



Habitat
for Humanity®
Terwilliger Center for
Innovation in Shelter

enhancing access to affordable housing finance

An Introduction to Housing Finance Systems

July 2023, MCPI Conference





**Terwilliger Center for
Innovation in Shelter**

In Asia and the Pacific region –

- Habitat has helped more than 9.9 million people in the Asia-Pacific region build or improve the place they call home.
- Habitat has worked in the AP region since 1983.

Asia-Pacific Region



We work through partnerships in Timor-Leste, Samoa and Tonga.

Philippine Housing Type and Status (2018)



Meet Ed & Gina

Family Size:
4-6 members

Occupations:
Agriculture, self-owned business or daily labor

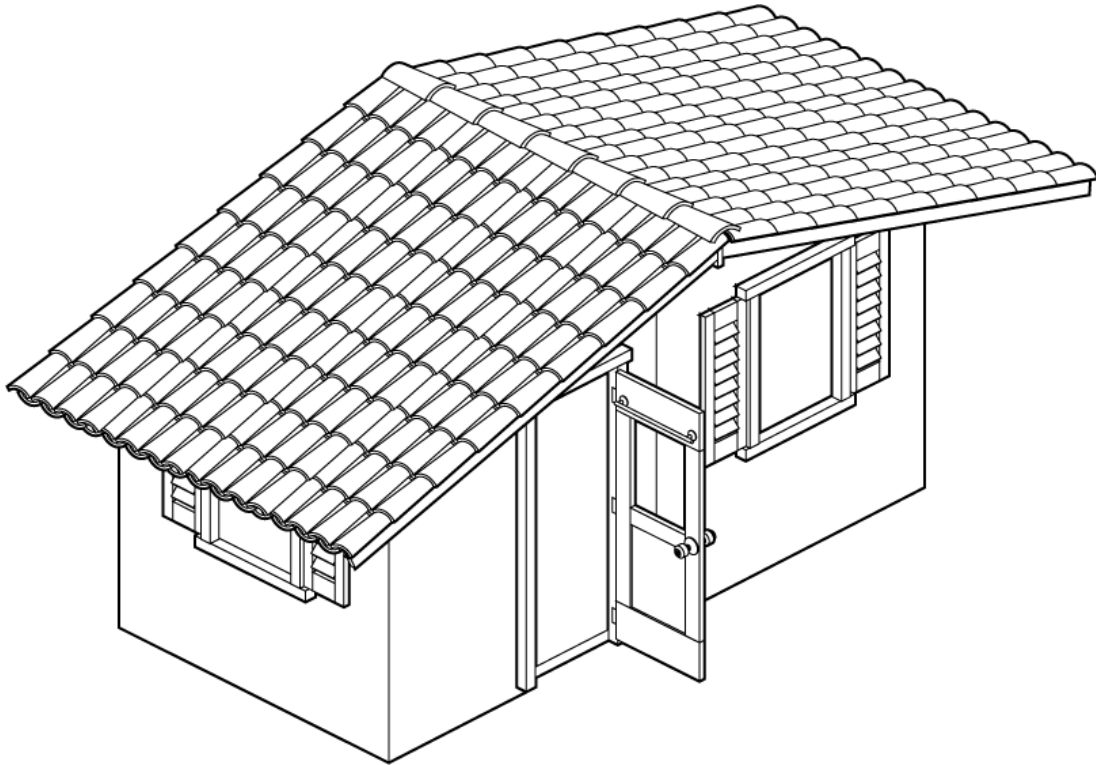
Monthly Income:
USD 300-500

Housing Need

Home Improvement
Priorities:

- **Roof Repair**
- **Toilet**
- **New Room**

Home-Owner Challenges

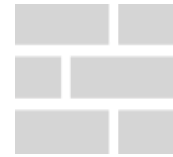


Access to Housing Finance



Lack of access to affordable financing for home improvements and repairs

Availability of Materials & Services



Lack of access to affordable, sustainable housing products

Information Flows and Social norms



Social Norms influence households' decision making that often leads to suboptimal construction choices

Terwilliger Center's Bullseye

For billions of people, housing is a process, not a purchase

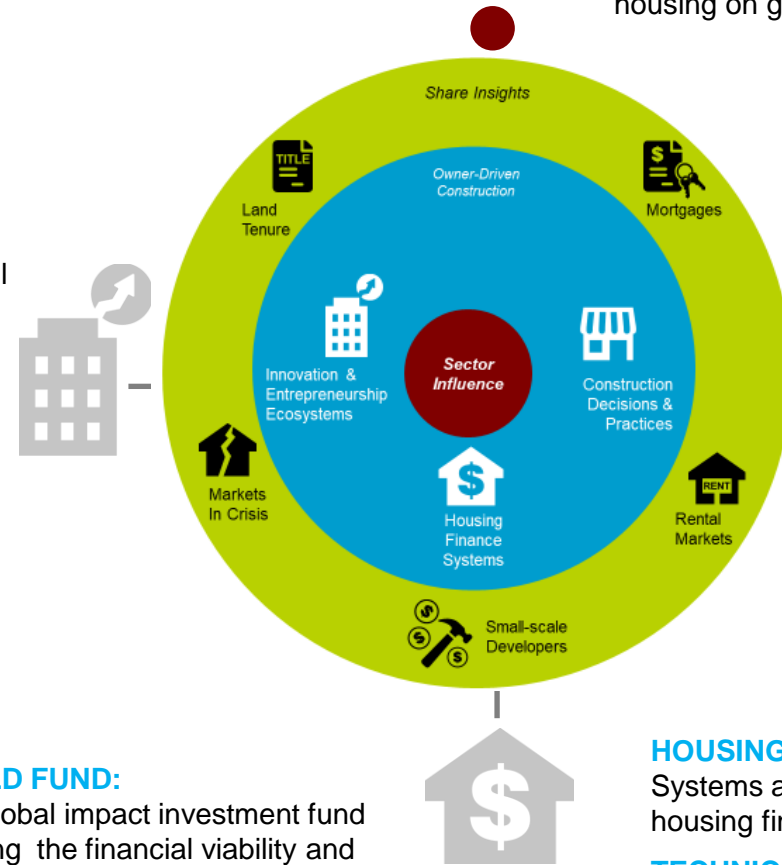
THOUGHT LEADERSHIP:
Support sector influence / change mental models of key stakeholders.

CORNERSTONE INITIATIVE:
Use findings from a recent report on housing's outsized contribution to GDP to boost housing on global agendas.

SHELTERTECH ACCELERATOR:
Support housing start-ups solidify their business model and attract investment to grow.

SHELTER VENTURE FUND:
Venture capital fund to invest in promising early-stage companies and seeking to crowd in other investors.

MICROBUILD FUND:
A \$100M+ global impact investment fund demonstrating the financial viability and scalability of housing microfinance.



SHELTER VENTURE LABS:
Experimentation platform in five countries to influence consumer behavior, construction decisions and building practices.

HUMAN CENTERED DESIGN:
Assisting firms to understand low-income customers housing experience and needs.

HOUSING FINANCE SYSTEMS:
Systems approach to enabling better working housing finance.

TECHNICAL ASSISTANCE:
Direct advisory services to financial institutions.

Key Approaches



Human-Centered Design
Affordable housing finance solutions based on human-centered design approach catered to the needs and preferences of low-income households.

Environment, Social and Governance (ESG)



Financial Services Experts
Informed by deep expertise in financial services industry, rooted in financial inclusion and microfinance space; composed of a global team with local presence.



Technical Advisory and Capacity Building
Team conducts institutional assessments and works with financial institutions to build capacity and make institutional changes to better serve low-income segment.



Capability Statement



Pioneered housing microfinance from end to end



Launched and successfully managed the **first impact investing fund** in housing microfinance space



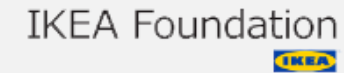
Several thought leadership initiatives and publications



Worked with diverse groups of **financial service providers**



Partnered with some of the **leading foundations, donors and investors** in the financial inclusion sector



Our Global Impact

5.1 MILLION
FAMILIES SERVED

11.9
BILLION USD

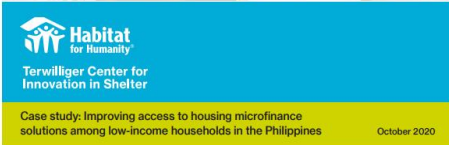
in capital mobilized for affordable housing finance



100
PARTNERSHIPS

58
COUNTRIES

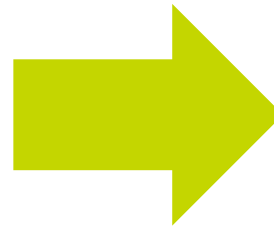
Our work in the Philippines within the MFI Sector



Helping families, one house at a time

BEFORE

Before taking a housing
microfinance loan



AFTER

Using housing microfinance proceeds for
home improvements



Green Housing in The Philippines

The Philippines is one of the most vulnerable countries to climate change due to its high exposure to natural hazards, dependence on climate-sensitive natural resources, and vast coastlines.

- Extreme weather events in the previous decade caused USD 2B worth of damages while displacing 3.6 million Filipinos each year
- Families that lack resilient, secure housing are the most adversely affected as they often live in areas that are vulnerable to natural disasters
- In particular, at least 3.1 million low-income Filipinos belong to the underserved segments called Owner Driven Construction (ODC) who build their homes incrementally over decades






Source: **A Landscape analysis of sustainable, green and circular housing solutions in the Philippines**

Despite the efforts both at the national and local government levels, the greening of the housing industry remains at the **inception stage** due to the following major barriers:



Source: **Market Assessment – Building inclusive green housing microfinance in the Philippines**

Green Housing Value Chain Assessment

	 Planning and Design	 Materials and Transport	 Construction	 Use and Occupancy	 End-of-Life / Reuse
Trends	Passive design	Low-impact materials	Prefabrication and Modularization	Energy and resilience retrofitting	Scalable models of demolition waste reuse
Barriers	Higher upfront costs of building green	Material production requires intensive amounts of energy	Perception of homebuilders and end-users on green construction	Limited access to home improvement financing	Inefficient material recovery programs
Enablers	Incentives for green building	Supply chain innovations for material production and supply	Consumer Education campaigns and upskilling of the labor force	Guidelines for energy and resilient retrofit	Legalization on recycling and solid waste management



FOUR PATHWAYS FOR THE PROMOTION OF GREEN HOUSING MICROFINANCE IN THE PHILIPPINES

OPTION 1

Conventional Housing
Microfinance + Consumer
Education on Green and
Disaster-resilient
Construction Practices

OPTION 2

Embedded Housing
Microfinance Product

OPTION 3

Financing for New Green
Housing Units

OPTION 4

Provision of Housing
Microfinance Solutions
and Construction
Technical Assistance

Challenges and Lessons

- Owner driven construction segment remains an invisible segment
- Long-term capital availability for financial institutions
- Limited risk appetite for market actors
- Behavior change among communities for adopting climate resilient housing solutions