions rather than standard long-term mortgages. With only a small proportion of Tanzanians currently qualifying for mortgage finance, the initiative represents an important shift towards more inclusive housing systems and offers a replicable model for expanding housing finance access across similar markets in Africa. It also signals a broader continental trend towards recognising informal incomes and incremental housing processes as legitimate and financeable pathways to homeownership.

Find out more about TMRC: http://www.auhf.co.za/tanzania-mortgage-refinance-company-ltd/

Source: https://www.thecitizen.co.tz/tanzania/business/new-housing-microfinance-scheme-to-widen-access-for-low-income-earners-5380498#google_vignette

Formalising informal capital: CBZ's strategy for housing finance and urban infrastructure development in Zimbabwe

AUHF member CBZ Holdings is positioning the formalisation of Zimbabwe's large informal economy as a key driver of financial sector growth, housing finance expansion, and urban infrastructure development. The institution is developing tailored financial products for informal sector participants and applying alternative credit assessment methods to channel billions of dollars currently circulating outside the formal banking system into productive investment. Housing finance has emerged as a key entry point in this strategy, with residential land and housing developments serving as mechanisms for mobilising informal savings into the formal financial system while building long-term customer relationships. Through projects such as the US$150 million (approx. US$150 million) Northgate mixed-use development, which comprises 8,000 housing units alongside schools, healthcare facilities, retail centres, and other social infrastructure, CBZ is demonstrating how housing-led investment can support urban growth while deepening financial inclusion. Complementary investments in digital payment systems, water infrastructure solutions, and SME financing further reinforce the role of financial institutions in mobilising domestic capital, supporting sustainable urbanisation, and strengthening the integration between housing finance and broader urban infrastructure development.

Find out more about CBZ: https://www.auhf.co.za/cbz-bank/

Source: https://www.heraldonline.co.zw/cbz-turns-to-informal-sector-to-unlock-new-growth-nodes/

NHFC signs new MOUs and advances climate-resilient housing strategy

AUHF member the National Housing Finance Corporation (NHFC) of South Africa has signed Memoranda of Understanding with two strategic partners in the affordable housing ecosystem, the Ekurhuleni Housing Company (EHC) and Housing Company Tshwane (HCT), in April 2026. The agreements, signed by Acting CEO Jabulani Fakazi, are intended to facilitate bridging finance and support funding for rental housing, social housing, and refurbishment projects implemented by contractors and developers in Ekurhuleni and Tshwane, thereby strengthening urban housing delivery pipelines in key metropolitan areas.

In parallel, NHFC's First Home Finance programme continues to experience strong demand, prompting the institution to introduce structured application windows for the 2026/27 financial year to ensure efficient allocation, transparency, and sustainability in processing applications. The institution also marked Youth Month in June with a targeted engagement alongside the Youth in Property Association (YIPA), focusing on skills development and opportunities in proposal development, urban regeneration, and sustainable housing delivery in Johannesburg. These initiatives form part of NHFC's broader 10x10 Turnaround Blueprint, which is guiding the organisation through phases of Rescue, Stabilisation, and Sustainability following a strategic board review in October 2025, with a strong emphasis on advancing climate-resilient housing finance solutions in response to climate-related flooding impacts experienced in South Africa in early 2026.

Find out more about NHFC: https://www.auhf.co.za/national-housing-finance-corporation-nhfc/

Source: https://www.nhfc.co.za/wp-content/uploads/2026/05/signing-of-MOUs-08April.pdf

https://dailynews.co.za/news/2026-03-17-nhfc-driving-greater-access-to-homeownership-in-south-africa/

Habitat for humanity deepens climate resilient housing finance partnerships.

AUHF member Habitat for Humanity International is continuing to expand its climate-resilient housing finance work across East Africa, strengthening partnerships that integrate housing, health, and climate risk solutions. Building on its February 2026 collaboration with the Swiss Capacity Building Facility (SCBF), the organisation is supporting the development of an integrated model combining housing microfinance, flood insurance, and health cover for flood-prone communities around Lake Victoria in Kenya. The initiative is designed to demonstrate how blended finance approaches can improve housing affordability while strengthening household resilience to climate-related shocks. Habitat's regional programming continues to focus on scaling these integrated solutions in partnership with local financial institutions, including VisionFund Kenya and Britam, with the aim of advancing inclusive and climate-resilient housing systems across East Africa.

Find out more about HFHI: https://www.auhf.co.za/habitat-for-humanity-international/

Source: https://www.habitat.org/emea/newsroom/2026/habitat-humanity-international-and-swiss-capacity-building-facility-launch

Housing as economic infrastructure: Nigeria's affordable housing and jobs agenda

Nigeria's Federal Government, through the Family Homes Fund (FHFL) and the Renewed Hope housing programme, continues to position large-scale affordable housing delivery as both a social and economic strategy. The programme targets approximately 500,000 housing units while generating an estimated 1.5 million jobs across construction, building materials, and related services, reinforcing housing as a driver of employment, investment, and urban development.

In parallel, FHFL's Family Homes Artisans Skills Training (FAST) programme is strengthening the link between housing delivery and workforce development. Supported by the African Development Bank and the Federal Ministry of Finance, the initiative has trained over 572 artisans to date, with participants receiving certification, toolkits, and stipends. Notably, all 72 Abuja Stream 1 trainees secured employment through the Renewed Hope City project in Karsana, highlighting the direct absorption capacity of housing-led development. The programme aims to train more than 2,000 artisans (approx. US$1.3 million equivalent programme scale not specified per capita funding) nationwide by 2026, addressing skills gaps in Nigeria's construction sector.

Find out more about FHFL: https://www.auhf.co.za/family-homes-funds/

Source: https://fhfl.com.ng/news/from-training-to-employment-renewed-hope-city-absorbs-72-fhfl-trained-artisans-in-abuja

Blended Finance and inclusive housing: creating pathways from displacement to dignity in Nigeria

FHFL is advancing a blended finance model to address Nigeria's 28-million-unit housing deficit and the needs of over 3.5 million internally displaced persons (IDPs). The approach combines concessional finance, donor support, private equity, and commercial capital to structure affordable housing projects that are investable at scale.

The model is anchored in mixed-income developments, with 30–40% of units allocated to vulnerable households through rent-to-own and subsidised schemes, while market-rate units cross-subsidise affordability and infrastructure. Developed with partners including the United Nations and the Norwegian Refugee Council, the initiative positions housing as a platform for inclusion, skills development, and financial participation, offering a scalable framework for linking displacement response with long-term urban resilience.

Source: https://fhfl.com.ng/news/from-displacement-to-dignity-how-blended-finance-can-unlock-housing-for-nigerias-forgotten-millions

14Trees expands global reach with Cedar: advancing affordable, sustainable construction through 3D printing innovation

Founded in Africa in 2016 as a joint venture between Holcim and British International Investment (BII), and later backed by Amazon's Climate Pledge Fund, AUHF member 14Trees continues to position itself at the forefront of construction innovation with the launch of a new concrete 3D printing system. Cedar, the 3D System was developed in partnership with India-based Tvasta Manufacturing Solutions. Designed for global deployment, Cedar can print multi-storey residential, commercial, and infrastructure projects using locally sourced standard concrete, significantly reducing construction costs and increasing scalability. The launch builds on 14Trees' pioneering achievements, including Africa's first 3D-printed house, the world's first 3D-printed school in Malawi, and rapid housing delivery projects in Kenya. By combining digital construction technologies, AI-assisted concrete mix optimisation, and a focus on local materials, 14Trees is demonstrating how advanced manufacturing can support faster, more sustainable, and potentially more affordable housing delivery. The backing of global leaders in construction materials, development finance, and sustainable investment underscores growing confidence in 3D printing as a transformative tool for addressing housing shortages, infrastructure needs, and climate-resilient urban development across emerging markets and beyond.

Find out more about 14 Trees: http://www.auhf.co.za/14trees/

Source: https://aminsightasia.com/news/construction-3d-printer-cedar-launches-three-giants-behind/

Lesotho Housing and Land Development Corporation launches the Rockville

AUHF member Lesotho Housing and Land Development Corporation (LHLDC) has launched Rockville Crescent, a new residential estate at Ha Pena-Pena near Maseru, marking a significant step in promoting sustainable urban development and expanding the supply of serviced residential land in Lesotho. The development will provide more than 100 fully serviced residential plots, ranging from 800 m² to 1,800 m², complemented by roads, water, sewer, electricity, and recreational facilities. According to LHLDC, the project is designed to address the challenges of unplanned urban growth by ensuring that essential infrastructure is in place before occupation, thereby creating a more sustainable and orderly residential environment. Beyond increasing housing opportunities, Rockville Crescent is expected to stimulate property investment, support housing finance activity, and contribute to the long-term development of Maseru as demand for well-planned residential communities continues to grow. The project demonstrates the important role that public land and housing agencies can play in unlocking serviced land, strengthening housing markets, and supporting broader urban development objectives.

Find out more about LHLDC: https://lesothohousing.org.ls/

Source: https://lestimes.com/?p=90654

Mortgage-backed lifestyle estates and integrated housing finance in Eswatini

The partnership between the Eswatini Building Society (SBS) and Inyatsi Properties at Nkonyeni Residential Golf Estate Phase

II reflects a growing Southern African trend toward integrated housing finance models where mortgage providers and private developers collaborate to deliver structured homeownership opportunities within planned lifestyle estates. Through tailored long-term mortgage solutions, SBS is enabling qualifying households to access secure, amenity-rich residential environments while simultaneously positioning property as a vehicle for long-term wealth creation and asset accumulation. The Nkonyeni Phase II development illustrates how estate-based housing models increasingly combine residential quality, security, and lifestyle infrastructure with financial instruments that extend beyond traditional lending into development-linked financing ecosystems. While primarily serving middle- to upper-income segments, this approach raises important sectoral questions around housing inclusivity and the depth of mortgage markets in Eswatini and similar African contexts. The SBS–Inyatsi collaboration provides a relevant case study on the evolving role of housing finance institutions in shaping not only access to housing, but also the structure and direction of residential development markets.

Find out more about EBS: http://www.auhf.co.za/eswatini-building-society/

Source: https://www.times.co.sz/property/readmore.php?bhsadjgfoh=Enjoy+premier+living+at+Nkonyeni+Estate+Phase+II&yiphi=880&bvhdgsj=Property

Taken together, the developments of the past quarter suggest that Africa's housing sector is entering a new phase of maturity. Institutions are becoming more sophisticated, partnerships are deepening, and innovative financing mechanisms are unlocking opportunities that were previously beyond reach. From regional mortgage refinance companies accessing capital markets to development banks expanding their mandates and governments positioning housing as a driver of economic growth, momentum is building across the continent. Yet significant challenges remain, particularly around land access, affordability and the scale of investment required to meet growing urban demand. The progress highlighted in this edition demonstrates that Africa's housing finance ecosystem is increasingly moving beyond discussions of need towards practical solutions capable of delivering impact at scale. The challenge now is to sustain this momentum and translate innovation, partnerships and policy commitments into millions of affordable, climate-resilient homes for Africa's growing urban population.

AUHF events and outcomes

AUHF launches the AUHF Academy, a new learning initiative established by the African Union for Housing Finance in collaboration with the Centre for Affordable Housing Finance in Africa. The Academy features rich and engaging discussions led by experts from across the continent, focusing on practical solutions to Africa's housing challenges.

AUHF Academy current series: Housing Microfinance webinar series:

- Session 1 - **Understanding Housing Microfinance in the African Context,** 27 May 2026
- Session 2 - **Institutional Readiness, Product Design, and Operational Requirements, 1**8 June 2026
- Session 3 - **Scaling Housing Microfinance from Pilot to Portfolio,** 23 July 2026

Recordings of past sessions, as well as information on upcoming learning engagements, are available through the AUHF capacity-building platform: https://www.auhf.co.za/activities/capacity-building-and-professional-development/

AUHF 42nd AGM and Annual Conference, 10-13 November 2026, Lusaka, Zambia, Theme: Transforming Africa's housing future: innovation, technology, and value chain synergies, Find out more here: https://www.auhf.co.za/

Asia-Pacific Region

By Zaigham Mahmood Rizvi

Australia

Albanese Government unveils $2b housing infrastructure push to unlock 65,000 homes ahead of 2026 Federal Budget

The Albanese Government will pour an extra $2 billion into housing infrastructure in the budget for the year of 2026-27, promising to help unlock up to 65,000 new homes across Australia.

The funding will go towards critical infrastructure, including roads, water, power, and sewerage projects that governments say are preventing housing developments from getting off the ground.

The new Local Infrastructure Fund will provide money to local governments and state utility providers over four years from 2026-27, with $500 million specifically reserved for regional Australia.

Source: Albanese Government unveils $2b housing infrastructure push to unlock 65,000 homes ahead of 2026 Federal Budget | 7NEWS

Australia housing approvals plunge as nation misses key target

Australia fell further behind its ambitious national housing targets.

Issues around housing affordability and supply continue to linger, as the number of housing approvals fell from a record high in February.

New data of Australian Bureau of Statistics (ABS) shows 17,300 dwellings – houses, apartments, semi-detached homes and townhouses – were approved across the country during March. This is a 10.5 per cent drop from February when a record 19,339 dwellings were approved, the highest in more than four years.

Australia had 198,396 dwellings approved in the last 12 months.

Under the National Housing Accord, all states and territories agreed to build 240,000 homes per year over five years to June 2029.

Source: Australia housing approvals plunge as nation misses key target | news.com.au

National Housing Supply and Affordability Council calls for reform, investment and innovation

The National Housing Supply and Affordability Council's annual report of State of the Housing System 2025 shows housing affordability continued to deteriorate in 2024, with worsening trends across most capital cities and regional areas.

Housing prices and rents increased to record high levels, as new housing supply continued to fall short of demand. Labour shortages, high material costs and elevated interest rates have reduced project feasibility, limiting new housing supply.

The Council's second State of the Housing System report adds to the growing body of evidence about Australia's housing system. It details Australia's current housing demand, supply and affordability conditions, and the Council's expectations for these over the coming years.

Source: National Housing Supply and Affordability Council calls for reform, investment and innovation | NHSAC

Bangladesh

Home loan demand remains strong despite rising costs – says BRAC Banks DMD

Commercial banks continue to dominate the market by leveraging their lower cost of funds to offer more competitive rates, says BRAC Bank DMD Mohammad Mahiul Islam, adding that this has intensified pressure on non-bank financial institutions, which are responding through innovative products, customised bundled offerings, and advisory services despite pricing constraints.

At the same time, the market is witnessing a gradual geographic shift, with lenders increasingly turning to secondary cities and peri-urban areas as Dhaka nears saturation and housing demand continues to grow beyond the capital, the DMD explained.

With construction and land costs rising alongside surging urban housing demand, the Bangladesh Bank's decision to raise the home loan ceiling from Tk 20 million to Tk 40 million comes at a timely juncture, according to the DMD.

He said the more significant move, however, is linking the loan ceiling to the non-performing loan (NPL) ratio, effectively rewarding banks with stronger credit discipline through greater lending capacity while constraining weaker performers – a clear shift towards risk-based banking.

Source: Finance News: Finance News today in Bangladesh

Housing loan growth slowed to 7.51% in FY24 amid policy and market constraints

Outstanding housing loans in Bangladesh grew by 7.51% in FY24, down from 12.61% in FY23, reflecting a slowdown in credit expansion despite the total volume reaching a record Tk 1.283 trillion, according to Bangladesh Bank.

Private Commercial Banks (PCBs) remained the dominant players, with Tk 734.2 billion in outstanding housing loans, up from Tk 681.5 billion in FY23, supported by strong deposit bases and aggressive lending. State-Owned Commercial Banks followed with Tk 320.7 billion, while specialised housing finance institutions, including Bangladesh House Building Finance Corporation (BHBFC), accounted for Tk 101.1 billion.

Industry experts attribute the slower growth to regulatory and structural challenges. Real Estate and Housing Association of Bangladesh (REHAB) Vice President Liakat Ali Bhuiyan pointed to the 2022 Detailed Area Plan (DAP) as a key factor disrupting the market by limiting building heights and discouraging landowner-developer agreements.

Source: Housing Loan Growth Slows to 7.51% in FY24 Amid Policy and Market Constraints | Network Bangladesh

Government plans mortgage refinancing to make housing more affordable

Bangladesh is set to revitalize its housing market with a new government initiative to establish a Mortgage Refinance Company (MRC). Operating under Bangladesh Bank's supervision, the MRC aims to boost mortgage lending, attract long-term investment, and make homeownership more affordable for ordinary citizens. The company will raise funds by issuing corporate bonds and mortgage-backed securities in the capital market, then channel this capital to banks and non-bank financial institutions as refinancing support for housing loans.

To prepare for the MRC's launch, the Financial Institutions Division organized a workshop last October, examining successful housing finance models from around the world and within Bangladesh. Recently the World Bank submitted a policy note outlining key implementation challenges and drawing practical lessons from India, Malaysia, the United States, and France. The global lender will also assist in conducting a feasibility study to guide the venture's structure and operations.

A division official, speaking on condition of anonymity, said the MRC tackles two critical goals: expanding access to affordable housing and strengthening the financial sector's stability. By unlocking fresh liquidity for lenders, the initiative is expected to increase mortgage availability, lower borrowing costs, and bring homeownership within reach for more Bangladeshis. Industry observers view the move as a major step toward sustainable growth in the country's real estate and finance sectors, with potential benefits for construction, employment, and economic resilience in the years ahead.

Source: Govt plans mortgage refinancing to make housing more affordable | The Business Standard

Cambodia

Government and private sector unite for affordable housing initiative in Cambodia

Cambodia's Ministry of Land Management, Urban Planning and Construction has signed a strategic Memorandum of Understanding with AGENT21 GLOBAL to expand affordable housing access for low- and middle-income families across 25 provinces. The recent agreement supports the Royal Government's National Housing Policy goal of ensuring safe, dignified living conditions for all citizens.

The signing ceremony was witnessed by Secretary of State Leang Monirith, representing Deputy Prime Minister Say Samal, alongside Housing Director General Prak Angara and AGENT21 GLOBAL Director General Ly Chanlaksmy. Officials praised AGENT21 GLOBAL's ongoing contributions, including model homes in Runta Ek Techo Sen and Paeng Sang Development Area. The partnership will deliver approximately 100 customizable house designs, empowering families to choose homes matching their needs and budgets.

Mr. Prak Angara emphasized that the initiative directly advances the government's commitment that "every citizen has a place to live." Notably, AGENT21 GLOBAL is also collaborating with a major Korean company to redevelop Runta Ek Natural Village and Pai Sang Development Area, merging traditional Khmer architecture with modern design. This public-private collaboration represents a pivotal step toward resolving Cambodia's housing challenges nationwide and accelerating equitable, sustainable urban growth.

Source: Government and Private Sector Unite for Affordable Housing Initiative in Cambodia - Construction & Property News

Cambodia's new housing policy: bridging the gap for low and middle-income families

For many Cambodians, homeownership has long seemed impossible amid soaring urban property prices. The Cambodian government's new "Social and Affordable Housing Development Policy 2026" aims to change this by making safe, dignified living accessible to all. A major shift is the introduction of affordable rental housing, offering flexible, low-cost options for students, factory workers, and migrants without mortgage pressures.

The policy also establishes clear affordability benchmarks: home prices must not exceed three times a household's annual income, and monthly housing costs should stay below 30% of gross monthly earnings. To accelerate construction, developers receive tax exemptions, streamlined approvals, and government-backed infrastructure support.

Targeting low-to-middle-income families, civil servants, and informal settlement residents, the initiative prioritizes the "missing middle." Crucially, affordability never compromises quality, and so all projects must meet strict safety standards and integrate with public transport, healthcare, and community services. By bridging the housing gap, Cambodia is building a vital social safety net that promises long-term economic stability and reduced urban inequality.

Source: Cambodia's New Housing Policy in 2026 for Affordablity

Phnom Penh's housing dream fades as prices outpace pay checks

Phnom Penh's gleaming new towers signal growth, but for middle-income families, buying a home is becoming impossible. After years of fast development, housing costs have raced far ahead of wages, shutting many out of the market. Cheaper suburban land means long, costly commutes—hardly a solution for busy workers. Architect Heng Muyleng, an urban planning expert, warns that home prices now exceed 60–70% of what most families can reasonably pay. While some new properties sit empty, others push buyers into risky loans. Experts say inclusive cities need housing for all incomes. Without action, Phnom Penh's growth may leave its own people behind.

Source: A City Growing Too Fast: Majority of Cambodians Shut Out of Phnom Penh's Housing Market | Cambodianess

Fiji

National Housing Policy 2025–2030 launched

The Minister for Housing and Local Government, Maciu Nalumisa, officially launched the Ministry of Housing's National Housing Policy 2025–2030 in April last year.

Speaking at the launch, Nalumisa said the National Housing Policy is reinforced through the government's alignment with the 2030 Agenda for Sustainable Development, particularly Sustainable Development Goal 11, which sought to make cities and human settlements inclusive, safe, resilient, and sustainable.

Minister Nalumisa stated that the launch of the National Housing Policy 2025–2030 marks a milestone achievement in reaffirming the government's commitment to achieving adequate, affordable, and inclusive housing for all Fijians.

Source: Fiji Government – national housing policy 2025–2030 launched

New Fiji Development Bank loans open doors for homeowners in 2026

The Fiji Development Bank (FDB) has launched its Choice Home Loan and the Revolving Working Capital Term Loan.

According to FDB Chairman, Damend Goundar, the Choice Home Loan is designed to meet the diverse needs of Fijian households.

"Whether you are purchasing your first home, building from the ground up, renovating your current space, or refinancing, this loan adapts to your needs. Every household is different, and we've structured this facility to cater to both salaried and non-salaried customers," he said.

The loans come with generous repayment terms of up to 30 years for home purchases and construction projects, providing families with greater affordability, stability, and peace of mind.

Source: The Fiji Development Bank (FDB) has launched new housing loans

Fiji explores new financing pathways for sustainable housing

Fiji is accelerating efforts to bridge its sustainable housing gap through innovative financing, following a high-level national workshop in Valelevu organized by the Global Green Growth Institute (GGGI) with UNDP support. Facing rapid urbanization, rising construction costs, and escalating climate risks, Fiji's low-income and rural communities urgently need affordable, resilient housing. Yet the Pacific region faces a stark funding shortfall, while annual climate finance needs approach US$1 billion, about US$2.2 billion has been approved for the entire region over the 2022–2032 period—less than 25% of yearly requirements.

"Traditional grants are increasingly constrained. We must unlock long-term capital aligned with climate and development priorities," said GGGI Pacific Director Saki Tuisolia.

A promising solution: thematic bonds—green, social, or sustainability-linked—to mobilize private investment. Housing Authority Acting CEO Poasa Verevakabau affirmed the agency's readiness, calling such bonds "vehicles of transformation" to fund inclusive, climate-resilient housing while advancing Fiji's National Development and Housing Policies (2025–2029).

Source: Fiji Explores New Financing Pathways for Sustainable Housing — Global Green Growth Institute

Major housing initiatives launched in Fiji

In a significant move to address Fiji's growing housing challenges, the Ministry of Housing, through the Housing Authority, launched three coordinated initiatives aimed at making safe, affordable homes accessible to more citizens. Announced by Housing Minister Maciu Naulumisa, the package combines new construction, revived rural support, and lower borrowing costs in a strategy officials say will deliver tangible results within the next financial year.

At the heart of the rollout was the Housing Authority Model Homes project, which began with the construction of 150 new homes at the Nepani subdivision. Designed to demonstrate practical, cost-effective building methods suited to Fiji's climate and economic realities, the pilot project aimed to set a replicable standard for future public housing developments across the country.

Complementing this urban-focused effort was the reinstatement of the Village Housing Loan Scheme, dormant for more than a decade. The revived program targets families in rural and maritime communities, offering financial support not only for building new homes but also for renovating existing houses and upgrading vital community infrastructure such as halls and evacuation centers. Minister Naulumisa noted that the scheme responds to years of appeals from outer-island and village leaders seeking government partnership in strengthening local housing resilience.

Source: Major housing initiatives launched – FBC News

India

India's housing finance sector now scoring something big

India's housing market is surging back after bearing the effect of the pandemic some years ago, fueled by strong buyer demand, government support, and rapid urbanization. Improved civic infrastructure has made homes more accessible across cities. According to the National Housing Bank, property prices rose in 45 cities during April-June 2025, with the national index up 5.7% year-on-year. Home loan disbursements remain steady, signaling growing confidence. The government's Pradhan Mantri Awas Yojana-Urban 2.0 aims to add 30 million homes, backed by a ₹10 trillion investment to help 10 million urban families. An additional ₹2.66 trillion is earmarked for rural development. Though home loan penetration stands at just 12%, housing finance companies are driving growth with flexible, fast services. Experts project outstanding housing loans to hit ₹72 trillion by 2030, supporting 23 million new homes. With a sharp focus on Tier-II and Tier-III cities, the sector is set to expand inclusively.

Source: India's Housing Finance Sector Hits Home Run - Rediff.com Business

In India, the affordable housing deficit may hit 30 million by 2030: report

India faces an affordable housing shortfall of 9.4 million units, a gap expected to swell to 30 million by 2030. While demand continues to rise, new supply has slowed, and limited private investment has further widened the deficit. Closing this gap will require bold reforms and coordinated efforts by government, developers, financial institutions, and civil society, a report has said.

Recommended measures include repurposing idle PSU land through public–private partnerships, rationalising floor space index (FSI) norms to boost supply and cut costs, and extending subsidised construction finance to developers, a report by Knight Frank stated in August 29.

In the first half of 2025, India's affordable housing sector is under severe pressure, with the supply-to-demand ratio falling to 0.36 from 1.05 in 2019 across the top eight cities, according to a report released by Knight Frank India at the 17th NAREDCO National Convention held in the capital.

Mumbai, Delhi NCR, Bengaluru, Pune, Hyderabad, Chennai, Kolkata, and Ahmedabad are among these top eight cities.

Source: Affordable housing deficit may hit 30 mn by 2030; PSU land, FSI reform and subsidised finance seen as key solutions | Real Estate News

Household income growth expected to outpace property price appreciation as housing affordability stabilises

Indian housing affordability is set to stabilise this year as household income growth is projected to outpace property price appreciation for the first time since 2021. According to the CBRE Housing Affordability Index, the EMI-to-income ratio is expected to plateau through 2028, easing the financial burden on homebuyers across major urban centres.

This shift marks a significant pivot from the previous three years, where interest rate hikes and rapid capital value growth consistently pushed the EMI burden upward. "India's housing market is at a structural inflection point," said Anshuman Magazine, Chairman & CEO, India, South-East Asia, MEA, of CBRE.

He noted that the convergence of monetary easing, moderating price appreciation, and rising household disposable incomes is expected to cushion homebuying conditions across cities and income segments.

The report suggests the sector could witness a divergence in sales value-over-volume dynamics throughout 2026. The index tracked affordability across Mumbai, Delhi-NCR, Bengaluru, Hyderabad, Chennai, and Pune, focusing on three annual household income brackets ranging from 40 lakh to 1 crore.

While property prices rose faster than incomes between 2021 and 2024, the current trajectory signals a measurable stabilisation through the forecast period. This trend aligns with India's broader transition toward upper-middle-income status by 2030.

Source: Household income growth expected to outpace property price appreciation as housing affordability stabilises: Report – The HinduBusinessLine

Indonesia

Aggressive housing credit assistance announced by Indonesian government

The Housing Minister of Indonesia, Maruarar Sirait announced 10,000 new subsidized home loans for Papua through the FLPP program. Speaking in Sorong, Minister Sirait said the policy supports low-income families nationwide, including in Papua. He urged local governments to simplify permits and provide land and infrastructure, and asked banks and the housing savings agency (BP Tapera) to speed up loan approvals.

The move expands a national effort to deliver three million homes—a key promise by President Prabowo Subianto. Once focused on Java, the FLPP program now reaches all Indonesian provinces. In 2025, it funded 278,865 homes with $2 billion in loans. By late April 2026, $393 million had already helped over 54,000 families across 33 provinces. This year, the government aims to support 350,000 subsidized homes, partnering with 36 banks and nearly 6,000 developers. The goal: to make homeownership faster, simpler, and accessible for more Indonesians.

Source: Aggressive Housing Credit Assistance – News En.tempo.co

Indonesia's strategic housing initiative for 2025-2029

Indonesian officials announced ambitious plans to construct 3 million homes under a newly designated National Strategic Project scheduled from 2025 to 2029. The initiative, unveiled by the Ministry, aimed to significantly expand housing access for citizens while strengthening the nation's economic foundations. Authorities projected that the massive undertaking would catalyze growth across multiple interconnected industries, including construction, manufacturing, and services.

In a parallel move to accelerate sector development, the Ministry introduced regulatory relaxations for People's Business Credit (KUR) schemes targeting micro, small, and medium enterprises (MSMEs). The policy adjustment sought to improve property developers' access to critical financing, particularly for smaller-scale operators. Officials anticipated that streamlined credit procedures would attract increased investment and stimulate broader participation in the housing market. The dual strategy reflected the government's commitment to addressing housing shortages while fostering inclusive economic growth. Industry observers noted the measures could position Indonesia's property sector for sustained expansion, provided implementation remained efficient and transparent. The announcement generated positive responses from business groups and housing advocates, who welcomed the coordinated approach to infrastructure development and financial accessibility.

Source: Indonesia Prioritizes Housing Sector for Economic Growth and Development – Archyde

Japan

Tokyo launches affordable housing push to help families

Tokyo is tackling its housing crisis with a new affordable rental plan. Starting in 2025, the city will launch a 20-billion-yen public-private fund to offer homes at roughly 80% of market rent—some as low as 60%. The program targets families with children, single parents, and middle-income earners priced out of Tokyo's soaring market.

Using the fund, Tokyo will renovate vacant homes and build new units, aiming for first move-ins by 2026. With new condos now averaging over 100 million yen, many households face "housing poverty," sacrificing essentials to pay rent. City officials hope stable, affordable housing will help families stay in Tokyo, support the birthrate, and put empty properties to good use.

Exact eligibility rules are still being set, but the initiative marks a shift from traditional public housing. Instead of government-only management, Tokyo is partnering with private investors and developers to create a sustainable model. If it works, the approach could expand across Japan. For now, it's a promising first step toward ensuring that more residents can afford a safe, decent home in the capital.

Source: Tokyo's New Affordable Housing Policy: What You Need to Know Japan Real Estate I ina-media

Japan needs policies to correct housing market distortions amid soaring prices

Housing costs across Japan are surging, prompting urgent calls for policy intervention as households face mounting financial strain. Government data reveals land prices have risen for four consecutive years, fueled by economic recovery and a 30% spike in construction costs over five years. In Tokyo, new condominium averages now exceed 100 million yen ($675,000), while family apartment rents hit a record 250,000 yen ($1,700) monthly. The surge is driven by a weak yen, prolonged low interest rates, and heavy foreign investment, alongside severely limited urban development sites. Local authorities are experimenting with countermeasures: Chiyoda Ward has requested a five-year resale ban on new purchases, and Kobe is weighing a vacancy tax targeting empty high-rises. Meanwhile, Tokyo's newly announced 20-billion-yen affordable rental fund clearly falls short of the overwhelming demand. Despite Japan's aging, shrinking population and growing number of vacant homes, urban prices continue climbing—a paradox mirroring post-pandemic housing shortages of Western nations. Experts caution that heavy-handed regulations risk distorting markets, yet stress that coordinated public-private initiatives are essential. As securing housing near workplaces becomes a mounting global crisis, businesses and policymakers must urgently prioritize scalable, affordable solutions to restore long-term stability for everyday residents.

Source: Editorial: Japan needs policies to correct housing market distortions amid soaring prices – The Mainichi

Kazakhstan

Partnership project to expand affordable housing access in Kazakhstan

Kazakhstan launched a new housing initiative aimed at improving access to safe, affordable housing for vulnerable groups and advancing broader housing policy reforms.

The three-year project, called Shanyraq – Partnerships for Stronger Communities and the Right to Accessible Housing for All, is supported by the European Union and implemented by the Eurasia Foundation of Central Asia (EFCA) in partnership with the iTeachMe Foundation and the Nomad Rights Foundation. It is expected to directly benefit at least 400 people while strengthening civil society organizations, advancing housing rights advocacy and improving citizens' legal and financial literacy.

"Safe, adequate and affordable housing is not a privilege – it is a basic right. Through the Shanyraq project, we are bringing partners together to help make that right a reality for everyone in Kazakhstan," said Juana Mera Cabello, the deputy head of cooperation at the Delegation of the European Union to Kazakhstan.

Economic barriers stem from the gap between household incomes and market housing prices, as well as shortcomings in government subsidy programs that do not fully reflect the actual costs of building adequate housing.

Informational barriers reflect a lack of public awareness about available government programs, difficulty accessing advisory support and the absence of a single digital platform to simplify access to housing services.

Project beneficiaries include people with disabilities, families raising children with disabilities, large families, orphanage graduates and single parents.

Source: Partnership Project to Expand Affordable Housing Access in Kazakhstan – The Astana Times

Kazakhstan's housing sector poised for significant growth

Kazakhstan has completed 9.4 million square meters of housing—about 86,000 apartments—in the first seven months of 2025, the Ministry of Industry and Construction reported. The government aims to finish 19.2 million square meters, or more than 176,000 homes, by year-end using all available funding. This progress continues a strong trend: in 2022 alone, the country delivered 19 million square meters of new housing. President Kassym-Jomart Tokayev praised these results in his recent State of the Nation Address. He also urged builders to adopt modern tools like building information modeling and artificial intelligence to raise quality and efficiency. The push for smarter construction supports national goals to provide more affordable, safe, and sustainable homes. With demand for housing rising across urban and rural areas, Kazakhstan is focusing on faster, tech-driven methods to meet citizens' needs. Officials say ongoing investments and innovation will help keep the sector on track to hit its 2025 target.

Source: Kazakhstan's housing sector poised for significant growth

Korea

Government to boost housing supply in capital area

Land Minister Kim Yun-duk said on Sunday that the government will supply more homes in the metropolitan Seoul area, as part of efforts to stabilize the housing market.

Unveiling the plan, Kim said the government will build 270,000 new houses in the greater Seoul area every year from 2026 to 2030, which amounts to 1.35 million new homes.

To curb property speculation in Seoul and its neighbouring areas, Kim said the government will further tighten lending rules.

To help prevent property speculation, South Korean financial authorities are lowering the maximum home loan for non-homeowners buying in four Seoul districts: Gangnam, Seocho, Songpa, and Yongsan. The loan-to-value (LTV) ratio will drop from 50% to 40%.

The plan includes adding 191,000 homes in three ways: rebuilding 23,000 old public rental units, renovating 28,000 state-owned buildings, and buying and upgrading 140,000 studio apartments. The Korea Land & Housing Corp. (LH) will take charge in supplying the newly built homes.

Source: Gov't to boost housing supply in capital area, toughen mortgage rules in Seoul | Yonhap News Agency

Government to expand real estate regulations to all of Seoul, Gyeonggi

South Korea's government has introduced strict new real estate rules for all of Seoul and parts of Gyeonggi Province to tackle rapidly rising home prices. Announced on the 15th by senior economic and land officials led by Deputy Prime Minister Koo Yun-cheol, the policy marks a major shift from earlier targeted steps to wider market controls. Previous efforts, including June loan restrictions and September supply measures, failed to slow price growth, prompting regulators to expand rules beyond Gangnam and Yongsan to the entire capital region. Under the new policy, homebuyers in regulated zones can borrow no more than 600 million won for mortgages. Land Minister Kim Yun-duk warned that housing market instability threatens ordinary citizens' ability to secure homes and could weaken the economy by lowering consumer spending, work motivation, and investment in key industries. Officials stress that early, firm action is essential to restore market balance and protect household stability across the country.

Source: Government Expands Real Estate Regulations to All of Seoul, Gyeonggi

Housing loans drive South Korea's policy finance boom, sparking debt worries

South Korea's public financial institutions are rapidly expanding housing-related policy finance, with total balances approaching 2,000 trillion won ($1.43 trillion), sparking debate over household debt control. According to the National Assembly Budget Office, policy finance grew by 655 trillion won since 2019, reaching 1,974 trillion won in 2024, with housing loans comprising 46%—over 914 trillion won. While the government tightened mortgage caps and debt service ratio (DSR) rules earlier this year, policy-backed loans, including jeonse deposits, remain exempt, potentially fueling property prices. Economists warn that unchecked expansion may weaken financial institutions' risk management, even as officials seek to support low-income buyers. The Bank of Korea suggests extending DSR regulations to policy loans to strengthen oversight. Authorities signal possible regulatory adjustments if household debt accelerates, while institutions like HUG have begun tightening eligibility criteria. Experts stress that close monitoring is essential to ensure housing finance stabilizes markets without compromising broader financial stability.

Source: Policy finance surges due to housing-related support – Pulse

Laos

Laos modernizes property laws to boost real estate investment

Laos has enacted sweeping legal reforms to transform its real estate sector, marking a new era for property ownership and investment. To operationalize these changes, a decree on condominiums introduced detailed procedures for developing, registering, and selling condo units, including the issuance of formal ownership certificates. The decree also established governance frameworks, defined roles for management committees, and authorized mixed-use developments by recognizing residential, office, and commercial unit types.

Further strengthening the system, the broader Law on Housing now covers all housing forms—from standalone homes to large complexes. It formalizes previously informal terms and launches a nationwide electronic housing registration system. This digital database will securely record ownership rights, making them legally enforceable against third parties and significantly enhancing market transparency.

The Ministry of Public Works and Transport has been designated as the lead supervisory authority. These reforms aim to deliver legal certainty, attract responsible foreign investment, and support sustainable urban growth across Laos.

Source: Laos' New Housing Law Introduces Registration System and Clarifies Real Estate Use

Malaysia

Malaysia unveiled expanded affordable housing push in Budget 2026

Prime Minister Datuk Seri Anwar Ibrahim announced in Parliament that the government had expanded its affordable housing agenda under Budget 2026, prioritising inclusive development. He revealed that RM672 million had been allocated to the People's Residency Programme with projects in Kelantan and Johor expected to benefit over 33,000 residents.

To assist first-time homebuyers, particularly gig workers, the government had expanded the Housing Credit Guarantee Scheme to 80,000 applicants, doubling its guarantee capacity to RM20 billion. Budget 2026 also set aside RM500 million to repair over 3,300 dilapidated homes—including 380 for fishermen—and RM143 million to upgrade low- and medium-cost flats.

The government had also introduced a 10 per cent tax deduction for converting commercial buildings into residential units and launched three pilot Vertical School projects under the Kota Madani initiative. Among them, Kota Madani Precinct 19 in Putrajaya was designated as Malaysia's first AI-powered smart city, offering 10,000 housing units, with 80 per cent reserved for civil servants.

Source: Govt expands affordable housing agenda in 2026 Budget

Maldives

Maldives launches landmark affordable housing fund

The Maldives Monetary Authority (MMA) has officially announced the establishment of a new fund designed to provide affordable housing loans through the nation's commercial banking system.

This significant initiative, now formalised under the gazetted Inclusive National Affordable Housing Scheme Regulations, aims to ensure accessible housing finance across the archipelago, aligning with the principles of Islamic financing.

The comprehensive regulations detail the framework for the Inclusive National Affordable Housing Scheme, establishing its operational guidelines and the fund's management. The scheme's primary objective is to offer affordable financing solutions for the purchase of residences within the capital Male' area. Scheduled to run for an initial period of five years, this scheme is set to provide long-term support for aspiring homeowners.

Source: Maldives Launches Landmark Affordable Housing Fund

BML signed affordable housing deal for 3,000 units

Maldives' Monitory Authority of Bank of Maldives (BML) has signed a landmark agreement with the Ministry of Construction, Housing and Infrastructure to develop 3,000 affordable housing units across Hulhumale' Phase 1 and 2, and Vilimale', under the Inclusive National Affordable Housing Scheme.

The agreement, signed by Minister Dr. Abdulla Muththalib and BML Affordable Home Leasing Managing Director Hassan Shaam, positions BML as the first bank to implement the Maldives Monetary Authority's mandate requiring commercial banks to allocate 10-15% of loan portfolios to affordable housing.

BML's CEO Mohamed Shareef emphasized that the bank, commanding 52% market share, recognizes its responsibility in this critical national initiative. Units will be offered through a Shari'ah-compliant lease-to-own model exclusively for first-time homeowners, facilitated through BML's newly established subsidiary.

The bank has invited qualified local and foreign developers to submit Expressions of Interest, with due diligence evaluations and MOU signings to follow. This initiative supports the government's Cabinet-approved National Housing Affordability and Accessibility Project, aimed at expanding homeownership opportunities for Maldivian families.

Source: Bank of Maldives and Ministry of Construction Sign Land Allotment and Development Agreement

Mongolia

Mongolia unveils 1 trillion MNT housing rescue plan amid critical shortage

Mongolia is confronting a severe housing deficit, with 500,000–600,000 households lacking adequate shelter. Official figures show just 32% of homes have full engineering infrastructure, while 38% remain traditional ger dwellings. At a high-level National Housing Committee meeting, ministries, central banks, and private lenders agreed on urgent interventions. A flagship proposal earmarked over 1 trillion MNT for targeted mortgage financing in 2025. To prevent price spikes, officials are pairing loans with long-term rental housing options. The group also seeks international partnerships to develop eco-friendly "green" homes. Beyond Ulaanbaatar's ger district upgrades, demand is surging for affordable rural and civil servant housing—though construction lags in over 90 soums (a second-level administrative subdivision in Mongolia). Since 2013, the Mongolian Mortgage Corporation has funded 155,000 households, with 30% later upgrading their properties. A promising international model under review would allow state firms to repurchase mortgaged homes and resell them to new eligible buyers, creating a sustainable housing cycle. Stakeholders stress that legal reforms are essential to turn these strategies into action and deliver scalable, inclusive shelter solutions across Mongolia.

Source: Housing Challenges and Solutions in Mongolia

Delphos advises on a landmark $150M deal for Mongolian Mortgage Corporation

The U.S. International Development Finance Corporation (DFC) has received approval from its Board of Directors on a $150 million landmark financing to the Mongolian Mortgage Corporation (MIK), advised by Delphos, the global financial advisory firm.

This transformative deal will see the DFC acquire $150 million of mortgage-backed securities managed by MIK, enabling local commercial banks to create new and affordable mortgages. The ultimate goal is to increase homeownership opportunities for thousands of low—and middle-income families in Mongolia.

The approval represents the largest Mongolian financing in the history of the DFC and its predecessor agency OPIC. Additionally, the transaction marks a significant leap forward in MIK's promotion of housing affordability and improving living standards for Mongolians, many of whom reside in informal housing settlements.

The financing aligns with broader efforts to address Mongolia's urban challenges. Ulaanbaatar, the country's capital, is home to close to 50% of Mongolia's rapidly growing population, 60% of which still reside in informal settlements lacking basic infrastructure and access to social services.

Mongolia's urban transformation is the perfect time to invest in housing development. Delphos is committed to creating a meaningful impact at this crucial juncture, aligning with UN Sustainable Development Goal 11, which aims to make cities and human settlements inclusive, safe, resilient, and sustainable.

Source: Delphos Advises on a Landmark $150M Deal for Mongolian Mortgage Corporation – Bolstering Housing Access

Pakistan

PM called for housing finance reform and railway modernisation

Prime Minister Shehbaz Sharif directed authorities to prioritise accessible housing finance and modernise Pakistan Railways to drive economic growth. Chairing separate high-level meetings, he emphasised affordable homes for low-income citizens and sustainable railway development as top government priorities. The Housing Ministry presented reforms including tax standardisation, mortgage draft reforms, and a Public-Private Partnership framework for low-cost housing. Officials confirmed plans for a Real Estate Regulatory Authority and Real Estate Investment Trusts. On railways, Sharif stressed upgrading freight facilities to save fuel and enhance goods movement, with freight services projected to grow 21% this year. Key projects include the Asian Development Bank-supported Karachi-Rohri ML-1 section, the 57% complete Thar rail connectivity initiative, and Rohri-Nokundi ML-3 upgradation for Balochistan's mineral transport. Digitalisation efforts feature mobile apps, cashless ticketing, station Wi-Fi, and freight tracking systems to improve transparency and service efficiency across the network.

Source: PM urges housing finance reform, railway modernisation – Pakistan – DAWN.COM

Pakistan's National Assembly panel urges government and State Bank of Pakistan to simplify procedures

The National Assembly Standing Committee on Finance Thursday recommended the government and the State Bank of Pakistan (SBP) to introduce simplified financing procedures, flexible eligibility criteria, and enhanced subsidy support for low-income and informal-sector households to improve accessibility and affordability of the Prime Minister Apna Ghar Program (PM-AGP).

He was chairing the 25th meeting of the Standing Committee on Finance and Revenue held at Parliament House, Islamabad, where the Federal Secretaries of Finance, Housing & Works, and Law & Justice briefed the Members on the Prime Minister Apna Ghar Program (PM-AGP), its implementation framework, and proposed reforms relating to housing finance and foreclosure laws.

Chairman Standing Committee on Finance and Revenue Syed Naveed Qamar has underscored that affordable housing finance must genuinely serve deserving low-income families through transparent, accountable, and inclusive mechanisms.

Source: 'Apna Ghar' financing: NA panel urges govt, SBP to simplify procedures – Business Recorder

PM launches 'Apna Ghar Program' to finance construction of 500,000 homes for low-income citizens

Prime Minister Shehbaz Sharif has launched the "Wazir-e-Azam Apna Ghar Program," a massive five-year housing initiative worth Rs3.2 trillion that aims to support the construction of 500,000 homes across Pakistan for low-income families who cannot afford to build houses on their own.

Speaking at the launching ceremony, the prime minister said the project would not only help thousands of deserving citizens secure homes but would also become a major driver of economic activity by accelerating industrial expansion and creating employment opportunities for workers, engineers, and professionals connected to the construction sector.

Source: PM launches 'Apna Ghar Program' to finance construction of 500,000 homes for low-income citizens

Singapore

Optimisation of use of Singapore's limited land

To optimise the use of Singapore's limited land, the Urban Redevelopment Authority (URA) has launched its Long-Term Plan Review (LTPR) which centres on the seven elements of the county's future urban environment namely live, work, play, move, cherish, steward and sustain.

URA is also providing a variety of inclusive housing options that supports the changing demographics and lifestyle of Singaporeans including the creation of towns and estates with a good mix of public and private homes and housing concepts for the ageing population for "assisted living."

"In addition to the Community Care Apartments, which were piloted at Bukit Batok and to be launched in Queenstown, we will be launching a tender to pilot a private model of assisted living at Parry Avenue in Kovan," the URA said.

Source: URA unveils 7 elements of SG's future urban environment | Singapore Business Review

More affordable housing to be built after relocation of Paya Lebar Air Base

About 150,000 new homes can be built in the area once the base is moved out.

Singapore's housing landscape could transform Paya Lebar Air Base after its relocation that unlocks land for roughly 150,000 new public and private homes, says OrangeTee & Tie's Christine Sun. The move may bolster affordability, with 100–130 Build-To-Order (BTO) projects—each 700 to 1,500 units—potentially sustaining HDB supply for 20–25 years. Private development could see 40–70 executive condo or condominium launches, leveraging the Outside Central Region location to attract upgraders with larger, facility-rich projects. However, Sun notes redevelopment won't commence immediately, so short-term suburban supply tightness will persist. Separately, Prime Minister Lee Hsien Loong's plan to lift height restrictions post-relocation boosts en-bloc potential for older resale condos in Paya Lebar, Marine Parade, and Hougang. Additionally, 8,871 pre-1980 HDB flats in Hougang and Marine Parade could qualify for the selective en-bloc redevelopment scheme, enabling more efficient land use with taller blocks once airspace constraints ease. Although long-term prospects have brightened, yet immediate housing demand remains competitive.

Source: More affordable housing awaits Singaporeans after Paya Lebar Air Base relocation: expert | Singapore Business Review

Sri Lanka

Govt employees to receive financial loans to build or renovate homes

Minister Wasantha Samarasinghe says the government is working to resolve the housing issue in Sri Lanka within the next 5 to 10 years. Minister Samarasinghe said that financial loans will be provided for government employees to build a new house or renovate their houses.

The minister revealed that, however, the current government is providing aid for 140 people, and over 100 persons will get financial loans with low interest rates, and over 80 state employees are being provided Rs. 1 million in loans," he said.

Minister Wasantha Samarasinghe made the remarks while participating in the programme to provide housing aid in Anuradhapura yesterday

Source: Govt employees to receive financial loans to build or renovate homes – Newswire

Budget 2026's imperatives for making housing affordable through tax reform

Sri Lankans faced a persistent housing challenge, as rising property prices, volatile interest rates, and limited affordable financing kept homeownership out of reach for many. Advocates urged the Government to reintroduce tax relief for housing loan interest in current year's budget—a measure previously available under Sri Lankan income tax law.

The 2017 National Housing Policy had recognized housing as a basic human right and cast the Government as an enabler, not sole provider, of adequate shelter. Yet demand continued to exceed supply, leaving numerous families in substandard or temporary homes. With constrained fiscal capacity to construct housing for all, policymakers viewed tax deductions on housing loan interest as a practical step to empower individuals.

From 2002 to 2011, Sri Lankan tax law permitted deductions for expenditures on constructing or purchasing a first home, as well as repayments on approved housing loans from licensed banks, government bodies, or authorized institutions. This relief supported aspiring homeowners across urban, rural, and estate sectors. However, the 2011 tax reforms, informed by a Presidential Commission's recommendations, eliminated this benefit. The change aimed to simplify tax administration but occurred without extensive public debate. Consequently, working professionals bore a heavier financial burden, and the removal of relief appeared to contradict national objectives of fostering affordable, inclusive, and resilient human settlements.

Experts noted that reinstating the deduction offered a timely, implementable solution to support housing access during a period of economic strain.

Source: Budget 2026 imperative: Making housing affordable through tax reform | Daily FT

Uzbekistan

Central Bank not expecting any sharp fluctuations in Uzbekistan's housing market

Housing prices in Uzbekistan are unlikely to rise or fall sharply over the next 2–3 years, according to a senior official at the Central Bank.

Speaking in a recent interview, the central bank official Sunnatilla Kholmurodov said that the government is working to balance housing supply with demand to maintain market stability.

"There is little probability of a sharp increase or decline in housing prices in the near future," Kholmurodov stated. He explained that Uzbekistan plans to steadily increase housing construction by 10,000 units annually through 2030. For the current year, ministries and agencies have been instructed to complete more than 140,000 apartments and houses.

As of January 1, 2026, the outstanding volume of mortgage loans in Uzbekistan stood at UZS 79.4 trillion. Approximately 81% of these loans were state–funded, with the remainder sourced from banks' own funds. State–backed mortgage loans carried interest rates of up to 18% in 2025, while bank–funded loans reached up to 23.4%. The average mortgage rate for the year stood at approximately 21%.

Source: Central Bank: No sharp fluctuations expected in Uzbekistan's housing market

Uzbekistan to expand housing access through mortgage subsidy reforms

Uzbekistan's Ministry of Economy and Finance has responded to a parliamentary inquiry regarding the improvement of the mortgage subsidy mechanism, outlining existing challenges and planned reforms.

The inquiry was initiated following an analysis of public appeals, which revealed that out of 80,000 citizens approved for subsidies between 2023 and 2025, only 56,700 received funds totalling UZS 4.6 trillion ($377mn), while 23,300 applicants were unable to benefit due to various constraints.

Among the key issues identified were high housing prices, a limited supply of subsidized housing, delays in commissioning new buildings, and restricted loan and subsidy amounts. Additional concerns included limited participation from developers and cases of artificially inflated housing prices.

Source: Uzbekistan to expand housing access through mortgage subsidy reforms

Uzbekistan to double housing construction and increase mortgage lending tenfold by 2040

Uzbekistan's President Shavkat Mirziyoyev signed a landmark decree to transform the nation's housing and mortgage market. The ambitious plan aimed to double annual apartment construction to 421,000 units and expand the mortgage portfolio tenfold, reaching $56.7 billion by 2040. Officials stated the reforms sought to modernize half of the country's housing stock and improve living conditions through the "Yangi Ozbekiston" residential development program.

The decree introduced a new integrated construction model prioritizing the completion of unfinished housing and industrial zones. Under the "Unified Life Cycle of Housing" principle, authorities mandated that engineering, transport, and social infrastructure be established before residential building commenced. The policy also required the use of environmentally friendly materials and energy-efficient technologies.

To ensure transparency and protect buyers, the document stipulated that land allocated for integrated projects could not be repurposed or privatized. Developers were required to publish full details on land plots, property objects, and ownership. Additionally, property owners received guaranteed rights to the land beneath their homes, either through lease or ownership. All future construction regulations were to align with the approved 2040 development roadmap, with financing supported by banks and institutional investors to drive sustainable urban growth and expand affordable mortgage access across the country.

Source: Uzbekistan to double housing construction and increase mortgage lending 10-fold by 2040 – News from Uzbekistan – Gazeta

Vietnam

Real estate reforms stepped up in Vietnam

Vietnam's real estate market saw evidence of recovery in the second quarter of this year, marked by a rise in newly-licensed projects and gradually stabilizing property prices; shifts that better align with genuine housing demand. Still, experts warn that sustained growth will require a broader set of coordinated solutions moving forward.

According to the Ministry of Construction (MoC)'s latest report on the market in the second quarter, strong directives from the government, the Prime Minister, and local authorities have helped cool prices in major cities, ending the sharp spikes earlier. The market is now on a steadier path, with expectations of stable supply, transaction volumes, and pricing in the months ahead.

Several key policy shifts have contributed to the positive outlook, including the transition from a three-tier to a two-tier local government model, which is expected to prompt changes in regional planning, transport infrastructure, and socio-economic development. The government is also planning to pilot State-run real estate and land use trading centers, while introducing new regulations aimed at clearing longstanding bottlenecks, especially for large-scale commercial and social housing projects.

Source: Vietnam Real Estate Reforms: Boosting Housing Stability – VnEconomy

Vietnam's housing policy: From social security to market driver

Over the past four decades of Doi Moi (Renewal), Vietnam has made a significant shift in housing policy, transitioning from a centrally planned, subsidised system to a dynamic, market-oriented real estate sector.

During this transformation, the State has remained a guiding force, with robust social housing policies to ensure that low-income vulnerable groups can access stable, affordable houses.

Since economic reforms began in 1986, especially from the 1990s onward, Vietnam has increasingly opened its housing market to private investment. The old system of State-allocated housing gave way to market-driven buying and selling, with commercial apartments, terraced houses, and villas emerging nationwide. This has mobilised large amounts of capital into construction and real estate, fuelling economic growth.

However, speculative activity also drove prices beyond the reach of many, highlighting the limitations of a purely market-driven approach. In response, the Government implemented a comprehensive social housing policy in the early 2000s, positioning housing security as a core component of social welfare and equity.

Source: Vietnam's housing policy: From social security to market driver | Vietnam+ (VietnamPlus)

Europe:
who will pay for affordable housing?

↳ By Mark Weinrich

Europe's housing crisis is no longer merely a social issue. It has become an economic challenge, a competitiveness challenge, and increasingly a financing challenge. Across the continent, governments agree on one point: more affordable housing must be built. Yet while political consensus around the need for action is growing, a more fundamental question remains unresolved: who will pay for it?

The European Commission's Affordable Housing Plan (EHAP), formally presented in late 2025, reflects a significant shift in European policymaking. Housing has traditionally remained a national competence, with the European Union playing only a limited supporting role. However, rising rents, worsening affordability, and persistent housing shortages have elevated housing to the European agenda. The debate has now moved beyond whether Europe should act and increasingly focuses on how additional housing investment can be mobilised.[1]

The scale of the challenge is substantial. Across many European cities, housing demand continues to outpace supply. According to European Investment Bank (EIB) estimates, Europe currently faces a shortage of approximately 2.25 million homes.[2] At the same time, residential construction activity has struggled to recover fully from the interest-rate shock of 2022 and 2023. Although financing conditions have gradually improved following recent European Central Bank rate cuts, housing completions in many countries remain below the levels required to address existing shortages.

The result is a widening investment gap. New construction, energy-efficient renovation, accessibility improvements, and climate adaptation measures all compete for limited financial resources. At the same time, housing affordability continues to deteriorate. Between 2010 and 2025, house prices across the European Union increased by more than 60%, significantly outpacing income growth in many regions.[3]

Public budgets alone are unlikely to close this gap. Many Member States continue to face fiscal constraints following the pandemic, the energy crisis, and rising defence expenditures. While housing has become a political priority, governments are increasingly required to balance social investment with fiscal sustainability. Municipalities face similar challenges. Cities often carry primary responsibility for housing delivery but frequently lack the financial capacity to fund large-scale development programmes independently.

Against this backdrop, the European Union increasingly sees its role as a catalyst rather than a direct provider of funding. The EHAP relies heavily on leveraging public resources to attract private capital. Instruments such as InvestEU, EIB financing, guarantees, and blended-finance structures are intended to reduce investment risks and stimulate additional funding flows into affordable housing projects.[4]

The EIB is expected to play a particularly important role. In 2025, the EIB Group launched its Action Plan for Affordable and Sustainable Housing and announced plans to increase annual housing financing by 40%, from an average of approximately €3 billion per year to more than €4 billion. By the end of 2025, the EIB further announced its intention to double housing-related financing to €6 billion annually in support of the European Commission's housing strategy. In parallel, the Commission and the EIB have begun developing a pan-European investment platform intended to support up to 1.5 million new or renovated housing units across Europe.[5]

Institutional investors are also expected to become increasingly important. Pension funds, insurance companies, sovereign wealth funds, and specialised real estate funds collectively manage trillions of euros in assets and are searching for stable long-term returns. Residential housing, particularly affordable and regulated segments, increasingly attracts attention as an asset class capable of delivering predictable cash flows.

However, tensions remain. Investors require adequate returns, while policymakers seek lower rents and greater accessibility. Reconciling these objectives is one of the central challenges facing European housing policy. The debate is therefore shifting from whether private capital should participate to under which conditions it should participate.

Another issue that is increasingly entering the European housing debate concerns the interaction between affordable housing policy and EU state-aid rules. Historically, publicly supported housing has often been justified under the framework of Services of General Economic Interest (SGEI), which in practice frequently required housing providers to focus on clearly defined disadvantaged or lower-income groups. While this approach helps target scarce public resources, critics argue that it has contributed in some countries to the residualisation of the social housing sector, concentrating vulnerable households and reducing social mix. The Dutch housing association sector is often cited as an example of the tensions that can arise between competition policy and broader housing objectives. In recent years, the European Commission has shown greater flexibility regarding affordable housing initiatives, but

1 European Commission, European Affordable Housing Plan, 2025.

2 European Investment Bank estimate cited in discussions surrounding the European housing investment gap, 2025.

3 Council of the European Union, One Roof, Many Realities: Europe's Complex Housing Crisis, 2025.

4 European Investment Bank, Affordable Housing Finance in Europe, July 2025

5 European Commission and European Investment Bank, Pan-European Investment Platform for Affordable and Sustainable Housing, 2025.

many stakeholders continue to advocate for a broader interpretation that would allow middle-income households to access publicly supported housing. Proponents argue that such an approach could strengthen mixed communities while generating wider political support for long-term public investment in affordable housing.

New partnership models are emerging as a possible solution. Across Europe, public-private partnerships increasingly combine public land, regulatory support, and private financing. In countries such as the Netherlands, Austria, and several Scandinavian states, mixed financing structures have demonstrated that social objectives and private investment do not necessarily have to be mutually exclusive.

At the same time, housing providers themselves face a more complex operating environment. Construction costs remain elevated compared with pre-pandemic levels, labour shortages continue to constrain building activity, and environmental requirements are becoming more demanding. The Energy Performance of Buildings Directive (EPBD) and broader climate objectives require substantial investment in energy-efficient construction and renovation. While these investments are necessary to achieve climate goals, they also increase financing needs.

The financial sector is therefore likely to play a larger role in housing policy than ever before. Banks remain the dominant source of housing finance in Europe, both for developers and households. Yet banks alone cannot solve the affordability challenge. Capital markets, development banks, institutional investors, and governments will all need to contribute if the required scale of investment is to be achieved.

Ultimately, the question is not whether Europe can afford to invest in housing. The more pressing question may be whether Europe can afford not to. Housing shortages increasingly undermine social cohesion, labour mobility, economic competitiveness, and public trust in institutions. If affordable housing is to become a reality for millions of Europeans, financing solutions must now move from the margins of the debate to the very centre of European housing policy.

Beyond traditional credit assessment: unlocking inclusive housing finance in LAC

By Claudia Magalhães Eloy[1]

Underwriting is a crucial pillar of loan origination, deeply intertwined with risk pricing, operational profitability, delinquency rates and overall credit portfolio health. Its role becomes even more critical in scenarios of economic volatility and greater uncertainty. Traditionally reliant on rigid credit-scoring models and credit bureau data to drive decision making, conventional underwriting often acts as a structural barrier for households aspiring to qualify for a mortgage.

Credit denial can often be the technically appropriate outcome—preventing future debt overburden, foreclosure crises, and the type of macro-financial vulnerability witnessed during the 2008 global financial crisis. This screening function is precisely where its systemic value lies. However, when denials disproportionately (or consistently) affect certain segments of the population, it suggests that they are not accurately reflecting borrowers´ true capacity to repay on an individual basis. This inherent bias is worsened when models are designed and calibrated for certain specific segments of the population – formal and stable incomes, bigger paychecks. When underwriting frameworks cling solely to legacy scoring and formal payroll verification, they systematically neglect non-traditional income streams, failing to efficiently predict borrowing capacity and risk, exacerbating credit exclusion.

Across Latin America and the Caribbean – amongst the 15 countries covered by the LAC yearbook, labor informality is around 47% - informal incomes are still excluded from home mortgages and prevalent underwriting models seem to remain highly conventional, designed for households with established credit histories, steady formal payrolls, and high financial literacy. Developing sound, innovative methodologies to accurately assess the creditworthiness of those traditionally excluded is an imperative frontier for the LAC mortgage industry. These vast segments of the population – informal workers, including gig-economy participants, app-based and self-employed entrepreneurs— can no longer remain locked out of housing finance.

Evidence suggests that it is not only informal workers who face these barriers. Analyzing the US market, Toh (2023) finds that young adults entering the market with "thin files" (insufficient credit histories to generate a score), as well as households recovering from past derogatory events, face severe score constraints, even when they are not (or no longer) indicative of consumers' creditworthiness, resulting in outright credit denials or punitively higher interest rates. As Toh (2023)[1] argues, "better understanding the obstacles credit scores pose to consumer loan access—as well as potential ways to address them—is of critical importance to both efficient credit allocation and economic mobility."

Disparities in credit access stretch beyond income and job formality manifesting along gender and ethnic lines. Lenders' reliance on traditional credit scores may further drive those disparities.

All those exclusionary patterns result in overall low qualifying rates. According to the 2026 World Cities Report by UN-Habitat,[2] only 25.5% of mortgage applicants across the globe manage to obtain a loan. This phenomenon is most severe in developing countries where roughly 60% of working adults lack access to formal financial services and remain largely overlooked by existing housing finance policies.

Major advances in data access, machine learning (ML) and artificial intelligence (AI) pose new and increasing opportunities to responsibly capture the solvent, unserved demand. Recent literature discusses how the use of alternative data as well as new technologies can enhance credit behavior predictability and systematically dismantle legacy data biases. Scholars such as Marinque & Leon (2024)[3] argue that by strategically integrating alternative data – granular survey data, social media behavior, consumption habits, and utility payment patterns, among other non-traditional footprints – with advanced AI and ML techniques, institutions can construct highly robust, precise, and predictive underwriting models that simultaneously enhance risk identification and foster structural financial inclusion. Medina-Vidal et al. (2025) highlight that non-parametric models can synthesize a comprehensive borrower profile by integrating alternative footprints—such as digital transaction velocity, smartphone telemetry data, e-commerce behavior, utility payments[4], and even psychometric variables. This technical capacity enables formal financial institutions to safely evaluate under-financed and vulnerable populations who lack a traditional banking footprint.[5] Similarly, focusing on risk-adjusted interest rate pricing, Hernández-Lopez et al (2024)[6] argue for a comprehensive and

---

1 Toh, Ying Lei. (2023) *Addressing Traditional Credit Scores as a Barrier to Accessing Affordable Credit*. https://www.kansascityfed.org/Economic%20Review/documents/9602/EconomicReviewV108N3Toh.pdf

2 https://unhabitat.org/world-cities-report-2026

3 Paulina Manrique & María Coveñas de León. (2024) *Construcción de un score crediticio mediante el análisis de datos alternativos y métodos de inteligencia artificial para impulsar la inclusión financiera*. Revista de Economía y Finanzas; Vol. 2 – n. º 5 - Artículo 4. https://reveyf.es/index.php/REyF/article/view/373/180

4 According to FinRegLab, a PERC and Brookings´ 2006 study analyzed all available credit files with at least one full-file utility or telecom tradeline - reduced the share of consumers who were not scorable from 12 percent to 2 percent in the utility sample, and from 17 percent to 1 percent in the telecom sample. It reduced the share of thin-file consumers from 17 percent to 12 percent in the utility sample and from 23 percent to 18 percent in the telecom sample. This study also found that consumers who were unscorable without the utility or telecom data were not clustered in the highest risk categories once the information was added. Source: https://finreglab.org/wp-content/uploads/2023/12/FinRegLab_2022-03-23_Research-Report_Utility-Telecommunications-and-Rental-Data-in-Underwriting-Credit.pdf

5 Medina Vidal et al. (2025) *Financial inclusion of vulnerable sectors with a gender perspective*. Journal of Innovation and Entrepreneurship. 14:4 https://doi.org/10.1186/s13731-025-00463-2

6 Hernández-Lopéz, Eymard; Cruz-Espinosa, Diana; Herrera-Zuñiga, Leonardo; Wnces, Giovanni. (2024). *Mortgage Loan Data Exploration with Non-parametric Statistical and Machine Learning Perspectives*. Computational Economics. https://link.springer.com/article/10.1007/s10614-024-10748-5

multidisciplinary approach that combines quantitative and qualitative methodologies. They demonstrate how incorporating Topological Data Analysis as an auxiliary qualitative method alongside quantitative feature selection allows identifying the most relevant variables to predict the optimal rate for the credit applicant.

> *Machine learning (ML) models have the potential to revolutionize the credit underwriting landscape by establishing automated decision-making systems that drastically enhance the user experience—such as the speed of loan origination—without exacerbating the risk exposure of credit providers. These advancements are driven both by the technological capacity of fintech to process massive volumes of alternative data (big data) and by the superior flexibility of these predictive models to capture complex, non-linear relationships among variables. (Alonso-Robisco & Carbo, 2023)*[7]*.*

Historically, housing policy across LAC has focused heavily on financed homeownership. Government initiatives attempting to push mortgages down-market have typically relied on subsidization, over-extended amortization periods, and higher loan-to-value (LTV) ratios (risking trespassing prudent boundaries) but generally missed modernizing the underlying data infrastructure. While these "affordability artifices" may indeed increase access to some extent, they inevitably hit a hard structural limit, unable to include those without formal paychecks.

In the US, a major transformation is underway as lenders transition from decades-old "Classic FICO" to a modernized framework using FICO 10T[8] and VantageScore 4.0[9]. To support this shift, government-sponsored enterprises (GSEs) have released massive historical datasets covering millions of loans to allow institutional investors to calibrate their risk models. The defining breakthrough of FICO 10T is its reliance on trended data. Rather than pulling a static snapshot, it analyzes 24 months of historical data to expose the velocity of debt instead of just its current mass. This creates a clear distinction between a "Trisector" (a borrower actively paying down revolving debt) and a "Revolver" (a borrower maintaining high credit utilization while making minimum payments). Moreover, FICO 10T systematically incorporates on-time rental[10] and utility histories. This is a clear case of a mature mortgage market actively investing in informational infrastructure to see risk more clearly, rather than lowering underwriting standards.

The lesson for LAC is clear: to move from short-term fixes to long-term market deepening, credit assessment must be treated as foundational infrastructure. Its challenge is to include underserved but financially capable households, thus without compromising sound underwriting practices. Inclusive and sustainable mortgage finance requires that credit assessment be treated as infrastructure.

The region has a unique opportunity to leapfrog legacy networks, through open banking and open finance frameworks (pioneered by Brazil, Mexico, and Colombia), allowing financiers to extract transactional cash-flow velocity directly from consumer bank accounts data. Major advances amongst financiers are increasingly seen across LAC: leveraging artificial intelligence and APIs tied directly to domestic open finance ecosystems to analyze real-time cash flow, digital banking transactions, and account behavior, effectively building alternative credit profiles. Also, utilizing advanced analytics and machine learning to evaluate non-traditional data, including merchant transaction histories and deposit behaviors, to systematically widen the pool of individuals eligible for loans. In Brazil, for instance, the financial market has migrated to imputing income through predictive modeling. In many countries across LAC, financial institutions already leverage data on remittances for credit underwriting to remittance beneficiaries[11].

It remains unclear, however, the extent to which these institutions have successfully institutionalized these tools to fundamentally transform their *modus operandi* specifically into housing finance and to effectively embrace previously underserved segments. The LAC Housing Yearbook includes variables that measure the share of informal incomes in housing credit portfolios by volume and number of mortgages[12], but of the 15 countries, only Panamá keeps track of this data: 16% of mortgages are contracted by informal workers which comprise over 49% of the country´s labor force.

Another regional tech case worth mentioning is **Yave**, in Mexico, a digital mortgage platform that pairs technological agility with capital market innovation. While Yave's innovation focuses less on automated AI credit-scoring and more on advanced data integration to digitize workflows, its robust digital infrastructure compresses approval timelines to a fraction of the market standard. This operational efficiency powers a flexible product matrix designed for diverse risk profiles, offering traditional mortgages and co-financing schemes tied to the state-backed Infonavit fund. Yet, while able to capture young, first-time homebuyers and lower-income formal workers, because Yave relies heavily on access to users' formal tax and fiscal data to streamline its automated workflows, fully informal workers without digital tax footprints still faced structural hurdles under its original model. **Klar**, a prominent Mexican digital financial platform, has recently acquired Yave, aiming to bridge the massive housing credit gap in Mexico> This may allow for more inclusive outcomes[13].

Indeed, the rapid rise of a vanguard of LAC fintech innovators could offer the precise playbook needed to inspire and accelerate modernization within the mortgage sector:

7 Andres Alonso-Robisco & Jose Manuel Carbo. (2023) Aprendizaje automático en modelos de concesión de crédito: oportunidades y riesgos. https://www.funcas.es/wp-content/uploads/2023/05/Analisis-financiero-y-big-data_Capitulo-III.pdf The authors also cite Gambacorta et al., 2019; Fuster et al., 2022; Gimeno y Sevillano, 2022; Hoffman et al., 2018.

8 https://www.fico.com/br/ficoscore10

9 To obtain a FICO score or VantageScore, consumers need sufficient credit history. Consumers must have opened at least one credit account to be eligible for a VantageScore and must have at least one account that has been open for six months or longer to be eligible for a FICO score. If a consumer meets these requirements, their score is calculated based on data from their credit bureau files.

10 According to the World Bank (2024), a study by the US Government Accountability Office (GAO, 2021) noted the significance of including positive rental payment history in automated credit underwriting. It indicated that 17 percent of a sample of mortgage loan applications previously shown to be ineligible could have been found eligible had the applicants' rental payment histories been considered.

11 The World Bank. (2024) The Use of Alternative Data in Credit Risk Assessment: Opportunities, Risks, and Challenges. https://documents1.worldbank.org/curated/en/099031325132018527/pdf/P179614-3e01b947-cbae-41e4-85dd-2905b6187932.pdf

12 https://anuarioviviendalac.com/housing/db_dimension/en/9/31/0/3/0/

13 https://mexicobusiness.news/finance/news/klar-acquires-yave-expand-mexico-mortgage-market

13 Convergence database had registered 51 agriculture blended finance transactions in LAC representing aggregate committed financing of $7 billion, with smallholder farmers being the largest end beneficiaries (83%)State of Blended Finance 2023: Climate Edition. https://www.convergence.finance/resource/state-of-blended-finance-2023/view

- **Nubank** (operating in Brazil, Mexico, and Colombia) leverages machine learning and big data analytics to assess credit risk and customize financial products for individuals completely lacking a traditional credit history.[14]
- **Mercado Crédito** (the fintech arm of Mercado Libre, active across Argentina, Brazil, Mexico, Colombia, Chile, Peru, and Uruguay) analyzes purchase behavior and platform usage data to determine credit approvals and risk management without relying solely on traditional banking history.[15]
- **Creditú** (Chilean-born expanding to Peru and Brazil) uses use machine learning and alternative risk metrics to qualify informal workers and entrepreneurs who lack traditional pay stubs or credit scores.
- **Tala Finance** and **Kueski** (Mexico) both use machine learning with alternative data (such as mobile phone usage and digital transactions) to assess credit risk and generate credit scores for thin-file or unbanked users lacking formal credit histories, improving access to those excluded by traditional banking.[16]
- **Quipu** (Colombia) and **Algonew** use AI to analyze spending patterns and financial behavior to inform credit decisions, developing solutions to democratize access to credit.[17]
- **Black fintechs** (Brazil): their emergence responds to structural financial racism and intersectional exclusion. By reengineering algorithmic frameworks and pioneering forward-looking predictive models, they bypass traditional credit bureaus by evaluating a borrower's future capacity to repay rather than punishing past banking absences. By codifying non-traditional contextual realities into their algorithms – such as alimony payments and social transfers as a positive scoring metric – they have managed to include black communities living in peripheries.

Despite these data science proofs-of-concept, many bottlenecks may deter their adoption in the mortgage industry, such as regulatory uncertainty or compliance hurdles related to algorithmic transparency requirements,[18], as well as lack of longitudinal data and research proving the long-term performance of alternative underwriting models.

Regarding data, in the United States, the Federal Reserve's triennial Survey of Consumer Finances (SCF)[19] provides granular, longitudinal data on household assets, liabilities (including mortgages), and credit constraints—such as explicit denials and the "fear of denial"—alongside housing wealth accumulation, affordability trends, and foreclosures. In contrast, wealth surveys across LAC are not only less frequent but significantly narrower in scope of data and findings, limiting well-informed policy design. Structural data deficits are acutely reflected in the *LAC Housing Yearbook*. While the publication features a pioneering, dedicated section on mortgage inclusion broken down by gender and race, most of these data points remain starkly vacant. This critical omission reveals severe informational blind spots that effectively leave regional policymakers flying blind. Ultimately, this underscores that the informational deficits across Latin America and the Caribbean must be firmly tackled if the region is to build truly equitable housing finance systems.

It must be kept in mind though that automated models are not a panacea: back to the US market, Nguyen (2025) cites evidence that "AI-driven lending models used today often produce evaluations that skew toward borrowers with higher incomes—in other words, privileging white borrowers who have a more stable or longer history of credit scores for loans"[20]. Indeed, while alternative data and advanced statistical techniques may offer a pathway to reduce human bias, early market evidence also warns of "algorithmically born" bias[21]. Evidence based upon credit denial rates for Black applicants suggests that racial discrimination is already embedded into algorithms and credit scoring tools[22]. Some would argue that regarding algorithmic discrimination, the opacity of machine learning (ML) models can severely complicate the enforcement of fair lending policies in credit underwriting[23].

To build a more efficient data and financial infrastructure fostering those innovations into the mortgage industry, LAC should pursue:

- **Transitioning from static wealth indicators (such as formal paystubs) to cash-flow velocity**: for an informal worker, income is often volatile but highly consistent in its net velocity over time. Capturing the frequency, volume, and retention of digital wallet deposits provides an accurate representation of a household's true residual income and long-term debt-service capacity.
- **Coordinating regional standardized data repositories**: taking advantage of the digitalization (of payments, notaries, etc.) since Covid-19, enabling financiers, secondary market investors and credit enhancers to track the performance of alternative-data loans over time.
- **Enacting modern fair lending regulations**, which also address implicit underwriting barriers[24], while safeguarding consumer data, always guided by in-depth research and data availability.
- **Monitoring bias** in the mortgage industry to ensure fair lending practices. Even when proven more inclusionary, innovative automated models require rigorous monitoring regarding their allocation outputs.

Complementary interventions could include the deployment of state-backed first-loss guarantees or risk-sharing mechanisms specifically for mortgages underwritten through verified open finance alternative models, if they indeed foster sustainable inclusion. Targeted financial education initiatives focusing on credit-building, savings

[14] https://building.nubank.com/matt-swann-artificial-intelligence-applied-to-finanacial-services/

[15] https://www.reuters.com/business/retail-consumer/mercadolibre-latams-amazoncom-rival-rides-high-with-ai-loans-drones-2024-09-30/

[16] https://tala.co/faq/ & https://www.kueski.com/blog/kueski-llega-a-los-primeros-500-mil-prestamos-otorgados-desde-su-fundacion

[17] https://www.algonew.com/en/use-of-alternative-data-and-artificial-intelligence-in-latin-american-credit-concessions & https://www.latamfintech.co/articles/fintech-colombiana-quipu-cierra-ronda-pre-serie-a-de-us-1-1m-para-democratizar-el-acceso-al-credito-a-micronegocios-en-latam?utm_source=chatgpt.com

[18] Directives which require demonstrating the basis under which credit assessment is based upon, although sound, may be impossible to follow since the outcomes of models based upon AI and ML may not be explainable at all. For this type of discussion, see Rosa Garcia Teruel. (2022) Integrating artificial intelligence into the mortgage credit market. Working Paper 1/2023, presented on the 2022 Online Webinar "Financial Services & Transparency". https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4304716

[19] https://www.federalreserve.gov/publications/files/scf23.pdf

[20] Nguyen, Frances (2025). https://shelterforce.org/2025/06/19/training-ai-to-tackle-bias-in-the-mortgage-industry/

[21] https://news.lehigh.edu/ai-exhibits-racial-bias-in-mortgage-underwriting-decisions

[22] Diniz et al. *Do black fintechs matter?* The long and winding road to develop inclusive algorithms for social justice. MIS Quarterly Vol. 48 No. 4 pp. 1721-1744 / December 2024.

[23] Philippon, T. (2019). *On fintech and financial inclusion* (No. w26330). National Bureau of Economic Research.

[24] As an example, in 2021, the CFPB modified its definition of "qualified mortgage" under the Truth in Lending Act (Regulation Z) to allow for greater use of alternative data in mortgage lending.

routines, and proactive debt management will further strengthen these affirmative structural adjustments.

In sum, fostering housing affordability in LAC requires more than ensuring affordable sufficient funding (as discussed in the previous LAC Spring column), but building the informational infrastructure necessary to surface the "financially capable" yet so far "invisible segments".

Integrating alternative data, Open Finance architectures, cash-flow analytics, and machine learning into the mortgage engine offers promising pathways. Building this infrastructure allows financial systems to accurately price and manage risk, preserving systemic resilience while expanding sustainable housing access. The benefits are multifaceted and worthwhile: improving credit allocation efficiency, expanding mortgage market depth, and ultimately reducing borrowing costs, given that mortgage rates fundamentally embed risk pricing.

Access to credit is vital to the development of more inclusive, affordable and equitable housing markets. Modernizing credit assessment is therefore a top-tier policy agenda for stakeholders across the LAC region in the pursuit of housing finance systems that are structurally inclusive, data-transparent, and systemically resilient.

That is not all it takes, though. Once regional systems can successfully underwrite the so far underserved segments, the next challenge is deploying a diverse portfolio of finance products to meet varied needs, a topic we will tackle in the upcoming Fall column. Do not miss it!

Update on Fannie Mae and Freddie Mac

By Alex J. Pollock and Edward J. Pinto

Since the fall of the American savings and loan industry four decades ago in the 1980s, U.S. housing finance credit has been dominated by the tightly government-connected firms of Fannie Mae and Freddie Mac. Until 2008, Fannie and Freddie were privately owned, privately managed companies, but they were always completely dependent on the guarantee they enjoy from the U.S. Treasury. They still are dependent on it and will continue to be. This guarantee now totals $7.6 trillion (that's "trillion" with a "T"). It is not explicitly written down, but it is certainly a liability of the government; it is said by all to be an "implicit guarantee." No informed person doubts that it is a real obligation of the government. We feel sure that that includes the officers of the U.S. Treasury.

This guarantee is egregiously provided to Fannie and Freddie for free. Neither has ever paid even one cent for it. It is part of the government's attempt to promote housing, not to mention helping out the important political constituencies of the housing and housing finance industries that benefit from it. Fannie and Freddie could not exist for even a day without this huge and extremely valuable government guarantee, which, because it is free, acts as a giant subsidy.

Fannie and Freddie used frequently to claim that this institutional design, with them at the center of a taxpayer-guaranteed housing finance system, was "the envy of the world." It wasn't, but it did make and still makes the U.S. unique in global housing finance.

With the collapse of the great housing bubble which greeted the opening of the 21st century, Fannie and Freddie went broke and were recapitalized by the U.S. Treasury in a $190 billion bailout, making good the government's guarantee and making whole every creditor. The government also took over complete control of the management of Fannie and Freddie. They are thus no longer privately owned and managed companies and can no longer properly be called, as they used to be, "government-sponsored enterprises." Instead, they have become overwhelmingly government-owned and entirely government-controlled companies—simply part of the U.S. government.

The Treasury's equity stake in Fannie and Freddie is now $367 billion. This is the liquidation preference of their combined senior preferred stock. Subtracting this government stake from the total equity of $179 billion leaves Fannie and Freddie with a private equity of *negative* $188 billion. On top of owning the bulk of the equity through its senior preferred stock, the Treasury has the right to acquire 79.9% of Fannie and Freddie's common stock almost for free—the exercise price of the option it holds is one-thousandth of a cent per share. Hard to get closer to zero than that.

The Director of the Federal Housing Finance Agency, in his legal role as Conservator, has had total governance power over Fannie and Freddie since 2008. Under the law, the Conservator wields the power of the boards of directors and the executives, as well as being the regulator. He has moreover made himself Chairman of both of the boards. As Director of the FHFA, he is responsible to and removable by the President of the United States. A pointed recent example of Fannie and Freddie's current governance was the instruction from the President for them to buy for their portfolio $200 billion of mortgage-backed securities. The FHFA Director announced that Fannie and Freddie would execute the order and they obeyed.

Fannie and Freddie's primary ownership by the government and total governance by the government has so far lasted nearly 18 years. It has outlasted numerous attempts at legislative reform and many proposals for what has been called "privatization" but never really was, because all these proposals include maintaining the free government guarantee. In our opinion there is no credible escape from the current situation and it is likely to continue indefinitely.

As part of the government, Fannie and Freddie have become even bigger than they were before. With combined assets of $7.8 trillion and $7.6 trillion in liabilities, they are an essential part of the finances of the U.S. government. That the Treasury guarantees those trillions in liabilities means that they are in reality part of the government's debt. Accurately reporting this $7.6 trillion as government debt, which it really is, would increase the reported U.S. government debt held by the public by about 25% – from $30.8 trillion to $38.4 trillion as of December 31, 2025. The even larger category of total U.S. government debt would increase to the pretty astonishing amount of $46.1 trillion.

Naturally there is a strong desire of politicians and Treasury managers to keep Fannie and Freddie's debt off the government's books. Nonetheless, that is where it belongs. We are not betting on its being properly reported there any time soon, however.

Fannie and Freddie operate at extremely high, non-market, government-guaranteed leverage. Their leverage and most of their profit is made possible by their free guarantee from the Treasury.

An essential question to understand Fannie and Freddie's true nature is: What would happen to Fannie and Freddie if they had to pay a fair price for their guarantee? Of course, that includes the question: What would a fair price be?

There are two components to the guarantee fee Fannie and Freddie should pay the Treasury. First is the Risk Fee for the risk that Fannie and Freddie impose on the Treasury of future losses and future bailouts. The second is the Cost Offset Fee to make up for the increase in the cost of the Treasury's own debt that Fannie and Freddie cause.

We estimate the Risk Fee by the close analogy to what the largest, "Too Big to Fail" banks pay the Federal Deposit Insurance Corporation for the implicit guarantee of all of their liabilities which they too receive from the government. We believe the Risk Fee that should be about 12 basis points (0.12%) of Fannie and Freddie's total liabilities per year. For the combined $7.6 trillion in liabilities, this fee would be $9.1 billion per year. To pay that would take about 36% of Fannie and Freddie's combined 2025 pretax profit.

Further study may determine that the fair Risk Fee is higher or lower. In any case, it is absolutely certain that the right fee is not zero, which it has always been up to now.

The Cost Offset Fee reflects the fact that the constant presence of trillions of dollars of Fannie and Freddie mortgage-backed securities and debt compete with the Treasury's own debt for the purchases of conservative global investors. Using and updating the Federal Reserve's analysis of the relationship of the effects of Fannie and Freddie's MBS on the cost of U.S. Treasury debt, the AEI Housing Center estimated the fair level of the Cost Offset Fee to be from 38 to 57 basis points (0.38% to 0.57%) per year on Fannie and Freddie's liabilities, or a mid-point of 48 basis points (0.48%). This would just reimburse the Treasury for the added interest cost that Fannie and Freddie impose on it.

Adding together the two components of the appropriate guarantee fee gives an estimated total fee of 60 basis points (0.60%). To give Fannie and Freddie the benefit of the doubt, we cut this in half, to 30 basis points (0.30%).

What is the resulting effect of Fannie and Freddie? To pay the 30 basis point guarantee fee would require $22.8 billion, which is about 90% of their combined 2025 pretax profits. Others may of course have differing estimates of the right fee for Fannie and Freddie to pay the Treasury for the guarantee which makes their existence possible, but any legitimate fee would constitute a very significant portion of their pretax profits.

This result speaks to an essential truth: the essence of Fannie and Freddie is to convert a free government guarantee into their profit. If it is ever contemplated to move them out of the government and again into private ownership and management, this absolutely has to be fixed, which means adopting a fair guarantee fee they have to pay the U.S. Treasury. But such a fee makes it impossible for the potential private investors to want to invest.

The alternative, which we expect to continue, is for Fannie and Freddie to go along indefinitely under government ownership and government control, the 20th century idea of "government-sponsored enterprises" having failed.

Is the Australian Labor Party succeeding in resolving the housing crisis it faced when it regained government in May 2022?

By Alan Morris[1]

1. Introduction: a brief mapping of the housing crisis

After almost a decade in opposition, the Australian Labor Party (ALP) regained power federally in May 2022. At this time housing affordability was perhaps the key issue in Australia. In the three decades prior, house prices had trebled, while real earnings increased by only 50% (see Pawson et al. 2020). In the year to September 2021, when interest rates were lowered to 0.1% in response to the economic crisis precipitated by the Covid-19 pandemic, wages increased by a mere 2.2% (ABS 2021a) while the weighted average increase in house prices across Australia's eight capital cities was a phenomenal 21.7% (ABS 2021b). By 2022, social housing had dwindled to less than 4% of the housing stock, it was around 6% in the mid-1990s; private renters constituted about 27% of all households, up from 18% in 1994 and homeowners constituted 66% of households down from 71.4% in 1994-95 (ABS, 2022; AIHW, 2025a). The 2021 Census established that 31% of households were outright owners, down from 41.6% in 1996, and 35% had a mortgage, up from 26.2% in 1996 (ABS, 2022). There were 10,852,208 private dwelling of which 1,043,776 were unoccupied.[1] Most of these empty homes were empty investment properties or holiday homes (ibid).

2. The impacts of rocketing housing prices

The phenomenal increase in house prices has had several significant consequences. Firstly, it has **locked a substantial proportion of the population out of home ownership**. Younger people have been most severely impacted. Thus whereas 57% of 25 to 34 years-old were homeowners in 1971, in 2021, 43% were. The 35 to 44 years-old age cohort displayed a similar drop. In 1971, 71.4% of this age cohort were homeowners, in 2021 61.3% % were (Ong Viforj 2022). A constant refrain is that first-time home buyers are denied home ownership by investors who outbid them (Stapleton, 2026).

The high price of housing has meant that for many more recent purchasers, **mortgage stress** (having to use more than 30% of household income to service the mortgage) is common. Whereas in 2016, one in 12 mortgage holders experienced mortgage stress, in 2021 one in five did (Wade 2022). More recent data is startling. A 2025 report concluded that servicing a new mortgage consumes 45% of a median household's pre-tax income, up from 26% in September 2020. In Sydney, a new loan accounts for 68% of a median household's pre-tax income if they purchase a house and 39% if they purchase an apartment (Cotality, 2025a).

A knock-on impact of high housing prices is high rents. **Rental stress** is common. Overall, 28% of private renters were in rental stress in 2024-2025 (AIHW, 2025b). The situation of private renters reliant on government benefits for their income is particularly acute. The annual survey by the NGO, Anglicare, concluded that of the nearly 49,000 rental listings nation-wide on the 14-15 March 2026, only one property was affordable for a person reliant on JobSeeker (the unemployment benefit), 88 dwellings (0.2%) were affordable for a single person reliant on the government Age Pension, 17 (0.0%) were affordable for a person reliant on the Disability Support Pension. Even for employed households the situation was dire. Only 255 properties (0.5%) were affordable for a single person earning the minimum wage. For a couple with two children, one under 10 and one under five, with one partner working and earning the minimum wage, only 2.7% of properties were affordable (Anglicare Australia, 2026).

The light regulation of the PRS (there is no rent control and there are a range of ways landlords can evict tenants) means that private renters face **constant precarity** once their written agreement ends (Morris et al., 2021). The extremely low vacancy rate and the capacity of landlords to increase the rent to whatever the market can bear (in all jurisdictions bar the northern Territory rents can only be increased once every 12 months) means that for low-income and even middle-income individuals and households, private renting is potentially a source of enormous anguish. Termination can result in having to move further out or even homelessness (Morris et al. 2025).

The most acute impact of high home prices and rents is **homelessness**. The 2021 Census concluded that 122,494 people were homeless, approximately 48.2 Australians per 10,000 people. The rate was far higher for Indigenous Australians – 306.8 per 10,000 people (SCRGSP, 2026).

3. The Labor Party's response to the crisis

3.1 Increasing housing supply

The federal Labor Party has recognised that there is a housing crisis and has put in place a

[1] The population at the time of the Census (mid-2021) was 25,422,788.

range of policies that it claims will help resolve it. The key policy initiative is increasing housing supply. The government has been adamant that increasing housing supply by 1.2 million over 5 years (2024 to 2029), the original target was 1 million, will make a major contribution to resolving the housing affordability crisis. When asked about renters' rights, the prime minister, Anthony Albanese, responded, "The key to addressing these issues is supply, and that's why we've focused our attention on supply" (in Crowe 2023).

Each state and territory[2] government has been allocated a housing target and incentives have been put in place by the federal government to endeavour to ensure that the target is reached. Thus, state or territory governments that build more homes than their allocated target will be given $15,000 for every home built above the initial target they were allocated. A total of $3 billion has been allocated for the potential "rewards". The federal government has also allocated monies for infrastructure to support the building of housing in greenfield areas and state and territory governments have been encouraged to hasten approval processes for new projects.

The endeavour to reach the 1.2 million new homes target has encouraged state governments to put in place processes that deliberately make it extremely difficult for local residents or councils to object to substantial developments. For example, in New South Wales (NSW), Australia's most populous state, in January 2025, the state government established a three-person approval committee for major projects called the Housing Delivery Authority (HDA). Developers are invited to submit "expressions of interest" to the HDA for "major residential developments". Once the HDA agrees that the proposed development is a "state significant development" (SSD) and the Minister for Planning signs off, the local council and residents can comment on the development though a complex NSW planning portal, but it is highly unlikely that the decision of the HDA will be reversed. Historically, all development applications had to be lodged with the local council who assessed whether the project was appropriate and residents were given time to lodge objections.

By March 2026, 325 SSDs had been approved in NSW. Many of the proposals were not new. Rather, they were plans that had been rejected by a local council because they were deemed inappropriate. Alternatively, projects that the local council had approved subject to the development being restricted to a specific density were resubmitted to the HDA and the revised plans substantially increased the proposed number of storeys and apartments (Barwell, 2026). A chief executive of one of Sydney's largest councils expressed his frustration:

> We've spent years trying to get standards right on development sites and, after all that, developers have away [from the council], gone to the HDA and come back with double the yield … What it's done is take voice [away] from the community and take decision-making away from local government (in Barwell, 2026).

Despite the federal government incentives and the bypassing of local councils in NSW and elsewhere, the data suggest that the target of 1.2 million new residential properties by July 2029 will not be met. The National Housing Supply and Affordability Council (NHSAC), a government body that advises on housing policy, estimated in its 2026 report that 980,000 dwellings will be built by the end of June 2029 (NHSAC 2026).

Even if the target is reached, it is unlikely that the increase in supply will have an impact on affordability. Past history indicates that increasing housing supply does not necessarily have an impact on house prices. For example between 2011 and the end of 2016, the mean value of residential properties in Australia rose by 36.5% despite dwelling supply increasing at a faster rate than the population (AHURI, 2017). The increase in supply in the present period is wholly reliant on private developers and it is evident that the properties that developers build are orientated to middle- and high-income households. An analysis of the housing being built concluded "that based on 2023-24 data, the housing market has failed … to adequately serve households earning between $50,000 and $110,000 annually, which represent approximately one-third of all households" (KPMG, 2025, p. 2). There is minimal compulsion for developers to incorporate affordable housing[3] into their scheme. Making the provision of affordable housing compulsory has been baulked at by industry bodies representing developers. The CEO of the Urban Development Institute of Australia (UDIA) NSW branch (the UDIA is an industry association for developers) questioned the 2% compulsory affordable levy the NSW government introduced for "Transport Orientated Development (TOD)" around train stations.

> TODs in New South Wales aren't moving at the speed the government had hoped. So, there's probably is still a bit of a question mark about whether those affordable housing mandatory settings are impacting the feasibility in those sites … (in Gerathy, 2025).

It is evident that if at all possible, most developers will avoid supplying any affordable housing.

3.2 The Help to Buy scheme

The Help to Buy Scheme is a shared equity scheme. It allows first time home buyers to purchase only 70% of a property. The remaining 30% is held by the federal government. For new homes, the government equity could be a maximum of 40%. Purchasers can buy out the government share over time. The deposit can be as low as 2% of the purchase price. The scheme is restricted to 10,000 sales a year, so its impact is limited. There are income caps; individuals have to be earning a maximum of $100,000, and up to $160,000 for couples.

3.3 The Australian Government 5% Deposit Scheme

The government has retained the 5% deposit scheme (formerly known as the Home Guarantee Scheme) that was established by the previous federal government in 2020. Instead of the usual 20% deposit, first time home buyers (it is restricted to first home buyers) are only required to put down a 5% deposit. Single parents can put down a 2% deposit. There was an eligibility cap based on income and maximum price of property, but the income limit was removed at the beginning of October 2025 and the property price cap was adjusted. Since its establishment around 250,000 households have utilised the scheme. Nationally, in 2024-25, one in three first home buyers utilised the scheme (Housing Australia, 2025).

The scheme clearly has allowed low-income households to purchase a home, however it has probably contributed to an increase in house prices. The NHASA (2026, p. 60) has argued "these policies (the Help to Buy and the 5% deposit scheme) may negatively impact affordability for first home buyers generally by placing upwards pressure on housing prices in the near term". The chief economist at the left

[2] Australia has six states and two territories. The key difference between state and federal governments is that the federal government has the power to overrule legislation passed by a territory government.

[3] The term affordable housing is contentious. It is commonly defined as housing which is rented out at 20% below the market price. However, even at 20% below the market price, these properties would be out of reach for a sizeable proportion of the population.

of Centre think tank, the. Australia Institute, described the 5% deposit scheme as "a miserable policy failure" that whilst

> notionally making it easier for first home buyers to get a home loan … what it does is bring forward the number of first home buyers now bidding for properties. That increase in numbers has unsurprisingly led to many stories of surging loans and house prices (Jericho, 2025).

A related issue is that the scheme has resulted in severe mortgage stress for many households Interest rates increased from 0.35% in May 2022, to 3.35% in February 2023 and to 4.35% in May 2025. Many of the first home buyers who have utilised the 5% deposit scheme and thus taken out a 95% loan on the purchase price, are struggling to keep up with mortgage repayments. The Greens housing spokesperson in the federal parliament commented,

> First-home buyers are being conned into thinking that it's better to have an insurmountable debt … But what's really going to happen is they'll be forced to forgo weekly essentials just to pay their mortgage and will face deep financial stress. Labor is asking our nurses and teachers to spend the bulk of their income on mortgage repayments – how are they supposed to live? It's reckless to push people into loans they can't afford while the banks cash in. Forcing first-home buyers into housing stress isn't the answer to the housing crisis (The Greens, 2025).

3.4 The revising of negative gearing and the capital gains tax discount

When the Labor Party regained power in 2022, Anthony Albanese, the incoming prime minister, pledged that there would be no changes with respect to negative gearing and the capital gains tax (CGT) discount. Negative gearing allows property investors to lower their tax rate by deducting expenses related to the investment property and thereby reducing their income. These expenses can include the interest on the loan required to buy the property, rates and maintenance.

The CGT discount was introduced in 1999 and the phenomenal increase in house prices is often tracked from the time the policy was put in place. When an investor sells a property instead of paying tax on 100% of the profit on the sale, tax is paid on only 50% of the nominal gain. The only requirement is that the property needs to have been owned for more than 12 months.

The amount of government revenue forgone due to negative gearing and the CGT discount is staggering. The Parliamentary Budget Office estimated that in the decade 2014-15 to 2023-24, $84 billion was forgone. The estimate for the decade, 2024-25 to 2033-34, is that the revenue forgone will be $166 billion (in Morris, 2025).

There is broad consensus that negative gearing and the CGT discount have been major contributors to the increase in residential property prices in Australia over the last three decades. It is argued that the tax regime encourages speculation, i.e. the financialisation of housing, and in the process pushes up house prices. Investors are prepared to pay more knowing that they can reduce their tax rate and that any capital gains will only be taxed at 50%. The level of investor activity in the housing market historically has been astounding. For example, in the March quarter 2026, nationwide there were 139,794 new loan commitments for residential property of which investors accounted for 57,342 (41%) and first home buyers for 30,241 (21.6%) of the loans. The remaining 52,211 loans (37.3%) were to non-first home buyers (ABS, 2026).

As the housing crisis intensified and it became evident that a growing proportion of Australians, more especially younger Australians, were locked out of home ownership, the federal government started shifting its position on negative gearing and the CGT discount. Besides pressure from its own members and supporters, there was a growing fear within the Labor Party that the right, but more especially the far right One Nation political party, were successfully exploiting the crisis to their advantage by linking the housing crisis to immigration (Kohler 2026). Support for the far right has increased dramatically over the last year. A couple of the most recent polls have One Nation polling higher than the Labor Party and the official opposition. A survey conducted for the *Australian Financial Review* at the end of May 2026, had One Nation at 30%, Labor at 28% and the Coalition (the official opposition constituted by the Liberal and National Party) at 20%. In May 2025,One Nation was polling 6% (Tomevska, 2026).

A primary feature of the 2026-27 federal budget presented in May 2026, was limiting negative gearing to new builds only from 1 July 2027. However, investment properties held before the budget announcement on the 12 May 2026 are exempt from the changes to negative gearing. The 50% CGT discount has been abolished and replaced with a 30% minimum tax on capital gains.

3.5 Policy around social housing

Besides a spike in 2009-10 in response to the global financial crisis, the building of new social housing has been sorely neglected by successive federal governments. As mentioned, by the time the Labor Party regained power in 2022, social housing as a proportion of the housing stock, had declined from around 6% in the mid-1990s, to around 4%. Nation-wide the waiting lists were extensive and accessing social housing had become extremely difficult. Applicants had to be severely disadvantaged to have any chance of moving from the waiting list into social housing (Morris et al., 2023).

The Labor government has recognised the desperate need for social housing and has put in place policies to increase the supply of social and affordable housing. Its flagship policy is the Housing Australia Future Fund (HAFF) established in November 2023. The HAFF is a $10 billion fund, and the profits generated are used to build social and affordable housing. The government has claimed that the HAFF will enable the construction of 20,000 social housing dwellings and 10,000 affordable homes over five years. After much pressure from the Greens, the federal government provided a one-off payment of $2 billion to the states and territories in mid-2023 to construct social housing (Housing Australia 2025). The federal government also entered into an agreement with the Northern Territory government to jointly provide $4 billion for social housing in remote areas. State governments have stepped up and with their support it is possible that around 70,000 new social housing dwellings could be built in the 2020s (Pawson and Martin 2026). However, the ultimate gain it is estimated will be approximately 55,000 dwelling as around 15,000 social housing properties will be sold or demolished (ibid).

4. Conclusion – so has housing affordability improved since Labor regained power?

By the time Labor regained power in 2022, the housing crisis was so deep that it required massive government intervention to resolve. Up until the May 2026 budget when the scrapping of negative gearing and the CGT discount were announced, the policies put in place had had no impact on house prices and people's capacity to access affordable housing. The 2026 annual report of the NHSAC painted a depressing picture. Just under half, 45.9%, "of median household income was needed to meet repayments for new mortgages" and the number of years required to save a 20% deposit increased to 11.2 years in 2025 "as housing costs outpaced median income growth" (NHSAC, 2026, p. 53). If we use the measure of less than 30% of disposal income being affordable, i.e. mortgage repayments should not constitute more than 30% of disposable income, then only 15% of homes sold were affordable for a median-income household in 2024-25 (NHSAC, 2026). For low-income households (bottom 40%) only 3% of homes were affordable (ibid). The Reserve Bank of Australia lifted the official interest rate to 4.35% in May 2026, the third increase since the start of the year. The increase will certainly result in an increase in the proportion of households suffering from mortgage stress and make it more difficult for aspirant first home buyers to purchase.

In 2024-25, rental affordability continued to deteriorate with the proportion of median household income needed to rent a new lease rising to a record-high 33.1 per cent in 2025 (ibid). At the end of June 2025, 74.8% of low-income households would have experienced rental stress, however Commonwealth Rent Assistance (CRA) reduced the figure to 43% (SCRGSP, 2026). Government expenditure on CRA was $6.4 billion in 2024-25, whereas total state and territory government expenditure on social housing in this period was $5.9 million (ibid). Between March 2025 and March 2026, rents increased by 4.6% in the capital cities. The vacancy rate in Sydney in the March quarter 2026, was 0.8% (Stapleton, 2026). The low vacancy rate means that low-income renters live in constant fear of being evicted or having their rent increased to an untenable level (Morris et al., 2025).

There was some progress with respect to security of tenure in some states. No-grounds evictions were abolished in New South Wales (NSW), Australia's most populous state, in May 2025. Prior to the change landlords were able to evict a tenant at the end of the written agreement and no reason had to be provided. Now the landlord has to provide grounds for termination, but there are still substantial limitations in the legislation (see Morris & Martin, 2026). In other states tenants can still be terminated at the end of the written agreement (lease).

Although the supply of social housing is slowly increasing, the shortage is so substantial that addressing the crisis would require the building of an enormous number of social housing dwellings. The crisis is illustrated by the large and constant number of applicants on the social housing waiting list. In New South Wales (NSW) in April 2025 there were 65,758 applicants on the waiting list of which 11,161 were on the "priority" list. To access the priority list a person has to be extremely disadvantaged / in "greatest need". The number of applicants on the waiting list NSW increased to 69,051 in April 2026 of which 12,849 were on the priority list. The figures suggest that the minimal increase in the number of social housing dwellings had had no impact with respect to lessening demand.

The available evidence suggests that homelessness has increased significantly since the last count in mid-2021. Just over three quarters of homelessness services surveyed in 2023 reported that homelessness had increased significantly since 2021 (Pawson et al., 2024). In 2024-25, 288, 970 people accessed specialist homeliness services (SCRGSP, 2026).

The recent changes to negative gearing and the CGT discount are perhaps the most significant change with respect to addressing housing affordability. Over time they will lessen investor activity. The changes appeared to have had an immediate impact although the war in the Middle East and high interest rates have also played a part. In the immediate couple of weeks after the May budget, property prices in Sydney fell by 0.9% and by 0.8% in Melbourne. Auction clearance rates have fallen significantly (most homes in Australia are sold by auction) which suggests that investors have pulled back. An auctioneer involved in the selling of residential property commented,

> … the budget … certainly didn't add too much confidence to the buyers that we are already meeting. It's far less appealing for most investors to get out there and purchase now (in Walker, 2026).

The narrative of the federal government is still focused on the notion that increasing housing supply is the key to resolving the housing affordability crisis. Certainly, it is important that supply is increased, but the notion that it will resolve the crisis remains illusory.

References

ABS (Australian Bureau of Statistics) (2026). Lending indicators. Canberra: ABS. Available from: https://www.abs.gov.au/statistics/economy/finance/lending-indicators/latest-release

ABS (Australian Bureau of Statistics) (2022). 2021 Census counts includes Australian living on wheels and water, but most of us still firmly on land, media release, 28 June, 2022. Canberra: ABS. Available from: https://www.abs.gov.au/media-centre/media-releases/2021-census-count-includes-australians-living-wheels-and-water-most-us-still-firmly-land

ABS (Australian Bureau of Statistics) (2021a). Wage price index, Australia. Canberra, ABS. Available from https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/wage-price-index-australia/latest-release

ABS (Australian Bureau of Statistics) (2021b). Residential property prices indexes: Eight capital cities. Canberra: ABS. Available from: https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/residential-property-price-indexes-eight-capital-cities/latest-release

AHURI (2017). Does building more houses fix affordability for low-income households. Melbourne: AHURI. Available from: https://www.ahuri.edu.au/analysis/brief/does-building-more-houses-fix-affordability-low-income-households

AIHW (Australian Institute of Health and welfare) (2025a). Home ownership and housing tenure. Canberra: AIHW. Available from: https://www.aihw.gov.au/reports/australias-welfare/home-ownership-and-housing-tenure

AIHW (Australian Institute of Health and welfare) (2025b). Housing affordability. Canberra: AIHW. Available from: https://www.aihw.gov.au/reports/australias-welfare/housing-affordability

Anglicare (2026). Rental affordability snapshot, national report 2026. Sydney: Anglicare Australia. Available from: https://www.anglicare.asn.au/wp-content/uploads/2026/04/Rental-Affordability-Snapshot-2026-National-Report.pdf

Barwell, D. (2026). Revealed: The developer supersizing tactic rewriting Sydney's skyline. *The Sydney Morning Herald*, 9 March. Available from: https://www.smh.com.au/national/nsw/revealed-the-developer-supersizing-tactic-rewriting-sydney-s-skyline-20260211-p5o1e2.html

Crowe, D. (2023) New $3.5 billion incentive for states to lift housing target. *The Sydney Morning Herald*, 16 August. Available from: https://www.smh.com.au/politics/federal/new-3-5-billion-incentive-for-states-to-lift-housing-target-20230816-p5dwyo.html

Geranthy, S. (2025). Developers being forced to build affordable housing could ease rental market. *ABC News*, 9 November. Available from: https://www.abc.net.au/news/2025-11-09/mandatory-housing-contributions-possible-relief-sydney-renters/105971062

Housing Australia (2025). Expanded Australian government 5% deposit scheme to support more Australian into home ownership, media release 1 October. Canberra: Australian Government, Housing Australia. Available from: https://www.housingaustralia.gov.au/media/expanded-australian-government-5-deposit-scheme-support-more-australians-home-ownership

Jericho, G. (2025). The 5% first home buyers scheme is a miserable policy failure – and the latest chapter in Australia's housing disgrace. The Guardian 13 November. Available from: https://www.theguardian.com/business/grogonomics/2025/nov/13/the-5-first-home-buyers-scheme-is-a-miserable-policy-failure-and-the-latest-chapter-in-australias-housing-disgrace

Kohler, A. (2026). One Nation capitalises on anti-immigration sentiment in a housing crisis. *ABC News*, 9 February. Available from: https://www.abc.net.au/news/2026-02-09/one-nation-pauline-hanson-housing-crisis-immigration/106304670

KPMG (2025). Bridging the housing gap: Strategies for enabling affordable housing development. Sydnye: KPMG. Available from: https://assets.kpmg.com/content/dam/kpmgsites/au/pdf/2025/strategies-for-enabling-affordable-housing-development-in-australia.pdf.coredownload.inline.pdf

Morris, A. (2024). $84bn lost to housing tax lurks? That would go a long way towards ending the housing crisis. *The Conversation*, 13 September. Available from: https://theconversation.com/84bn-lost-to-housing-tax-lurks-that-would-go-a-long-way-towards-ending-the-housing-crisis-237333

Morris, A., Li, Y., Moore, J. & Giang, T.T.M. (2026). The impacts of the threat of eviction or actual eviction on private renters in two Australian states. *International Journal of Housing Policy*, 1-28.

Morris, A. & Martin, C. (2026). NSW's 'renoviction' loophole could undermine the progress made with no-grounds evictions. *The Conversation*, 15 August. Available from: https://theconversation.com/nsws-renovictions-loophole-could-undermine-the-progress-made-with-no-grounds-evictions-262611

Morris, A., Clarke, A., Robinson, C., Idle, J. & Parsell, C. (2023). Applying for social housing n Australia – the centrality of cultural, social and emotional capital. *Housing, Theory and Society*, 40(1), 42-59.

NHSAC (National Housing Supply and Affordability Council) (2026). State of the housing system 2026. Canberra: Australian Government, NHSAC. Available from: https://nhsac.gov.au/sites/nhsac.gov.au/files/2026-04/ar-state-housing-system-2026.pdf

Ong ViforJ, R. (2022). More rented, more mortgaged, less owned: what the census tell us about housing. *The Conversation*, 6 July. Available at: https://theconversation.com/more-rented-more-mortgaged-less-owned-what-the-census-tells-us-about-housing-185893

Pawson, H. Milligan, V. and Yates, J. (2020). *Housing Policy in Australia: A Case for System Reform*. Singapore: Palgrave Macmillan.

Pawson, H. & Martin, C. (2026). The revival of social housing construction in Australia 2020-2030. Sydney: UNSW, City Futu res Research Centre. Available from: https://www.unsw.edu.au/content/dam/pdfs/ada/city-futures/2026-2-the-revival-of-social-housing-construction-in-australia-2020-2030.pdf

Pawson, H., Parsell, C., Clarke, A., Moore, J., Harley, C., Aminpour, F. & Eagles, K. (2024). Australian Homelessness Monitor 2024. Sydney: UNSW City Futures. Available from: https://www.unsw.edu.au/content/dam/pdfs/ada/city-futures/AHM_Final_v3.pdf

SCRGSP (Steering Committee for the Review of Government Service Provision) 2026. Report on Government Services 2026. Canberra: Productivity Commission. Available from: https://assets.pc.gov.au/2026-01/rogs-2026-partg-overview-and-sections.pdf?VersionId=DJ0WPgLS0oRZ331n7zuWmWcyw4PStkZB

Stapleton, D.F. (2026a). Why first home buyers and investors will go head-to-head in 2026. *The Sydney Morning Herald*, 6 January. Available from: https://www.smh.com.au/property/news/why-first-home-buyers-and-investors-will-go-head-to-head-in-2026-20251215-p5nnwy.html

Stapleton, D.F. (2026b). 'Extreme mismatch': Sydney rents at record highs, pushing tenants further out. *The Sydney Morning Herald*, 23 April. Available from: https://www.smh.com.au/property/news/extreme-mismatch-sydney-rents-at-record-highs-pushing-tenants-further-out-20260420-p5zpjz.html

The Greens (2025). Labor's 5% deposit scheme: A recipe for housing stress, data reveals, media release 3 October. Canberra: The Greens. Available from: https://greens.org.au/news/media-release/labors-5-deposit-scheme-recipe-housing-stress-data-reveals

Tomevska, S. (2026). Young Australians reject budget and One Nation Popularity climbs further in new poll. ABC News, 31 May. Available from: https://www.abc.net.au/news/2026-05-31/pauline-hanson-preferred-prime-minister-gen-x-redbridge-poll/106742802

Walker, L. (2026). Auction clearance rates drop following changes to negative gearing and capital gains tax. *ABC News*, 24 May. Available from: https://www.abc.net.au/news/2026-05-24/auction-clears-rates-drop/106714340

Unlocking blended finance in Africa: bridging the gap between investors and developers

By Davina Wood and Margaux Morenas[1]

1. Growing investor interest

As self-declared housing enthusiasts, we have been delighted to see affordable housing in Sub-Saharan Africa (SSA) attracting increased institutional investment attention. Growing investor interest isn't just anecdotal. Rather, it is reflected in rising Development Finance Institution (DFI) exposure, the emergence of dedicated housing investment platforms, and expanding disclosed pipelines of projects. The International Finance Corporation (IFC), for example, reports reaching approximately $0.5bn in housing finance exposure in Africa as of June 2024, signalling sustained capital allocation to the sector. Beyond balance-sheet financing, IFC has also supported the structuring of affordable housing public private partnership (PPP) transactions in Kenya, Togo, Djibouti, and Côte d'Ivoire, illustrating growing institutional engagement across both supply- and finance-side interventions. Other DFIs, including African Development Bank (AfDB) and Agence française de Développement (AFD), have similarly expanded housing-focused initiatives across the region.

Affordable housing is becoming more investable because underlying demand is structural and persistent: rapid urbanization, demographic growth, and formalization pressures are expanding the pool of households seeking formal housing, while governments are increasingly advancing policy reforms and PPP pipelines to crowd in private capital. At the same time, blended finance structures combining concessional capital, credit enhancement, and technical assistance are improving the risk-return profile of projects, making transactions more bankable and scalable for commercial and institutional investors.

Moreover, several sophisticated platforms are helping to give credibility to the sector and demonstrate what investable models can look like. International Housing Solutions (IHS) has raised and deployed multiple private equity funds focused on affordable housing in Southern Africa, proving that institutional capital can be aggregated, deployed at scale, and exited in this segment. Similarly, Acorn Holdings in Kenya has attracted both development finance and capital markets participation for its purpose-built student accommodation (PBSA) platform, including green bond issuances, illustrating how specialized housing platforms can access structured and climate-linked finance. These examples signal to the broader market that affordable housing, when professionally structured and scaled, can meet institutional standards for governance, reporting, and returns.

2. Characterizing the market

As a whole, increased interest in the sector is very positive, and we commend the industry's advancement. Taking a closer look, however, we note localized trends and investment asymmetries indicating that the majority of capital is being directed to specific countries and assets in the region. For example, South Africa continues to absorb a disproportionate share of housing-related investment in Sub-Saharan Africa, reflecting its strong cadastre system, deeper capital markets, stronger developer balance sheets, and more developed mortgage ecosystem. The Centre for Affordable Housing Finance in Africa (CAHF)'s Housing Finance in Africa Yearbook (2024) consistently shows South Africa dominating the region in mortgage depth, capital markets instruments, and institutional housing finance activity, making it structurally more "investment ready" than many frontier markets. At the same time, developers in these stronger markets often already have access to domestic capital, suggesting that international DFI participation may be catalytic rather than foundational.

Another notable feature of Sub-Saharan Africa's housing sector is the asymmetry between demand-side and supply-side investment. While affordable housing requires large volumes of capital across the entire value chain, most institutional and blended finance has historically flowed to the demand side, particularly mortgage finance and liquidity facilities, rather than to developers building new units. DFI analyses tend to emphasize that housing finance systems in Africa remain shallow, and strengthening long-term mortgage markets has been a primary reform and investment focus. In addition, supply-side investments tend to have a lower quantum than demand-side investments, as they face greater risk and require long-term capital commitments.

Demand side institutional investments, such as mortgage liquidity facilities, lines of credit to housing banks, and investments in housing bond markets, have been crucial to improving access to housing finance in SSA. For instance, AfDB provided a $300 million line of credit to the Development Bank of Southern Africa (DBSA) for affordable housing projects across South Africa. Similarly, IFC invested $50 million in a housing finance facility in Nigeria, aimed at increasing mortgage lending and supporting developers. Additionally, the World Bank has committed to $150 million to improve housing finance through the Kenya Mortgage Refinance Company (KMRC), which helps liquidity for lenders in the Kenyan housing market.

Supply side institutional investments are more difficult to track as they are often smaller and

[1] Peer reviewed by Larry English

Table 1: Examples of DFIs investment in SSA housing developers, 2019 to 2025[2]

DFI	Number of investments	Locations	Developers	Investments	DFI Commitment
British International Investment (BII)	3	Kenya, South Africa	Mi Vida (Actis), Divercity	Local currency loan and equity	From 10.35 to 24.15 million USD
Deutsche Investitions- und Entwicklungsgesellschaft (DEG)	1	South Africa	Balwin	Local currency loan	15 million EUR
International Finance Corporation (IFC)	7	South Africa (3), Côte d'Ivoire (1), Kenya (2), Nigeria (1), Rwanda (2)	Balwin, Addoha, Eris, Centum, Private developers' consortium (Rwanda), Alleyroads, CITIC Construction	Loan (5), equity (1), investment platform (1)	10 to 52 million USD (300 million for the investment platform)
Shelter Afrique Development Bank	4	Nigeria, Morocco, Senegal, Côte d'Ivoire, Kenya	Mixta Real Estate (2), Teyliom, Acorn	Loan (3), equity (1)	11.6 to 19.5 million USD
US Development Finance Corporation (DFC)	1	Kenya	Acorn	Loan	180 million USD
Proparco	1	South Africa	Respublica	Equity	35 million USD

Source: AHI research, 2025 and 2026

not publicly disclosed. In the table below, we present 16 transactions directly supporting developers in SSA from 2019 to 2025. We note that six transactions were in South Africa, followed by five in Kenya. We also observe recurring and repeat investments into a handful of larger private housing developers such as Balwin, Divercity, Mixta Africa and Acorn. With the exception of Acorn, most of these transactions were loans with ticket sizes below $50million USD.

From a high-level assessment, it is likely that investment in the supply side is limited because affordable housing development faces structural constraints such as high construction costs, limited serviced land, weak developer balance sheets, long project cycles, and regulatory risk, which make transactions harder to structure and scale, particularly for commercial investors. As a result, despite enormous need for new housing units, capital has tended to concentrate on expanding purchasing power and financial intermediation, while large-scale, patient equity and development finance for housing production remains comparatively constrained.

Nevertheless, the housing crisis in Africa will not be solved by a one-sided approach, and the need for increased capital deployment toward the supply side to scale up housing construction is great enough to merit a close analysis of why investments are rare, and what could potentially be done to unlock the market. This paper sets out to do just that.

3. Our experience in Sub-Saharan Africa

The Affordable Housing Institute (AHI) has held a unique position in understanding the evolution of affordable housing investment across Sub-Saharan Africa. By engaging with various segments of the value chain, including governments, DFIs, financial institutions, developers, and impact investors, we have supported housing ecosystem diagnostics, policy reforms, pipeline development, and capital-stack structuring in over 35 countries across the region. In recent years, our work has shifted from primarily market research and feasibility studies to more hands-on investment scoping and transaction structuring, reflecting the sector's transition from conceptual exploration to execution-focused capital deployment.

Many of AHI's projects involve investment scoping and transaction structuring, providing strategic guidance to DFIs and other impact investors on housing-sector intervention and investment opportunities. In 2025, our team conducted an investor landscape and scoping exercise for Proparco across five African countries (Kenya, South Africa, Morocco, Côte d'Ivoire, and Senegal), analyzing constraints faced by private developers and identifying opportunities to expand debt financing. This work included macro-market assessments, developer profiling, benchmarking DFI involvement, and identifying investment opportunities, alongside supporting a client in Senegal in structuring an affordable housing finance transaction. In Guinea, AHI developed a screening framework to help IFC identify promising investment candidates to promote affordable housing delivery. Additionally, AHI has advised IFC in Kenya and Rwanda on structuring affordable housing Public-Private Partnerships (PPPs), focusing on designing economically and financially viable models that maintain affordability for target households.

We have undertaken similar work focused on demand-side investments. Through several scoping exercises conducted for IFC and CRRH-WAEMU, we assessed opportunities for these institutions to work more closely with housing microfinance institutions and expand access to housing finance. These initiatives aim to support homeownership, home improvement, and small-scale rental housing solutions for low-income households and forcibly displaced persons (FDPs) across West and East Africa.

The remit for these projects has been challenging, as striking the right balance between demonstrating market potential and meeting DFIs' stringent investment requirements is no small feat. In many markets, the criteria for what constitutes a robust affordable housing investment remain evolving and context-specific. To address this, we developed our own screening and scoring methodology to provide a structured and objective approach to evaluating opportunities. This framework allows us to systematically assess projects against key financial, operational, and affordability criteria, ensuring that recommended investments have

[2] It is possible that the volume of supply-side transactions is actually higher, as lots of transactions are not in the public realm.

a credible pathway to expanding the supply of affordable housing.

One of AHI's most innovative initiatives to date is the Chrysalis Housing Impact Accelerator Program (Chrysalis), a high-impact program modelled after successful tech accelerators but focused on affordable housing. Chrysalis equips emerging housing developers with training, coaching, and investor-readiness preparation, connecting them to the tools, networks, and sources of capital needed to scale sustainable housing solutions. The program is designed to bridge the gap between impact-driven housing enterprises and institutional investors seeking scalable, investable opportunities.

Our first cohort brought together asset-rich but liquidity-constrained emerging developers from East Africa, including Kenya, Uganda, Malawi, Mozambique, and Zambia. Through Chrysalis, we have gained first-hand insight into the operational, financial, and structural challenges faced by small- and medium-scale developers, as well as the types of financing and support required for them to grow sustainably and scale their housing delivery.

4. The reality on the ground

As we've worked with developers and assessed markets and opportunities across the region, we have observed a clear trend emerging on the supply side in recent years: investors tend to favour larger, regionally established developers and are more inclined to invest in markets perceived as lower risk.

The projects we support tend to involve:

(1) Developers with prior experience working with DFIs;

(2) Large to medium sized, well-established developers with strong track records in the residential sector;

(3) Adherence to green, sustainability, and affordability standards (measured using tools like IFC EDGE or PILLAR); and

(4) Multi-project platforms in countries such as South Africa and Kenya, where governance standards are clearer, government commitments are more durable, pipelines are more visible, and transaction sizes meet institutional thresholds.

In frontier markets, investors typically look for developers with a proven track record in neighbouring countries that are looking to expand regionally, as this helps reduce perceived execution and governance risks. Smaller affordable housing developers in emerging or frontier markets, who often rely on local debt and grant funding, are often disregarded by DFIs. Moreover, repeated investments concentrated on the "usual suspects" tend to crowd out other opportunities, which, over time, could hinder market expansion, competition, and sustainable growth.

It is clear to us that a critical challenge in scaling affordable housing investment is the structural misalignment between investors and developers. Investors (particularly DFIs and institutional lenders) tend to prioritize project-level transactions that minimize collateral risk, favour senior secured debt positions, and deploy relatively large ticket sizes (often USD 10 million or more) with defined exit pathways, frequently denominated in hard currency. Developers, by contrast, typically need early-stage equity or quasi-equity to build balance sheets, grow pipelines, and establish track records before they can prudently absorb additional leverage. They also tend to require smaller ticket sizes (often below USD 10 million), flexible capital structures, and local-currency financing aligned with domestic revenue streams.

We have found that this misalignment manifests in several recurring gaps:

(1) **Absence of foundational equity**: developers require foundational, patient equity to scale operations and de-risk their businesses before they can responsibly take on senior debt, yet most institutional capital is structured as debt.

(2) **Currency and pricing constraints**: DFI capital is frequently hard-currency denominated, exposing developers to FX risk that is costly and operationally burdensome to hedge; in deeper markets such as South Africa, well-priced local debt can outcompete DFI offerings, while in shallower markets, FX debt remains unattractive relative to alternative financing mechanisms such as off-plan sales or installment-based buyer finance.

(3) **Ticket sizes**: Developers are interested in relatively small ticket sizes ($10 million USD and under), while institutional investors are keen to deploy larger amounts of capital per transaction. This rules out the small to medium-sized developers- who are often the companies that need capital the most- as target investees and reinforces the need for graduated access to capital.

(4) **A tendency toward one-off, secured project financing rather than long-term capitalization of companies**: Investors often favour ring-fenced, asset-backed project financing because it is perceived as less risky and easier to structure than investing at the company level. However, emerging housing markets require sustained capitalization of developers themselves so they can build project pipelines, professionalize operations, and crowd in follow-on investment. In practice, investors frequently prioritize financing projects linked to institutions that are already financially sustainable rather than supporting companies in establishing the governance frameworks, performance systems, and operational capacity needed to reach sustainability. As a result, transactions remain episodic rather than catalytic, limiting both systemic impact and the development of strong supply-side institutions.

Looking more broadly at investment in the housing sector, we often observe the absence of a clear market-maker. Key stakeholders, including governments, DFIs, impact investors, private-sector actors, and civil society, frequently look to one another to catalyze the development of supply-side institutions, yet in practice leadership is often diffuse and no single actor steps forward to drive the process.

5. How to bridge the gap?

Bridging the misalignment between developers and investors requires adjustments on both sides. The gap is not simply financial; it is also structural, institutional, and often cultural. Developers and investors operate under different constraints, time horizons, and accountability frameworks. Narrowing this divide requires greater mutual understanding, better sequencing of capital, and more deliberate structuring of risk. If done well, this alignment can unlock more blended finance and enable affordable housing to scale beyond isolated transactions into sustainable market systems.

The recommendations outlined below are structured around the perspectives of three key stakeholder groups. We recognize, however, that translating these ideas into practice can be challenging. Many of the structural constraints discussed above are deeply embedded in institutional mandates, risk frameworks, and market realities. As such, the recommendations should be understood as part of a medium-term vision for how the sector could evolve, rather than as immediate or easily implementable solutions.

5.1 Developers

From a developer's perspective, attracting institutional capital requires anticipating investor expectations early in the company's growth trajectory. Investor-readiness does not begin at the moment of transaction, it begins with how a company is structured, governed, and capitalized from inception. More specifically, developers can:

- **Recognize investor diversity**: Different investors—DFIs, impact funds, commercial banks, pension funds-have distinct mandates, return thresholds, reporting obligations, and risk appetites. Tailoring engagement to the right capital partner is critical.
- **Internalize financial and technical thresholds**: Understand minimum ticket sizes, leverage ratios, governance requirements, ESG standards, and exit expectations. Structuring opportunities to meet these thresholds increases investability.
- **Map and mitigate perceived risks**: Proactively identify how investors view construction risk, absorption risk, FX exposure, regulatory uncertainty, and execution capacity—and structure mitigation pathways (e.g., guarantees, phased development, pre-sales strategies).
- **Differentiate housing from infrastructure**: Housing carries demand and sales-velocity risk, unlike infrastructure with contracted offtake. Developers must communicate clearly how underwriting assumptions reflect local market realities.
- **Anticipate compliance requirements**: Establish strong governance systems, financial controls, transparent reporting, and ESG compliance frameworks from the outset. Institutional due diligence is rigorous and resource-intensive.
- **Adopt a long-term mindset**: Building an investable housing platform is a multi-year journey. Developers often juggle multiple business lines; professionalizing housing operations and achieving investor readiness requires patience and sequencing.

5.2 Investors

Investors, for their part, must also adapt if they aim to catalyse systemic change rather than finance isolated projects. Affordable housing markets in Africa are still emerging and capital structures that work in mature markets will require modification. Specifically, investors can:

- **Shift toward company rather than project-level investments**: Rather than financing one-off projects, consider capitalizing developer platforms to build pipelines, strengthen balance sheets, and address ticket-size mismatches.
- **Deepen sector understanding**: Affordable housing differs materially from infrastructure. Underwriting must reflect local income dynamics, informal demand patterns, sales velocity, and regulatory complexity. This requires bespoke structuring and flexibility.
- **Strengthen local market analysis**: Offtake risk is often difficult to prove with formal data. Investors may need alternative demand validation approaches, including phased development or blended capital buffers.
- **Provide technical assistance and capacity building**: Upstream support—governance strengthening, financial system improvements, ESG compliance—can materially improve developer bankability and long-term sustainability.
- **Consider alternative capital structures**:
  - Invest through aggregators or specialized platforms that diversify risk across portfolios.
  - Deploy subordinated debt or mezzanine tranches to de-risk senior lenders and crowd in local banks.
  - Support rental and REIT structures where ownership-based models face absorption constraints.
- **Mobilize credit enhancement mechanisms**: Leverage guarantees and risk-sharing facilities (e.g., GuarantCo, EU-backed instruments, Dhamana) to reduce cost of capital and unlock private participation.
- **Strengthen risk intermediation**: Use aggregation vehicles and layered capital stacks to isolate construction, absorption, and default risks. Creating structured cascades of capital suited to context improves scalability.
- **Keep structures pragmatic**: Overly complex financial engineering can deter local partners and delay execution. Simplicity, clarity of roles, and realistic timelines increase the likelihood of implementation and replication.

Ultimately, bridging the gap requires shared accountability. Developers must professionalize and scale responsibly; investors must calibrate instruments to market realities. Where both sides adjust, blended finance can move from one-off transactions to durable market transformation.

5.3 Government

The public sector also plays a decisive role in determining whether affordable housing markets mature or stall. In many Sub-Saharan African contexts, governments have historically acted as direct providers of housing. However, scaling affordable housing sustainably requires a shift toward becoming market enablers, creating the regulatory, financial, and institutional conditions that allow private capital to participate at scale. When governments provide predictability, credibility, and targeted risk-sharing, they materially improve the risk-adjusted return profile for investors.

Specifically, the public sector can:

- **Shift from direct supplier to market enabler**: Focus on unlocking land, streamlining the construction permitting process, improving urban planning systems, and facilitating infrastructure provision rather than solely delivering units directly.
- **Absorb systemic and early-stage risks**: Take on risks that private actors cannot efficiently bear, such as land assembly, trunk infrastructure, regulatory reform, or targeted subsidies, to crowd in private capital.
- **Honor commitments and ensure policy consistency**: Deliver on PPP agreements, subsidy disbursements, and regulatory undertakings. Policy reversals and payment delays materially increase perceived risk and cost of capital.
- **Strengthen transparency and governance systems**: Improve cadastre systems, land titling processes, procurement transparency, and dispute resolution mechanisms. Investors prioritize jurisdictions with enforceable contracts and predictable processes.
- **Build credible regulatory frameworks**: Establish clear housing standards, mortgage foreclosure frameworks, rental regulations, and REIT or capital market rules that support long-term investment.
- **Deploy targeted credit enhancement tools**: Use guarantees, viability gap funding, and structured subsidy mechanisms to reduce risk without distorting markets.

Governments that position themselves as reliable partners can catalyse private participation, reduce financing costs, and help transform affordable housing from a policy aspiration into a functioning asset class.

6. Looking forward

If current trends persist, we believe the affordable housing investment landscape in Sub-Saharan Africa is likely to evolve unevenly. Based on what we have seen across markets, capital will continue to flow, but selectively, and scaling will depend on which actors are best positioned to align with institutional requirements. In our view, the next phase of market development will reward platform maturity, aggregation, and risk intermediation, while smaller and earlier-stage actors will need to pursue hybrid strategies to remain competitive.

Based on our experience advising across the region, we believe medium- to large-sized regional developers will continue to attract institutional capital in the near term. These firms tend to offer diversified pipelines, professional governance structures, audited financials, and demonstrated execution capacity across multiple projects or markets. They understand local demand dynamics, are comfortable managing development and absorption risks, and can present proof of concept through completed units and repayment performance. From an investor's perspective, this reduces perceived execution risk and supports larger ticket deployments aligned with mandate requirements.

We also expect that developers operating in lower-risk or more mature markets will remain more competitive for blended finance. In our observation, markets with stronger legal systems, clearer land administration frameworks, deeper mortgage ecosystems, and more predictable public sector commitments continue to absorb a disproportionate share of capital.

For smaller and emerging developers, we believe more creative capital blending will remain essential. In the short term, these developers are likely to rely on combinations of commercial capital and more concessional sources, such as angel investors, grants, philanthropic capital, high-net-worth individuals (HNWIs), or catalytic first-loss capital, to build track records and strengthen balance sheets. Even so-called impact capital is rarely fully concessional and often maintains commercial return expectations. As a result, smaller developers will need to continue strengthening governance, reporting, pipeline visibility, and risk mitigation practices in order to become institutional-ready.

We also see a strong opportunity for housing-focused aggregator funds (or platform market-making). In our view, one of the most persistent structural constraints is the mismatch between institutional investors' preference for large deployments and the fragmented, smaller-scale nature of most viable housing projects. Aggregation vehicles, such as funds or platforms that pool smaller developer opportunities, can diversify risk across geographies and projects, standardize due diligence, and create sufficient scale to attract institutional capital. These vehicles can also deploy layered capital structures (equity, mezzanine, and senior debt) to crowd in commercial lenders while absorbing early-stage risk or to segment finance along the development process (project definition, planning and design, construction) relative to the project timeline, outputs, risks and costs.

Finally, we believe risk intermediation will become increasingly important. The next phase of capital mobilization is likely to depend less on isolated project finance and more on structured vehicles that isolate construction, absorption, and currency risks. Aggregators and specialized intermediaries can play a critical role in translating local developer pipelines into investable portfolios.

Looking ahead, we believe the opportunity is not simply to increase capital flows, but to improve how capital is structured and deployed. If aggregation, platform-level investment, and targeted credit enhancement mechanisms expand, affordable housing in Africa has the potential to move from one-off, transaction-driven activity toward sustained asset-class formation.

Blended Finance: A housing solution

↳ **By Palesa Mkhize**

1. Introduction: Africa's housing finance initiative

Africa's affordable housing sector stands at a profound crossroads. Rapid urbanisation, demographic growth, and persistent structural barriers have combined to create a housing deficit of historic proportions — one that formal, commercial finance alone has proven unable to close. By 2050, the continent's population is projected to reach 2.5 billion, with an estimated 1.4 billion people living in urban areas. Yet formal housing delivery consistently falls far short of need. In Kenya, for instance, government data indicates delivery of around 50,000 units per year against an estimated annual requirement of 200,000; in Ethiopia, a delivery rate of approximately 165,000 units falls well below an estimated need of 486,000 annually.

For those working in housing finance, the problem is well understood. Developers face high land and infrastructure costs, limited access to long-term capital, and weak construction supply chains. Financial institutions contend with low mortgage penetration — often below five percent of GDP — alongside currency volatility and short loan tenors. Governments, constrained by limited fiscal space, struggle to provide enabling infrastructure and well-targeted subsidies. The result is a "missing middle": households who earn too much to qualify for welfare-targeted interventions but too little to access formal mortgage or rental markets.

This article argues that blended finance — the strategic use of concessional capital to unlock greater private sector investment — offers a proven and scalable pathway through this impasse. Drawing on the Blended Finance Masterclass presented at the 2025 AUHF Annual Conference in Nairobi, and on the accompanying playbook developed by CAHF and Convergence with support from the International Development Research Centre and Standard Bank Group, the article sets out both the conceptual foundations and the practical mechanics of blended finance for affordable housing in Africa.

2. Understanding blended finance

2.1 Defining the approach

Blended finance is best understood as a structuring approach rather than a standalone investment strategy or instrument. At its core, it involves the strategic deployment of concessional capital — funding offered at below-market rates or with below-market risk expectations — to adjust the risk-return profile of a transaction sufficiently to attract private, commercial investment that would otherwise not materialise. Convergence, the global network for blended finance and co-author of the playbook, defines the approach by three signature characteristics: leverage (the ratio of commercial capital mobilised per unit of concessional capital deployed), impact (contribution to the UN Sustainable Development Goals in developing countries), and return (a positive financial return expected by at least some participants, ranging from concessional to market rate).

Blended finance differs fundamentally from impact investing or public-private partnerships, with which it is sometimes confused. While those concepts describe investment philosophies or governance structures, blended finance describes a specific mechanism for shifting the risk-return profile. Its concessional layer typically comes from official development assistance, philanthropic institutions, development finance institutions (DFIs), or national governments; its commercial layer from banks, pension funds, insurance companies, asset managers, private equity firms, or impact investors.

Convergence's database records a historical average leverage ratio of approximately 4:1 for blended finance funds — meaning that every dollar of concessional capital has, on average, mobilised four dollars of commercial investment. That ratio varies significantly by geography and sector, and the Masterclass was candid that for affordable housing in Africa it remains a work in progress. To date, only 25 blended finance transactions have been identified in Africa's affordable housing sector, representing roughly $3 billion in total market size — and yet these account for nearly half of all blended affordable housing deals globally, highlighting the continent's position as a key testing ground.

2.2 Why blended finance is necessary for affordable housing

Affordable housing presents specific financial and structural challenges that distinguish it from higher-income segments. Margins are thinner, development risks higher, and affordability constraints limit end-user access to formal finance. Many transactions fail not because capital is unavailable in the abstract, but because non-financial risks — land tenure disputes, weak contractor performance, or the absence of a credible offtake strategy — are left unresolved. A well-capitalised transaction can still collapse if these underlying conditions are not addressed.

Blended finance addresses both the financial and non-financial dimensions of this challenge. On the financial side, concessional capital can lower the cost of capital, extend repayment periods, reduce equity requirements, and absorb first losses that commercial investors are unwilling to bear. On the structural side, technical assistance grants, project preparation funding, and capacity-building support can reduce risks at their source — clarifying land titles, strengthening developer capacity, improving governance, and supporting phased offtake strategies.

The AUHF Masterclass emphasised a key conceptual point: blended finance is not a panacea, and it should only be deployed where underlying economics or real and perceived risks prevent purely commercial finance from flowing. Where commercial finance is available, it should be used. The World Bank Group's cascade approach — maximising the use of commercial solutions, then using DFI financing to complement markets where needed, and only then considering concessional financing — provides a useful framework for determining when blending is appropriate.

2.3 The five archetypes

Convergence identifies five common structural archetypes, each addressing a different

Archetype	Primary function
Project Preparation Grant	Covers early feasibility, structuring and legal costs to create investment-ready transactions
Technical Assistance Grant	Strengthens sponsor capacity, governance and impact outcomes pre- or post-investment
Concessional Debt / Equity	Reduces the cost of capital, extends tenors, or takes first-loss positions to catalyse commercial co-investment
Guarantee	Shifts credit and default risk away from commercial lenders, reducing required risk premiums
Outcome-based Financing	Ties disbursements to verified results, aligning returns with measurable development impact

dimension of risk or return, which come together in a transaction with commercial capital:

In practice, transactions often combine multiple archetypes across different stages of the project life cycle — a project preparation grant giving way to concessional equity during construction, and a partial credit guarantee supporting subsequent bond issuance. The AUHF Masterclass illustrated how this sequencing logic underpins the playbook's five-stage framework.

3. The five-stage playback

The CAHF-Convergence playbook offers a replicable roadmap for designing and executing blended finance transactions in affordable housing. It is structured along five stages, each addressing a distinct set of challenges and identifying the most appropriate role for concessional capital at that moment in the transaction life cycle:

3.1 Defining the objectives of the deal

Every blended finance transaction must begin with a clear articulation of the problem to be solved and the objectives that all parties are seeking to achieve. The challenge for the deal sponsor is to identify the market failure that prevents purely commercial finance from flowing — whether the risk is too high, the returns are too low, or timelines are too long — and then to build a financing structure around a clearly defined strategy that resonates with all relevant stakeholders.

This stage requires an honest assessment of six dimensions: the alignment of strategic and impact objectives across investors; the capital structure and risk allocation; governance and decision rights; the metrics to define and measure impact; the timeline and process discipline; and the applicable legal and regulatory framework. The playbook provides a Blended Finance Alignment Framework Template to guide sponsors through this exercise. When completed, it functions as a deal roadmap, reducing wasted time and costly misalignments later in the process.

A central message of the Masterclass was that the rationale for blending is that it can achieve a larger pool of capital by bringing together investors with different mandates and risk tolerances — but only if those different interests are understood and negotiated upfront. Chasing multiple conflicting mandates without early alignment is one of the most common causes of costly delay.

3.2 Market and impact pre-conditions

Before structuring can begin, sponsors must understand the realities of the local housing market and ensure that intended impact objectives are both achievable and measurable. This requires clarity on the scale of demand, the nature of the affordability gap, and the broader enabling environment that can either facilitate or impede housing delivery.

The playbook identifies six dimensions of an enabling environment that require assessment: policy and regulatory frameworks; infrastructure availability; the depth and nature of local capital markets; macroeconomic stability (especially foreign exchange dynamics); property and land administration; and effective market demand from target households. Each factor shapes not only whether a transaction is viable, but which blended structures are most appropriate and which risks require the most urgent mitigation.

Two non-environmental factors also demand attention at this stage. First, impact alignment: meeting internationally recognised sustainability and social standards has become essential for attracting DFIs and concessional funders. IFC's EDGE certification for green buildings, for example, provides measurable benchmarks for energy efficiency, water use, and embodied carbon. Gender lens criteria are increasingly applied by impact investors seeking to ensure that financing reaches women-headed households and supports gender equity consistent with SDG 5. Second, clarity on affordability definition: investors require precision on which income groups the housing will serve, since affordability thresholds vary widely across geographies and investor mandates.

Project preparation and technical assistance grants play a critical role at this stage. By covering the high upfront costs of feasibility studies, regulatory mapping, and impact framing, they reduce early-stage risk, create a stronger evidence base, and ensure that transactions are grounded in realistic market assumptions.

3.3 Structuring the deal

With pre-conditions assessed and impact objectives defined, the deal sponsor turns to the task of designing the capital structure. The central challenge is to match the appropriate blended finance instrument to each risk category across the housing value chain — from project preparation and land acquisition, through bulk infrastructure provision, construction, regulatory approvals, and housing finance for end-users.

Typically, concessional or first-loss capital is used to de-risk the transaction and attract commercial investors, while DFIs and impact investors provide mezzanine or senior debt aligned with both financial sustainability and social outcomes. The deal sponsor's role is to align project fundamentals with funders' mandates, recognising that the risks at each value chain step are nuanced and require appropriately tailored interventions.

At the construction stage, for example, micro and mid-sized developers are frequently undercapitalised and lack working capital, leading to cost overruns and incomplete delivery. Here, concessional construction loans, technical assistance for developers, and supply-side subsidy alignment can reduce lender exposure and improve project viability. At the housing finance stage, concessional mortgages, guarantee schemes for lenders, and mortgage liquidity facilities can lower borrowing costs and extend loan tenors to levels that low-income households can sustain.

3.4 Fundraising

Fundraising is not simply a matter of finding money. It requires sequencing the right capital at the right stage, aligning the mandates of very different investors, and keeping structures simple enough that transaction costs and extended timelines do not erode the economics of the deal. Before going to market, sponsors must be confident that the project fundamentals, capital structure, and investor mandate alignment are all in order.

The playbook describes the capital stack for an affordable housing blended finance transaction as typically comprising three layers: a first-loss or concessional layer (provided by philanthropy, catalytic DFIs, or grant facilities) that absorbs early-stage risks and is borne first; a mezzanine layer (provided by DFIs and impact investors) that balances risk and impact while absorbing losses beyond the first-loss protection; and a senior layer (provided by banks, pension funds, insurance companies, and institutional investors) that receives priority repayment and provides the bulk of financing at scale.

Each actor in this structure carries distinct risks and expects distinct rewards. The Masterclass identified recurring tensions that sponsors must navigate: the risk of socialising costs while privatising rewards (concessional capital sometimes benefits commercial investors without adequate burden-sharing); persistent misalignment of mandates across investor types (pension funds requiring liquidity while housing projects need 10-15 year tenors); and mismatches between instruments and project phases (seeking debt finance before revenue streams are established). The playbook offers specific solutions for each of these challenges, including pooling technical assistance funds to share legal and structuring costs, encouraging local-currency issuance to reduce foreign exchange hedging burdens, and designing hybrid fund structures that appeal to multiple investor bases.

The role of anchor investors at this stage cannot be overstated. Early commitments from credible institutions lend legitimacy to a transaction, attract follow-on participation, and can compress fundraising timelines significantly. The Masterclass highlighted the consistent pattern across all four case studies of anchor investors providing catalytic momentum at critical junctures.

3.5 Implementation and monitoring

Once financial close is reached, implementation determines whether the structure delivers on both its financial promises and its intended development impact. The playbook identifies four parallel priorities: execution discipline (ensuring land acquisition, permitting, construction, and sales or rental processes proceed on schedule and within budget); financial monitoring (transparent reporting on cash flows, repayment schedules, FX exposures, and use of proceeds); impact measurement and outcome-based financing (disbursing outcome-linked payments when verified results are achieved); and knowledge sharing (generating and disseminating insights that strengthen the broader market).

This last point deserves particular emphasis. Blended finance for affordable housing in Africa is still a nascent field, and each transaction generates valuable evidence on structuring ratios, legal bottlenecks, FX management, and impact reporting. By making these lessons publicly available — through open-source data initiatives, post-deal evaluations, or donor-supported dissemination — deal sponsors can reduce information asymmetries and lower costs for the next wave of projects. The Open Access Initiative embedded in the IHS Kenya transaction, funded by FSD Africa Investments and managed by CAHF, illustrates how structured knowledge-sharing can multiply the impact of a single transaction well beyond its immediate portfolio.

4. Case studies from the masterclass

The AUHF Masterclass drew on four case studies to illustrate how the playbook's stages and archetypes translate into practice across different African markets, asset types, and financing structures. Together they demonstrate both the versatility of blended finance and the contextual adaptation required for success.

4.1 IHS Kenya Affordable Green Housing Fund

The IHS Kenya Affordable Green Housing Fund was launched at first close in 2021 at $85 million, reaching final close at $106 million in 2023 after a six-year development process. The Fund invests in green-certified affordable housing developments for low- and middle-income households in Kenya, with a target of 4,000 units by 2030. All investments are required to achieve IFC EDGE v3.1 certification, meeting minimum savings of 35 percent on energy, 20 percent on water, and 20 percent on embodied carbon.

The blended structure centres on concessional equity provided through the UK-IFC Market Accelerator for Green Construction (MAGC), which absorbed additional risk within the waterfall structure and gave IFC the confidence to invest its own capital on standard commercial terms. This de-risking mechanism was essential: capping home prices to ensure affordability compressed margins, and the associated risks — single-sector and single-country concentration, currency devaluation, limited exit options, construction cost inflation, and slow permitting — were substantial.

The transaction yielded important lessons. Six years elapsed between initial discussions and IFC's participation, driven largely by differing investor priorities and concerns around expected returns. Higher levels of concessional capital earlier in the process would likely have shortened this timeline. Post-close, the Fund encountered deployment challenges: land tenure problems, high land prices in desirable locations, and post-invasion construction cost inflation made it difficult to close investment-ready transactions while maintaining affordability targets. The experience underscores that even well-capitalised blended structures face implementation complexity in Africa's enabling environment.

4.2 Acorn Green Bond

In October 2019, Acorn Holdings issued East Africa's first green bond, raising KES 4.3 billion (subsequently upsized to KES 5.5 billion) to finance purpose-built, green-certified student accommodation in Nairobi. The bond was cross-listed on the Nairobi Stock Exchange and the London Stock Exchange, and was fully retired in 2024 through commercial refinancing — a landmark exit that validated the model.

The transaction combined a partial credit guarantee from GuarantCo (covering 50 percent of principal and interest), a technical assistance grant from PIDG to cover structuring costs and support regulatory reform, and an anchor investment from the Emerging Africa Infrastructure Fund that catalysed participation by Kenyan banks, pension funds, and insurance companies. The project-linked drawdown structure — releasing funds only as each building required capital — minimised negative carry and aligned debt service with revenue generation.

The Masterclass highlighted the regulatory novelty of the transaction: Kenya's Capital Markets Authority had no framework for green or project-linked bonds, and it took two years of pre-work to amend the relevant regulations. This experience speaks directly to the playbook's emphasis on Stage 1 pre-conditions and the value of project preparation grants in covering the upfront costs of such pioneering structuring work. The Acorn bond has since established a replicable, de-risked capital markets path for affordable housing in Africa.

4.3 CRRH-UEMOA Social Bond

In May 2025, CRRH-UEMOA — the regional mortgage refinancing institution established in 2010 to serve the eight WAEMU countries

— issued West Africa's first social bond: a 15-year, XOF 60 billion instrument listed on the BVRM regional stock exchange. The issuance was a precondition for accessing a USD 40 million concessional credit line from the World Bank IDA window, channelled through BOAD.

The structure blended bond proceeds with World Bank concessional funding to enable CRRH-UEMOA to refinance banks and microfinance institutions at below-market rates, allowing those institutions to pass affordability gains to end-users of mortgages. A subordinated loan component from the World Bank facility strengthened CRRH's capital base, increasing its capacity to refinance up to double the banks' existing mortgage portfolios. Proparco served as anchor investor at 12 percent of the issuance, with the balance raised from domestic institutional and retail investors.

The transaction closed within three weeks — a striking contrast to the multi-year timelines associated with more complex cross-border structures. This speed reflected CRRH-UEMOA's ten-year track record of zero defaults, its AA+ local credit rating, and the simplicity of a local-currency, regionally grounded structure.

4.4 Intuthuko Equity Fund

Established in 2004 by the Trust for Urban Housing Finance (TUHF) in South Africa, the Intuthuko Equity Fund (IEF) addresses a fundamental bottleneck in the affordable rental market: many emerging, previously disadvantaged developers have viable projects but lack the equity capital to leverage bank loans. IEF provides subordinated, concessional mezzanine loans — bridging the gap between the developer's own equity contribution and the senior debt available from TUHF or uMaStandi — alongside mentorship, training, and hands-on project support.

The blending in IEF operates at two levels simultaneously. At the fund level, catalytic grant funding from The Jobs Fund (R75 million committed in 2018), matched by funding from TUHF21 and concessional loans from institutional investors, created a blended structure with a target IRR of 20 percent. At the project level, each IEF-supported developer benefits from a blended capital stack: a minimum 5 percent borrower equity contribution, up to 15 percent mezzanine funding from IEF, and up to 80 percent senior mortgage debt. The result is that small-scale entrepreneurs with viable projects but no track record can access finance that would otherwise be entirely unavailable to them.

Over its operating history, IEF has supported 189 emerging entrepreneurs, facilitating the development of 278 buildings. The Jobs Fund grant alone enabled the delivery of 2,343 affordable housing units in 75 projects, housing over 6,369 end-users — while generating 519 permanent and 592 short-term jobs. The model demonstrates how blended finance can simultaneously resolve micro-level equity gaps for individual developers and contribute to macro-level objectives of sector transformation, affordable rental supply, and urban regeneration.

5. Cross-cutting lessons from the masterclass

Taken together, the four case studies and the broader analytical framework of the playbook yield five cross-cutting lessons of relevance to housing finance professionals across the continent.

5.1 Blended finance can transform risk into opportunity

When public, philanthropic, and private actors align around clear objectives, transactions that previously appeared too risky become feasible. The consistent thread across all four case studies is that concessional capital — whether in the form of equity, a guarantee, a subordinated loan, or a technical assistance grant — shifted the risk-return profile just enough to unlock commercial participation at scale. Affordable housing, with its strong demographic fundamentals and policy tailwinds, offers genuine long-term returns; the challenge is bridging the gap between those fundamentals and investors' current risk perceptions.

5.2 Simplicity and transparency are catalytic

The CRRH-UEMOA experience is perhaps the clearest illustration of this principle. A complex, multi-currency structure attempted in the past was unsuccessful; a simple, local-currency social bond aligned with existing market infrastructure closed in three weeks in 2025. Across all four cases, structures that were straightforward, supported by clear definitions of affordability and open reporting, built investor confidence faster and at lower transaction cost. Complexity, by contrast, transfers cost and risk to local parties and erodes the economics of the deal.

5.3 Local context determines success

Regulatory frameworks, currency stability, institutional readiness, and the depth of local capital markets all shape what is possible in any given market. The IHS Kenya experience illustrated the challenge of FX volatility for international investors in an equity structure; the Acorn bond demonstrated the importance of regulatory reform as a precondition for capital markets innovation; and the Intuthuko Fund showed how a South African context of post-apartheid ownership barriers creates both a specific risk profile and a compelling impact thesis. Effective blended structures are deeply contextual, and replication requires careful adaptation rather than direct transplantation.

5.4 Capital alone is not enough

Financial instruments must be complemented by capacity building, technical assistance, and ecosystem development. The IEF's mentorship programme is not a peripheral feature of the model — it is central to its risk management and its impact thesis. TUHF's Programme for Property Entrepreneurship, delivered through the University of Cape Town, directly addresses the managerial capacity risk that would otherwise make subordinated lending to first-time developers prohibitively risky. More broadly, the playbook's emphasis on technical assistance grants at Stages 1 and 4 reflects the understanding that housing finance ecosystems require sustained investment in human and institutional capacity, not just project-level financing.

5.5 Knowledge-sharing accelerates progress

Each successful transaction lowers barriers for the next by building track records, reducing uncertainty, and demonstrating what works. The Open-Source Policy embedded in the IHS Kenya structure — requiring CAHF to collect and disseminate transaction data for the benefit of the wider sector — is an example of how knowledge-sharing can be structured into a deal from the outset rather than left to chance. With only 25 blended finance transactions identified in Africa's affordable housing sector to date, the information asymmetry between experienced and new market participants remains a significant brake on deal volume. Systematic knowledge-sharing is therefore both a development impact in its own right and an investment in future deal flow.

6. Implications for practitioners and policy makers

For housing finance practitioners considering blended structures, the playbook and Masterclass offer several practical pointers. First, invest in alignment before committing significant resources to structuring: the single largest source of delay and cost in blended transactions is mandate misalignment that surfaces late in the process. Second, sequence capital carefully: grants and technical assistance belong at the earliest stages; equity is appropriate during construction; debt and bonds only once cash flows are visible. Third, design for replication: every transaction is an opportunity to reduce costs and timelines for those that follow, and open reporting on performance, pricing, and lessons learned is a public good with outsized market development value.

For governments and development finance institutions, the playbook reinforces the case for policy frameworks that actively support blended approaches — including clear affordable housing definitions, foreclosure law reform, credit bureau development, and the provision of enabling infrastructure for housing developments. Guarantees, land provision, tax incentives, and patient grant funding are all legitimate tools when deployed to crowd in private capital rather than replace it. The framing of housing as infrastructure, with the associated long-term return profile and social externalities, can help housing agencies access forms of public finance — including infrastructure bonds and climate finance — that have historically been unavailable.

For international investors and DFIs, the case studies suggest several practical takeaways: anchor investments at early fundraising stages are disproportionately valuable; local-currency structures outperform complex multi-currency arrangements in both execution speed and investor confidence; and the combination of concessional capital with strong technical assistance produces better outcomes than concessional pricing alone.

7. Conclusion

Africa's affordable housing deficit is simultaneously a crisis and an opportunity. The demographic and urbanisation dynamics driving demand are inexorable; the question is whether the financing architecture can be assembled quickly enough to meet that demand at scale and at prices that low- and middle-income households can afford.

Blended finance is not a silver bullet. But it is a proven structuring approach that, when deployed with clarity of purpose, appropriate simplicity, and genuine alignment among stakeholders, can shift the risk-return profile of affordable housing transactions sufficiently to unlock private capital at scale. The playbook presented at the 2025 AUHF Masterclass in Nairobi provides a practical, replicable roadmap for doing so — from deal objective-setting through to implementation and monitoring.

The four case studies examined in the Masterclass demonstrate that blended finance is already working in Africa's affordable housing sector. The IHS Kenya Fund is delivering green-certified homes to low- and middle-income households in Nairobi's rapidly urbanising periphery. The Acorn Green Bond has established a replicable capital markets path for student housing that has since been successfully exited. The CRRH-UEMOA Social Bond is bringing concessional refinancing to mortgage lenders across eight West African countries. And the Intuthuko Equity Fund is transforming previously disadvantaged South Africans into property entrepreneurs and affordable rental housing providers.

Each of these transactions is a proof of concept and a learning opportunity. The task now is to use those learnings — shared openly and systematically — to build the next generation of blended finance transactions across the continent, at greater scale, with shorter timelines, and with ever more capital directed to the households that need it most.

Acknowledgements:

This article draws on the playbook Blended Finance for Affordable Housing in Africa, developed with funding support from the International Development Research Centre (IDRC) and Standard Bank Group, in collaboration with Convergence and CAHF.

Insights were contributed by Acorn Holdings, Alitheia Real Estate, CRRH-UEMOA, FSD Africa Investments, IFC, International Housing Solutions, TUHF and TUHF21, among others.

The Authors of the CAHF-Convergence playbook:

Robin Ivory is Manager, Market Insights, at Convergence.

Palesa Mkhize is CEO of the South African Multifamily Residential Rental Association.

Olive Munene is Manager, Member Engagement, at Convergence.

Kecia Rust is Executive Director and Founder of the Centre for Affordable Housing Finance in Africa (CAHF).

Paving the way for affordable and available housing: the case of Lille

By Jean-Baptiste Debrandt

1. Some elements of our local context[1]

Located in the north of France, Lille is the largest city in the country's 3rd largest conurbation. It is home to a fifth of the 1.2 million strong population of the European Metropolis of Lille, a public body for inter-municipal cooperation that has existed since 2015. For nearly 10 years, our city has been experiencing an average annual growth of around 0.37% (roughly 1000 new inhabitants) and not surprisingly, the local demand for housing has been keeping pace with it.

Like many other cities in the northern region, Lille was heavily affected by a crippling process of deindustrialisation that occurred through the 1970s, leaving scars that are still felt and visible today. Efforts to transform and rebuild the city's economy and landscape have been underway ever since, though more significantly since 1987. The city has made considerable advances in restructuring its economy around the service sector, hosting an ever-increasing number of service-related businesses, and has become one of France's main student centres, after Lyon and Paris. The median income of its citizens has consistently improved in recent years, reflecting local economic growth, but it remains 8% lower than the metropolitan average and 13% below the national average (currently at 25,800 €/year). The local poverty rate is also above the national level, at around 28%.

Public housing represents 26.5% of Lille's current housing stock, reflecting the historical commitment by the City of Lille to provide affordable housing to families with limited means. Those same housing units are progressively being renovated, to improve energy efficiency and, at the same time, reduce ancillary costs borne by their respective occupants.

2. Developing affordable housing: actions by the Lille City Council

Despite successive crises affecting the energy sector and financial markets, as well as the COVID crisis, altogether hampering construction and increasing building costs, the efforts made by the City to tackle housing inequality and under supply have produced, and continue to produce, visible, tangible and encouraging results.

Starting in 2008, under the leadership of the socialist mayor Martine Aubry, the City Council sought to address several issues affecting the residential mobility of Lille's residents, in particular: the distribution of the existing housing stock; the construction of new housing, then focused on the private market; and spiralling rent prices[2].

3. The "three-thirds rule": a strong political message to housing developers

Martine Aubry fostered an ongoing dialogue with housing stakeholders (i.e. planners, developers and social housing providers) based on a simple principle: *Housing developments in Lille must deliver a mix of housing types that meet the needs of its residents*. In practice, provided a new construction programme (single or multiple buildings) reached a certain size, a third of its housing units must serve as social housing, a third must be reserved for first-time buyers, and the remaining a third are free-market housing (a sector which, in France, benefits from significant tax incentives, encouraging investment in rental properties).

This principle has been enshrined in the city's urban planning regulations in the form of three mechanisms governing the production of affordable, family-friendly housing.

4. Enforcing social diversity requirements and minimum housing size requirements

Urban planning legislation in France allows for local authorities to create and enforce easement measures. The latter can be used in paving the way for the development of affordable social housing and/or social home ownership schemes. Two such easements have been devised and are effective in Lille since 2009.

Through their application, the City aims to both increase the supply of social housing in areas where the rate is below the municipal average and promote social homeownership[3] in neighbourhoods with a high concentration of social housing. That would, in turn, lead to a diversification of housing options and enable residents to move up the housing ladder.

The Council outlined three "zone types" with specific requirements, these being applicable to new housing projects (Table 1).

Each of the city's neighbourhoods was attributed a zone type, according to their respective specificities (Figure 1).

Regarding housing size requirements, there are 2 thresholds in effect, determining the production of housing better adapted for family needs, particularly in areas where small-sized properties are predominant (53% of existing dwellings are either studios or one-bedroom flats). They are defined as follows (Table 2).

These two easements – along with public housing initiatives – have enabled the development of approximately 7,000 units of public housing and 1,600 units of affordable housing for first-time buyers over the past 17 years.

[1] N.B. The terms "City" and "City of Lille", frequently used in the following article, refer to the municipal authority Ville de Lille, whereas "city" and "Lille" refer to Lille proper.

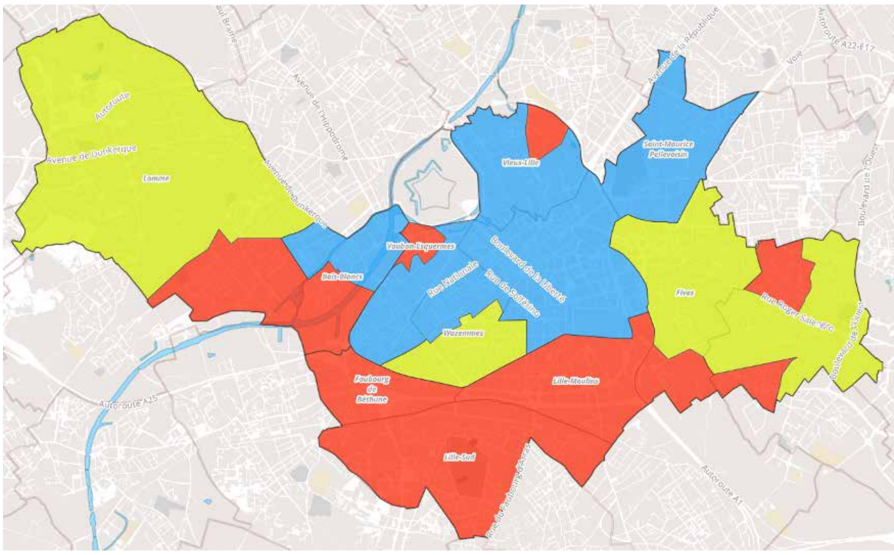
[2] This issue was a particularly pressing one at the time, for a quarter of the city's population were tenants in privately owned properties. Besides making regular housing less affordable (when not unaffordable) to the average family, rising prices were pushing the most vulnerable towards accepting substandard, though cheaper, rental accommodation.

[3] *Accession sociale à la propriété*, in French. It is a government initiative designed to facilitate access to homeownership for low-income households. Its umbrella encompasses different schemes through which individuals and families may acquire their home, such as rent-to-buy, social housing sales and solidarity real leases (i.e. ownership of the property only, with the land being rented).

Table 1: SM zoning types in Lille and the requirements applicable to new housing projects.

Zone types		Requirements applied	
Blue Zone	Reinforced easement	30% affordable housing for projects (new or conversions) of 700m² to 1100m²	45% affordable housing, with 35% of the surface area dedicated to social housing for projects > 1100m²
Yellow Zone	Combined easement	30% affordable housing for projects > 1100m². Depending on the neighbourhood, those may be either social housing or social home ownership, or a combination of both.	
Red Zone	Diversification	30% social home ownership for projects > 1100m².	

Figure 1: Zone type configuration in Lille and its associate cities, Hellemmes and Lomme.



Source: Ville de Lille

Table 2: Housing size requirements applicable to new housing projects in Lille.

Level	Requirements applied	
Basic	25% of units must have 2 or more bedrooms for projects with 4 to 24 units	40% of units must have 2 or more bedrooms and 15% must have at least 3 bedrooms for projects > 25 units.
Enhanced	33% of units must have 2 or more bedrooms for projects with 3 to 14 units	50% of units must have 2 or more bedrooms and 15% must have at least 3 bedrooms for projects > 15 units.

Table 3: Examples of households and their respective eligibility thresholds. Reference values for 2026.

Household categories	Annual income in €		
	PLAI	PLUS	PLS
Single person	12,870	23,403	30,424
2 people without dependants (excluding young couples) or 1 person in a disability situation.	18,753	31,254	40,630
4 people or a single parent with 2 dependants or 3 people of which at least 1 is in a disability situation	25,092	45,374	58,986

5. Defining affordable housing and promoting its development

In France, the Housing Construction Code and the conditions for obtaining financial aid are rather prescriptive in defining what social housing is and who is eligible for it. For the latter case, rent thresholds and income limits will play an important role (Table 3).

The City of Lille – as well as the European Metropolis of Lille, which has the competence over housing policy on the Metropolitan level – has prioritised the most affordable social housing. Accordingly, compliance with the local social diversity requirement means that such housing must be reserved for households with incomes below specific thresholds known in France as *PLAI* and *PLUS*. The higher threshold, known as *PLS*, is not eligible. Proportionally, 30% of social homes must be allocated to families on the lowest incomes.

6. Locally defined policies and necessary anti-speculation measures

Since the 1960s, the growth and popularisation of home ownership have been encouraged in France. The number of owner-occupiers in the country has steadily progressed over at least 40 years, along with the proportion of owner-occupied households (+5.8% since 1985, reaching 58% today). In Lille, however, the housing stock remains predominantly composed of rental properties (less than 30% of its population own their homes).

Promoting social homeownership has become one of the City's priorities, especially with the [above inflation] hike in housing prices from the past decades. For that purpose, the City of Lille sought to employ existing national schemes, a process further supported by the effects of social diversity requirements and housing size requirements being enforced.

Those looking to buy a new home today, especially first-time buyers, can benefit from several types of support, namely:

- Zero-interest loans (a scheme in place in France since 1995)
- Reduced VAT (5.5%, against the regular 20%)
- Reduced notary fees
- Property tax reductions or exemptions in the first years following the acquisition

- The 'rent-to-buy' scheme (*Prêt Social Location Accession*, or PSLA), which allows a potential buyer to initially rent their home before eventually deciding to purchase it
- The sale of social housing to its occupants (although, the City of Lille seeks to limit this option, to preserve the social housing stock).

Despite such advantages, potential buyers still need to be able to buy a home, which ultimately depends on the sale price of the unit types they are considering, as well as their availability in the market.

Aiming to promote the development and expansion of social homeownership (while creating a fairer playing field for the target groups for such housing), the City Council decided to establish, by resolution, eligibility conditions for social homeownership. Between 2009 and 2024, the following conditions have been established:

- Priority to first-time buyers
- Ensuring that the type of housing suits the composition of the households (e.g. a couple without dependants is not eligible for a 3-bedroom flat)
- Respecting the revenue ceiling set at national level: case in question, the threshold for being eligible for obtaining an interest-free loan
- The property must serve as the buyer's main residence
- Compliance with an anti-speculation clause requiring reimbursement of the financial aid granted by the City (often in addition to aid granted by the European Metropolis), which ranges from €4,000 to €7,000.

In addition, the sale price of such homes is, depending on the type of operation, capped at between €2,050 and €2,400 per m² of living space, contrasting considerably with the prices in the private market, which are nearing €4,000/m² in new projects. That price cap was set considering the purchasing power of the average household in the Lille metropolitan area (to give the reader some perspective, the price/m² of a BRS[4] property in the city of Strasbourg will often exceed €3,500, while in Paris it averages €5,000).

As previously mentioned, over 1,600 homes have already been developed in Lille under the social home ownership scheme. On this scale and over time, some of the residents will eventually experience a change in their living situation, in some cases resulting in their property being resold. When that started to occur, the local councillors identified several shortcomings in the approach then being implemented.

One of those shortcomings was related to the anti-speculation clause, which did not limit capital gains in a rather buoyant market (up until 2020). There were cases of properties being resold at prices significantly higher than the price cap, more than compensating for the reimbursement of agreed subsidies (sometimes exceeding €20,000 in the most sought-after neighbourhoods). And those new buyers generally looked to rent out the property (given the high demand in Lille).

The local councillors concluded that, under the existing framework, the support being provided to first-time buyers had a "one-off" impact. That eventually would prompt a strong reaction from their side, in the form of renewed efforts to develop sustainably affordable housing.

7. The creation of the first Community Land Trust *à la française*

In response to steadily rising property prices and regional inequalities which still put low- and middle-income households in a precarious position, the City decided to adopt a new approach to its social home ownership policy.

Inspired by successful experiences of Community Land Trusts abroad, France introduced legislation in 2014 authorising the creation of organisations known as *Organismes de Foncier Solidaire* (OFS).

In the beginning of 2017, thanks to the efforts of Audrey Linkendheld (then both a Member of the National Assembly and the Councillor responsible for housing in Lille), the City introduced a legal innovation, namely the Solidarity Real Lease (or *bail réel solidaire* in French), geared towards helping people get on the property ladder. Under this type of long-term lease, the land lease period restarts if/when the property changes ownership.

It was against this backdrop that the City of Lille spearheaded the creation of France's first OFS, the OFSML. This association was established in consultation with local stakeholders that support housing development, namely the European Metropolis of Lille, the Federation of Property Developers, the Regional Union of Social Landlords, the group *Action Logement*, and the Hauts-de-France Public Land Agency. Its governance structure reflects an intended purpose of keeping a balance between public and private members. The French government accredited the OFSML in July 2017.

The first two programmes corresponding to this new model were developed in the city centre, integrated with larger housing projects named "Cosmopole" and "Carré Latin". Respectively, 15 and 17 SRL units, indistinguishable from the free-market units, were produced, and are occupied since the conclusion of the works in 2020.

To date, 150 homes have been delivered under the Solidarity Real Lease scheme. That number may appear modest relative to the local demand for housing, but the curve is pointing upwards. One of the objectives of the OFSML is to facilitate the creation of at least 100 new units every year from 2028 onwards, building up a stock of sustainably affordable housing with a starting price of less than €2,500/m² of living space (i.e. excluding parking spaces).

In 2024, the City of Lille began endorsing the widespread implementation of solidarity real leases. Since then, only housing units corresponding to either this lease type or social rental housing have been accepted in addressing current social diversity requirements.

The City of Lille is also convinced that the BRS model opens up new avenues, notably for large-scale renovations [of the existing housing stock] and for helping low- and middle-income homeowners to undertake energy-efficiency renovations.

8. Moving forwards

Creating and/or maintaining favourable conditions for the development and access to affordable housing while ensuring that our city can continue to develop in a way that is equitable, inclusive and sustainable requires constant vigilance.

Today, our main obstacles in meeting housing demand stem from the economic climate, which continues to slow down the construction of new housing under feasible and realistic financial conditions. Developing

[4] Acronym for *Bail réel solidaire*, or Solidarity Real Lease.

economically viable methods for renovating the existing housing stock and lowering the costs for the acquisition of certain types of existing property (e.g. extending the eligibility for zero-interest loans also for the purchase old BRS units) are some of the answers currently under consideration.

The easements in place since 2009 should remain applicable over the next years, given the perceived results in increasing availability of social, affordable and family-friendly housing. In their current format, these easements are also an effective tool in tackling the phenomenon of urban exodus, as they create an incentive for low- and middle-income families to continue living in (or even move to) our city centre.