



*The houses built in 1978 with Oikocredit financing still stand today*

Continued rapid urbanization is driving demand for affordable and suitable housing. However, a lack of solutions for the lowest income families leaves an estimated gap of up to 440 million households or 1.6 billion people living in substandard housing by 2025. Several studies have shown that families lacking decent affordable housing typically are also more likely to experience negative outcomes on health, children's education, employment and financial inclusion. And while affordable housing is currently not one of our core sectors, Oikocredit recognizes the potential impact a well-functioning affordable housing sector can have on low-income communities.

In fact, all the way back in 1978, Oikocredit's first ever loan in India was in

affordable housing. We provided a hospital in Vellore in the southern state of Tamil Nadu with a US\$ 200,000 loan to provide housing loans of US\$ 1,000 each to 200 of the lowest-paid staff at the hospital. Although the original loan was budgeted for 200 houses, in the end enough financing was provided for 311 homes in total.

The homes that were built still stand today. Many are still inhabited by the first family to move in, albeit by the second or even third generation. Most home owners have added one to two additional storeys in order to accommodate their children and grandchildren and take pride in the colourfully painted exteriors. The son of one of the original loan recipients, Jacob, said: "My

father, Joseph, received a loan to build the house where I was born and raised. Our family is very thankful for this, as it's now home to my wife and children." Furthermore, the hospital continues to employ the grown-up children and grandchildren of the original housing loan recipients.

This one example is purely anecdotal long-term evidence of the positive impact such initiatives can have. At Oikocredit we are currently exploring what role we might play in this sector in the future. We see a clear need for more market-based solutions to close the housing gap, as well as the establishment of suitable standards to objectively measure the impact of a growing affordable housing industry.