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The Role of Civil Society Organizations Bridging the Gap in Affordable Housing Value Chains

Editor's Note: The NextBillion team is glad to present the first article of Staff Writer Shivani Manaktala. Shivani works with Ashoka's Full Economic Citizenship Initiative, which currently manages a Global Housing for All program that is committed to Hybrid Strategies that will transform the way basic services are delivered to underserved markets at an unprecedented scale.

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Recently, India saw a spate of announcements for affordable housing projects being launched in various parts of the country. Currently, India faces a housing deficit of about 25 million households, and around 17 million people live in slums. By 2030 this deficit is expected to increase to 38 million households. Unless new affordable housing is developed, low-income urban migrants are likely to remain in slums, threatening India's agenda of broad inclusion.

So, what has led to developers getting involved with affordable housing projects in India? Was it the economic downturn, was it due to a government regulation or are developers and Financial Institutions (FIs) recognizing the enormous opportunity that this market offers?

A closer look at some of these projects where developers are launching projects in the price range of INR 4-10 lakhs (\$ 8000 – 20,000) shows that in most of these projects there is a collaboration with a Citizen Sector Organisation (CSO). So why are developers and FIs collaborating with CSOs on these projects? Its clear that CSOs provide the connection to communities who will buy these homes but is there a greater role that they play here beyond demand aggregation? CSOs are serving that vital link in the housing value chain that addresses the existing gaps in awareness creation, marketing, due diligence and complementary services that neither developers nor FIs are successfully able to bridge for the specific target segment. What this translates into is that on one hand the CSOs are able to communicate community needs, concerns, specifications to developers and also market the projects to the community, and on the other because of their close and long links with the clients they are best positioned to assess the credit worthiness and conduct the due diligence on behalf of the FIs for mortgage lending.

In Ahmedabad, Developers like Santosh Associates, Vintron Worldwide, DBS Affordable Housing Strategy Ltd. and financial institutions like Micro Housing Finance Corporation (MHFC), Dewan Housing Finance Corporation (DHFC) and GRUH Finance are working in collaboration with CSOs like SEWA Mahila Housing Trust and SAATH to offer comprehensive solutions to informal sector clients. You can read more about these projects [here](#), [here](#) and also [here](#).

A very interesting factor often ignored is that CSOs are able to offer additional value in community building and maintaining the social fabric that is so valuable for low income community housing. For example, I have come across families who say that even though they can afford it, they would prefer to stay in their existing, sometimes appalling conditions, because they are hesitant to leave behind the social networks that they have built over the years. It is here that the CSO is able to step in to try

and manage this transition smoothly by addressing factors such as who will be in the neighborhood, are there community spaces built in, are there possibly common work areas for home based workers, has the new structure got the systems in place to be maintained well by the community such that the new home owners take pride in their new homes, are the safety and security concerns addressed, is there transportation to the work areas, is there adequate schooling and medical facilities in the vicinity, etc.

Developers, Financial Institutions and CSOs are engaging with each other in new ways, which implies new roles for each and a scheme that proves commercially viable for all engaged stakeholders. In my next post I will explore the rules of engagement in more depth.