



FINANCING SMALL-SCALE LANDLORDS: CASE STUDIES FROM JORDAN AND COLOMBIA

December 16, 2020

Redefining 'Private' to Include Affordable Rental Housing Providers for India's Urban Poor | Policy Lab 4

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TODAY'S PRESENTATION

- Financing rental housing along the supply continuum
- Case study: Jordan
 - Context
 - NRC's Urban Shelter Program
 - Program impact and results
- Snapshot: Colombia
 - Context
 - WB's Resilient and Inclusive Housing Program in Colombia
- Small-scale landlords as rental housing providers in India

FINANCING RENTAL HOUSING ALONG THE SUPPLY CONTINUUM

Individual and small-scale
landlords



Source: Office of Historic Preservation, CA

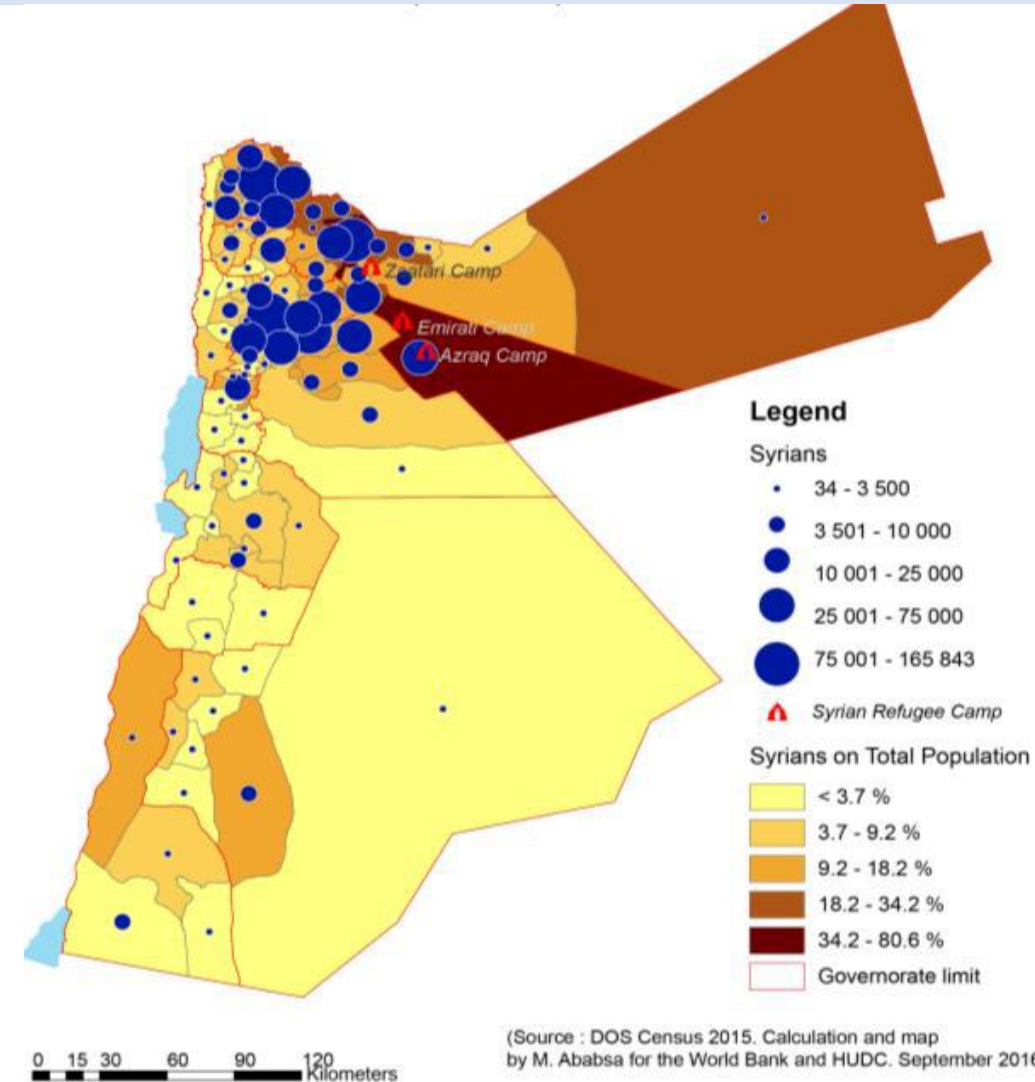
Medium- and long-term
institutional investors

Non-profit or govt. providers
of social rental housing

- **Small-scale landlords are the dominant owners/suppliers of rental housing stock (almost) the world over**
 - Without access to other supply (either priced out or not enough supply), urban poor have (informal) rental arrangements with small-scale landlords
 - Housing typologies vary greatly, depending on landlord's access to finance and renter's willingness/ability to pay
 - Landlords typically house (or land)-rich, and rental income supplements cash flow
- **Governments are broadening policy frameworks to boost prevalent practices in the sector, esp. in response to pandemic**

JORDAN CASE STUDY: CONTEXT

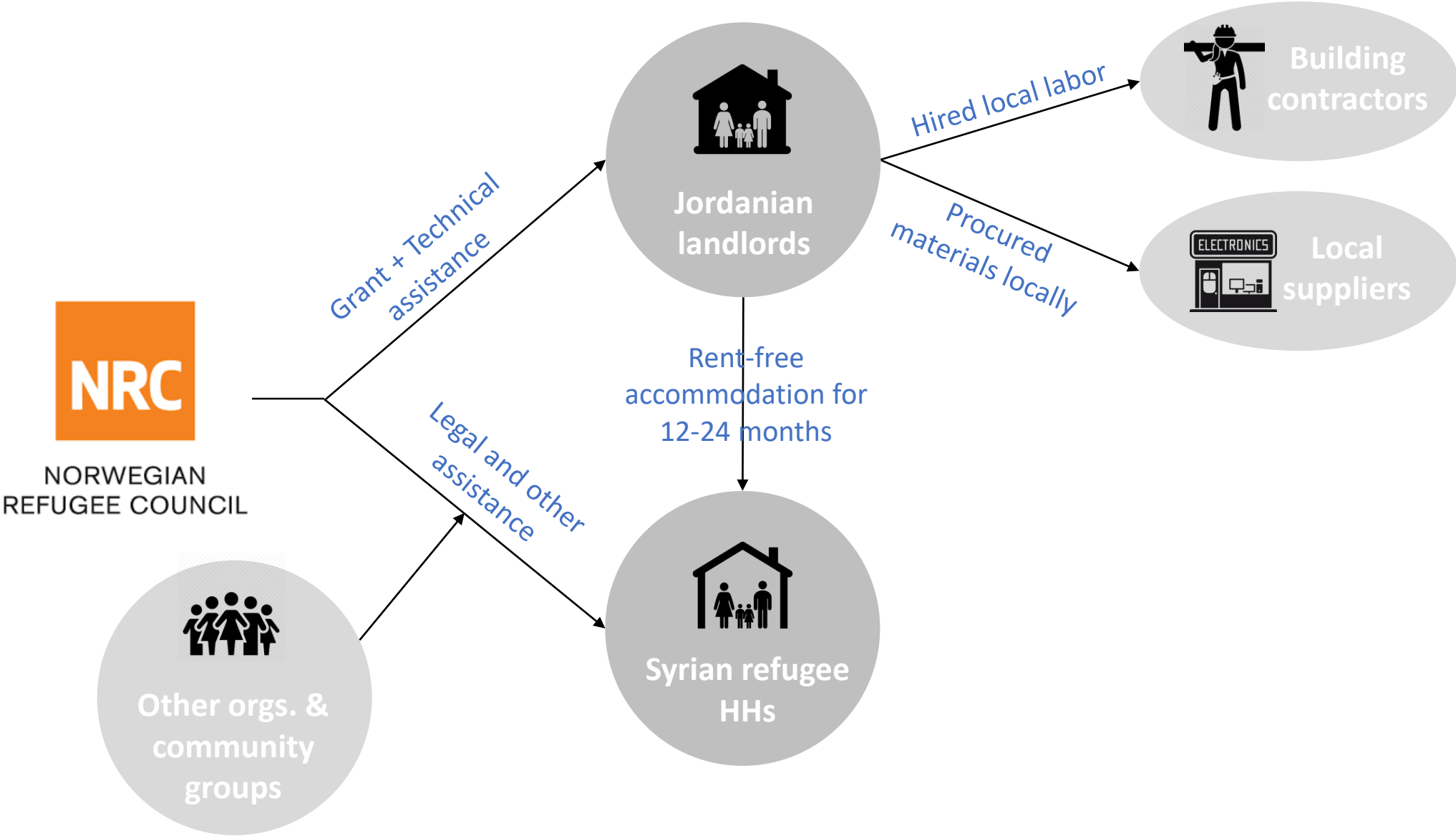
- **Housing needs in Jordan are driven by rapid population growth**
 - Significant influx of refugees, migrants and workers in recent years has driven the population growth
 - In response, the private sector built over 1.1 million units between 2004 and 2015, nearly doubling the total housing stock (60 per cent by owner builders)
- **Supply-demand mismatch has reduced housing affordability for the bottom 40 per cent of HHs**
 - The shortage has driven up rental prices, pushing households to live in overcrowded or inadequate conditions
- **Syrian crisis has exacerbated the housing challenge in Jordan's urban areas (over 80% refugees live in urban areas)**
 - Concentration of refugee populations in urban areas in the north, close to the Syrian border
 - Led to competition for limited resources and increased tensions between Jordanian host and Syrian refugee communities



Distribution of Syrian refugees (blue circles) by sub-districts, 2015

Source: World Bank and Jordan DOS

JORDAN CASE STUDY: NRC'S URBAN SHELTER PROGRAM



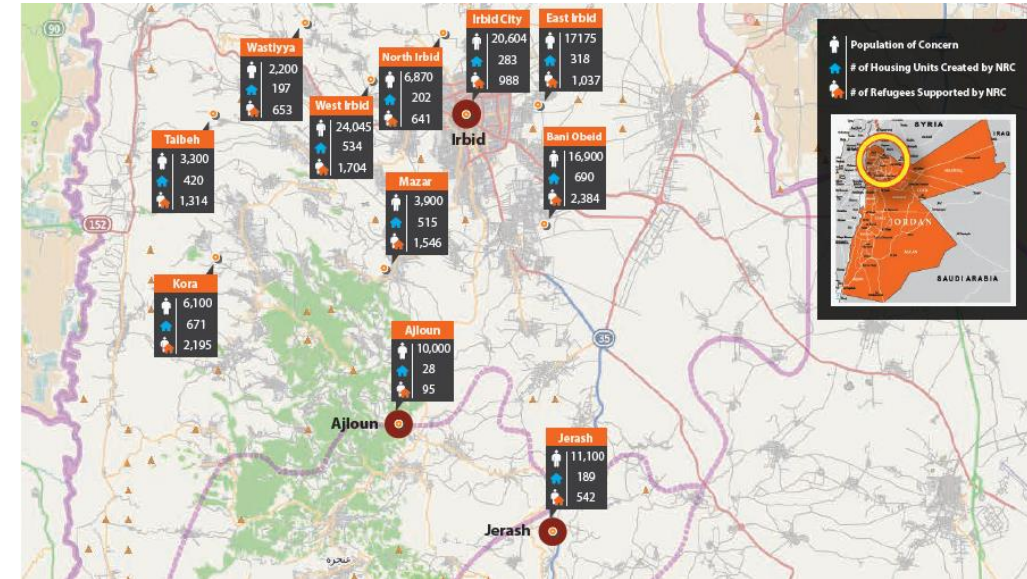
JORDAN CASE STUDY: NRC'S URBAN SHELTER PROGRAM

■ Urban Shelter Program

- Twin goals of addressing the immediate housing needs of refugees while also supporting host communities
- Built on traditional Jordanian practice of building upper stories over time to accommodate growing family (eg: married son)
- NRC funding depended on the condition of the property and duration of rent agreement (longer rental period = larger grant)
- Grant varied between JD1,000 for one-bedroom units to JD5,600 for four-bedroom units
- Support to refugees included information on how to access assistance from other organizations, implementation of agreements, negotiations to extend lease at the end of the period

■ Selection of landlords and refugees

- Assessment of refugees' vulnerability incl. HH size and composition, health and economic status, threat of eviction, etc.
- Technical assessment of properties including current state, expected improvement works, location and accessibility



The program was implemented in the Governorates of Irbid, Jerash and Ajloun, home to more than 25 per cent of registered Syrians in Jordan in June 2015

Source: Norwegian Refugee Council

JORDAN CASE STUDY: IMPACT OF NRC'S URBAN SHELTER PROGRAM

Direct project outcomes



1,100
landlords



5,100
units



>18,000
refugees

Broader impact on local economy & employment



>20,000 short-
term jobs



Local
suppliers

- **Units built ranged in size from <50-200 sq.m. with the majority in the 50-150 sq.m. range, responding to demand**
- **However, to have large-scale and sustained positive impact**
 - Development actors and the Govt. need to:
 - Build on existing public programs and policy frameworks
 - Incorporate private stakeholders such as MFIs already providing home improvement loans



A Syrian refugee in the house she shares with her three daughters and two sons

Source: Norwegian Refugee Council/ Alisa Reznick, March 2015

COLOMBIA SNAPSHOT: CONTEXT

- **Govt. of Colombia’s housing programs**
 - Previously, focus on decreasing the quantitative deficit by building new homes (*Mi Casa Ya*)
 - 23 per cent (over 3 million) of Colombian HHs live in inadequate, substandard housing
 - Current focus is on addressing the qualitative deficit by improving the quality of homes and neighborhoods (*Casa Digna Vida Digna, CDVD*) and lease-to-own program (*Semillero de Proprietarios, SDP*)

- **Influx of Venezuelan migrants and Colombia’s exposure to natural disasters have heightened the housing challenges**
 - Majority – nearly 90 per cent – of migrant HHs are renters, renting in the informal market at higher prices and with fewer protections
 - Higher frequency and intensity of climate-related disasters pose higher risks for vulnerable populations

- **WB working with GoC to reduce qualitative housing deficit for most vulnerable Colombian HHs and Venezuelan migrants**



COLOMBIA SNAPSHOT: WB'S RESILIENT AND INCLUSIVE HOUSING PROGRAM

Existing GoC programs



WB project components

Sub-component 1.1: Home improvement subsidies

- Priority given to vulnerable HHs living in poor quality houses valued <USD 31,185
- Eligible HHs benefit directly from improvement works, in line with resilient construction standards and planning regulations
- Technical assessment of homes & budgeting of works
- Average subsidy for CDVD program per house is USD 4,324

Sub-component 1.2: Financing for neighborhood upgrading interventions

- Municipality eligibility based on *Mesa de Equidad* framework, incl. those significantly impacted by migration from Venezuela
- Works will include construction of new: (i) parks and green spaces; (ii) SACUDETE centers to facilitate health, culture, sports, technology, and entrepreneurship services
- Improve living conditions of Colombians and promote social inclusion of migrants

Sub-component 1.1: Rental subsidies for Venezuelan migrants

- Temporary subsidy for migrant Venezuelan HHs during and post the COVID-19 crisis
- Period of 6 to 18 months
- Estimated average monthly subsidy of USD 69, in line with current rental payments of migrant HHs earning <2 MW

Component details

SMALL-SCALE LANDLORDS AS RENTAL HOUSING PROVIDERS IN INDIA

- **Projects in Jordan and Colombia are pilot initiatives developed in response to a local challenge, and designed within existing policy and socio-cultural parameters**
 - In addition to financing housing construction and subsidizing rent for vulnerable groups, both projects focus on qualitative improvements to ensure long-term resilience and stability
- **A similar approach can be adopted to address the rental housing shortage for the urban poor and migrants in India**
 - With a third of slum housing stock in urban areas being rental units, it is important to include small-scale landlords in the supply continuum
 - Furthermore, the socio-economic diversity of tenants (single migrant workers, students, low-income families, etc.) demands diversity of supply options (typologies, price points)

A PACKAGED DEAL!

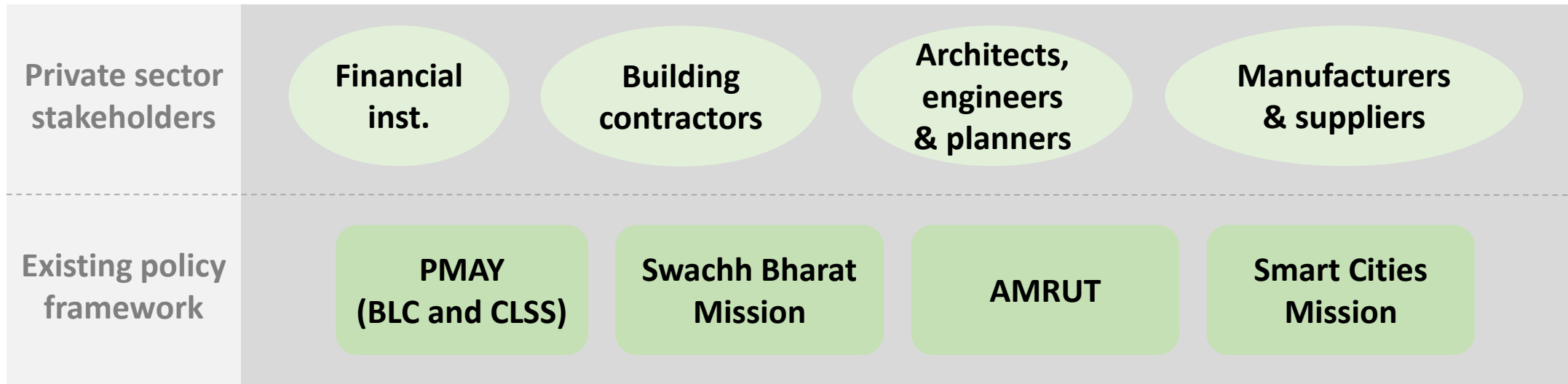
Financing qualitative
home extensions

Urban infrastructure
and spatial planning

Integrated approach to – (i) facilitating access to housing, and
(ii) improving living/neighborhood conditions

POLICY FRAMEWORK PRESENTS THE OPPORTUNITY TO SUPPORT SMALL-SCALE LANDLORDS

- **India's existing policy framework and private sector stakeholders can support inclusion of small-scale landlords as affordable rental housing providers**
 - Anecdotal evidence shows that households that self-construct (using loans from housing finance providers) often use loan proceeds to build an extra room or unit for rental purposes



- **First step is to build databases with reliable information on the rental housing sector**



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