UTC#3: ADDRESSING THE EXPANDING DEMAND FOR AFFORDABLE HOUSING

1. **UTC Title:** Addressing the expanding demand for Affordable Housing
2. **UTC Date and Time:** Monday, June 22nd, from 11 am to 12.30 pm (NY time)
3. **Lead organizer:** FIABCI-The International Real Estate Federation
4. **Partner(s) organizations** None
5. **Number of Participants:** 1947 (1728 on Facebook, 219 on Zoom)
6. **Objectives of your Campus:**

   1. **Convince private developers** worldwide **to** promptly **address** the **increasing demand for low-cost housing**. Since many workers lost their jobs or an important portion of revenues, they will no longer be able to afford their current home. 2. Explain how developers can make a reasonable **profit** by building low-cost housing. 3. Explain various **financing scenarios**. 4.Introduce **iBuild**, a new mobile app enabling complete tracking of all construction expenses and payments.

7. **List of Speakers:**
   1. Budiarsa Sastrawinata, CEO of the Ciputra Group, Indonesia and President of FIABCI-Indonesia. **2. Frank Lang,** Director of Housing, St. Nick's Alliance, New York. **3. Andrew Chimphondah,** Managing Director and CEO of Shelter Afrique, Chairman of the African Union for Affordable Housing, Nairobi. **4. Lew Shulman,** Chairman of the Board iBuild Global Inc., Washington D.C. **MODERATORS: 1. Christine Auclair,** Officer-in- charge, Advocacy and Campaign Unit, UN-Habitat, Nairobi **2. Danielle Grossenbacher,** Main FIABCI representative at the UN in New York, Chair of FIABCI's World Urban Campaign "The City We Need is Affordable"

OTHER PARTICIPANTS: 1. Raj Raipal, Treasurer of FIABCI-USA, NYC **2. Rusmin Lawin,** Vice-President of FIABCI - Asia Pacific, Jakarta.

8. **Speakers' Key Points:**

1. BUDIARSA SASTRAWINATA- The Ciputra Group has developed 97 housing projects in Indonesia. It is currently involved in helping the Indonesian Government reach its goal of building 1 million homes a year to accommodate the rapid increase in population. The latest project completed by Ciputra is in the New Town of MAJA where 15,000 homes have already been sold, 90% of which are low-cost housing. Special attention has been given to the comfort inside by enlarging the living room, having 4-meter high ceilings, space for home expansion, an outdoor area and an elegant appearance inside and out. The development is transit-oriented with several means of transportation easily available, environmentally friendly exceeding minimums required for green buildings, includes a variety of facilities for business and stores, health care, recreation, religion and a lake, parks and green spaces for leisure. The $1.5 Billion investment was partially financed by a subsidiary of the World Bank. Large scale developments provide important economies of scale and the commercial part increases the revenues. Such developments can bring a profit of 20% and more. A strong partnership with the public authorities is a must. Government support of the master plan is essential and facilitates the execution of the development. **2. FRANK LANG -** Founded in 1975, the St. Nick's Alliance is managing 1700 low-rent apartments in 100 buildings in New York City. In the past 12 years, it has focused on renovating vacant buildings to become affordable rental buildings. Finding low cost financing has been crucial to ensure success of these projects, in particular: interest-only (0 to 3%) Government loans, low interest tax-exempt bonds, conventional Bank loans, Federal and State tax-credits for housing and cleaning brownfield. The Operating strategy has been to: 1. Be granted permission to add floors in exchange for providing more affordable units, 2. Obtaining rental subsidies for residents from NY State or the Federal Government 3. Getting Real Estate tax abatements 4. Refinancing older housing to procure long-term stability 5. Build on government land obtained for $1.00 6. Sell unused floor area rights of existing buildings to Market rate developers and use the proceeds to renovate the building and fund the reserves. 7. Make buildings permanently affordable. *COVID-19 IMPACT*: Because of JOB LOSSES there has been an important loss of rent collection and delayed mortgage payments. BUSINESS BANKRUPTCIES has resulted in commercial vacancies. DECREASE of GOVERNMENT INCOME due to less income and real estate taxes paid. Government CUT SOCIAL PROGRAMS and RESOURCES FOR HOUSING. Market rate developments are slow as value of incentives decrease. BANKS ARE HOLDING RESERVES FOR BANKRUPTCIES and fear taking lending risks. **3. ANDREW CHIMPHONDAH.** Shelter Afrique is a Development Finance institution which has been enabling housing supply and demand as well as urban development in Africa for 38 years. Active in 44 African countries It provides lines of credit, corporate loans and credit guarantees, pre- export or import

finance, supplier and buyer credits and, in public private partnerships it offers pre-development advisory services and project implementation. There is a deficit of 56 million housing units in Africa. 60% of Sub-Saharan Africans live in slum dwellings. Only 15% of Africans can afford to buy a house or qualify for a mortgage. Sub Saharan Africa is forecast to be the world area which most increases in population until 2050. *COVID-!9 IMPACT:* the impact is expected to be much harsher in slums. African economies could experience a loss of $200 billion and international trade might drop from 32% to 13%. Housing will be a panacea for economic growth with the need to integrate urban planning and management and to build strategies for towards long-term resilience. The World Trade Organization (WTO) estimates that the contribution of construction to the GDP is 11%. The forecast is: increase in jobs, densification and economic growth, urban design re-think with health considerations and greening, focus on slum upgrading, increased budgets for the housing sector by African governments.

4. LEW SCHULMAN. In developing countries, it is estimated that 330 million households lack secure affordable housing. World organizations spend billions each year to try to solve the problem, mostly in cities where 58% of the world population now lives (estimated by the UN to become 68% in 2050). Unfortunately, inefficiency, fraud and supply the result in only $0.55 of each dollar invested going to house building. iBuild was created to bring transparency to the construction process. The global affordable housing gap affects 1.6 billion people (one in three urban dwellers). Conventional developments are too expensive for over 4 billion people. In developing countries, 93% of adults do not have access to formal housing finance. 60% to 90% of the construction workforce there are unorganized and informal. IBuild creates a transparent and vibrant ecosystem where all constructions steps are facilitated and recorded: finding a lender, planning and design, ordering materials, construction management, finding quality workers, managing payments. This virtual tool tracks the money flow across all constituents so that 100% of the financing obtained is traceable and used for construction. The iBuild solution centers on an embedded electronic wallet that is easily integrated within leading mobile payment providers and banking systems. The wallet allows payment and transactions tracking throughout project lifecycle, all within a secure, efficient, accountable, transparent cloud-based platform. It connects workers, contractors and consumers through a customized app for each stakeholder and also provides a variety of analytics.

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Recommendations: 1. National Governments should commit to Housing which represents an important part go the GDP (15% in the USA in 2018) and provide capital subsidies and tax incentives for the construction of affordable housing. It will create much-needed jobs. 2. Local authorities can lease or sell at low cost unused city-owned land or empty buildings to developers committing to build affordable housing. 3. Community leaders need to engage and identify land and old buildings representing opportunities. 4. In a time when construction of luxury building has created an over-supply in most countries, developers should consider building affordable housing which

will sell or rent quickly, if close to transportation, and where large scale projects developed in private-public partnerships can provide profits equivalent to the regular market.

9. **Solutions and Good Practices in addressing the Covid-19 crisis:**

The Covid-19 lockdown around the world has demonstrated the need to **enlarge and improve the living space** in homes and apartments and, if possible, to **include some easily accessible outdoor space.** It has also reminded us of the importance of providing a **variety of transportation means close by** so that people have options to travel (especially essential in pandemic times). Mr.
Sastrawinata's video presentation of the new city of Maja in Indonesia illustrates these important issues which were taken into account in the development.
Because of the pandemic, homes could not be visited before purchase. However the Ciputra Group used **online marketing** to propose in late May, during the global lockdown, its latest units built and sold 1500 homes in 3 days! Working from home might become the norm in the future. **Designing affordable homes with increased comfort, flexible use of space and expansion possibilities will be necessary.**

10. **Media:**

Our UTC is posted on FIABCI's website, YouTube, Facebook and
Zoom

FIABCI will start posting on July 20th, on its website www.fiabci.org, YouTube and Facebook, a series of **Urban Thinking Talks** of 20 minutes each, presenting and illustrating solutions from around the world to increase and improve promptly the supply of Affordable Housing units for sale or for rent.

For further information, kindly contact:
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UTC#4: URBAN RESEARCH AND EDUCATION IN THE WAKE OF COVID-19: IMPACTS AND FUTURE PROSPECTS

1. **UTC Title:** Urban research and education in the wake of Covid-19: Impact and future prospects
2. **UTC Date and Time:** 24.06.2020, 17:00-18:30 CET
3. **Lead organizer:** UN-Habitat UNI
4. **Partner(s) organizations**

Name	URL
Global Planning Education Association Network	http://www.gpean-planning.org/
Association of European Schools of Planning	http://www.aesop-planning.eu/
Association of Collegiate Schools of Planning (USA)	www.acsp.org
Association of Latin-American Schools of Planning	https://aleup.org/

5. **Number of Participants: 70**
6. **Objectives of your Campus:**

    The objectives of the UTC were to:
    1. provide a future vision of higher/tertiary education during and post-pandemic to ensure effective knowledge generation and communication, equity, and inclusion.
    2. Identify and support future educational programs/syllabi/capacity building and training necessary to enable universities to deliver assistance to urban policies, planning and design during the pandemic, and contribute to the post-COVID-19 realignment, and SDGs' processes
    3. Disseminate best urban practices within curricula and research programs to