



ATTRACTING EQUITY FINANCING AND IMPACT INVESTMENT FOR AFFORDABLE HOUSING

ADDRESSING THE HOUSING CRISIS

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1. INTRODUCTION

To tackle the global housing crisis and guarantee that marginalized people have access to safe, decent, and affordable housing it is imperative that equity financing and impact investment for affordable housing be drawn in.



1.1 INTRODUCTION

- # According to the world Bank, Nigeria's population was estimated to be around 218.5 million people in 2022 and about 223.8 million in 2023.
- # The Nigerian government reported a housing deficit of 17 million units in 2012, largely due to rapid urbanization, population growth, and inadequate investment in the housing sector. Nigeria's housing deficit is attributed to rapid population growth, urbanization, economic challenges, inadequate infrastructure, and a lack of access to finance. The government and stakeholders are working to address this issue by promoting affordable housing, encouraging private sector involvement, and improving financing for home buyers.
- # Nigeria's urbanization has led to a significant portion of the population living in urban areas, accounting for 51.1% of the total population in 2019. To develop affordable housing, investments in land acquisition, construction, financing, community engagement, regulatory compliance, and technology integration are needed.

2. WHAT IS AFFORDABLE HOUSING?

- # Affordable housing is a crucial solution for moderate-income individuals, providing affordable housing options that don't exceed 30% of their income, despite limited supply.
- # Housing for vulnerable populations is crucial, and impact investment is essential to ensure access to affordable, decent, and safe housing. However, attracting financing for such projects can be challenging, necessitating a comprehensive understanding of equity financing dynamics.



2.1 WHAT IS AFFORDABLE HOUSING? (CONTD.)

- # The average size of affordable housing in an urban city varies based on location, local market conditions, and economic factors. In densely populated areas, affordable housing may consist of smaller units or condominiums, while in other regions, it might consist of larger apartments or modest single-family homes.
- # Nigeria's urbanization trend, with 52% of the population in 2022, is expected to continue, increasing demand for affordable housing based on urbanization percentage and population growth rate while Nigeria's rural population, comprising 48% of the total population, accounts for nearly half of the country's population.
- # However, it's important to note that the demand for affordable housing in rural areas may vary and differ from that in urban areas due to various factors such as income levels, employment opportunities, and lifestyle preferences.

3. WHAT IS EQUITY FINANCING?

- # Equity financing is a business strategy where ownership shares are sold to investors, providing them with a portion of the company's success and potential profits.
- # This is a method commonly used by startups and established businesses for funding operations and projects.



4. WHAT IS IMPACT INVESTING?

- # The Global Impact Investing Network, in collaboration with the Rockefeller Foundation, has significantly shaped and promoted the principles of impact investing in the early 2000s.
- # Impact investing is a strategy that combines financial returns with social and environmental impact, empowering investors to positively impact the world.



4.1 IMPACT INVESTING (Contd.)

- # Impact investing combines financial returns with positive social and environmental impacts, aiming to solve global challenges by investing capital in businesses, organizations, or projects.
- # Impact investing originated from social and ethical investment movements, particularly in the 1960s and 1970s, where investors avoided companies linked to controversial industries like tobacco, alcohol, and weapons.

4.2 IMPACT INVESTING (CONTD.)

- # Impact investing is a method that gives investors the ability to make a positive social and environmental effect in addition to financial benefits.
- # The Global Reporting Initiative and Impact Reporting and Investment Standards are crucial for impact investors, ensuring a standardized approach to measuring and reporting environmental impacts.
- # Impact investing is a method that gives investors the ability to make a positive social and environmental effect in addition to financial benefits.

5. IMPORTANCE OF EQUITY FINANCING & IMPACT INVESTMENT

EQUITY FINANCING & IMPACT INVESTMENT

Impact investors are leveraging impact investment to scale affordable housing projects, thereby enhancing the economic impact and sustainability of these projects.

Equity financing and impact investment are crucial for the development and sustainability of affordable housing projects, providing funding for their development and sustainability.

This approach not only creates jobs and improves local infrastructure, but also reduces the need for government subsidies.

6. DIFFERENCE BETWEEN EQUITY FINANCING & IMPACT INVESTMENT

Equity financing involves selling ownership stakes in housing development projects, while impact investment focuses on capitalizing projects with positive social and environmental impacts.

7. STRATEGIES FOR ATTRACTING EQUITY FINANCING AND IMPACT INVESTMENT



- # Affordable housing investors can be attracted through clear objectives, strategic partnerships, a strong business model, and a clear social and environmental impact.
- # Transparency and accountability are crucial in achieving financial and impact goals.
- # Developing a financially viable business model and demonstrating impact metrics can also attract investors.
- # Regulatory incentives and risk mitigation strategies can make these projects more attractive to investors.

8. IMPACT MEASUREMENT AND REPORTING

- # Impact investors are focusing on reducing environmental impact through Job creation, reducing homelessness, and promoting energy efficiency.
- # Impact investments also aim to create affordable housing units, reduce greenhouse gas emissions, and improve residents' quality of life.

9. CASE STUDIES AND STORIES

Impact investment and equity financing have been instrumental in driving positive change and fostering economic growth in Nigeria and around the world. Here are a few tangible case studies and success stories of impact investment and equity financing:



9.1. FAMILY HOMES FUND – CASE STUDY

- # The Nigerian government, in partnership with the Bank of Nigeria, established the Centrale Family Homes Fund (FHF) to address the affordable housing deficit in the country.
- # The FHF, backed by World Bank and African Development Bank, has been instrumental in constructing affordable housing units for low-income families in Nigeria.



9.1 FAMILY HOMES FUND – CASE STUDY (CONTD.)

- # The Family Homes Fund in Nigeria was established in 2017 to provide affordable financing for aspiring homeowners, addressing the country's housing deficit through initiatives like building affordable housing units.
- # About 84,478 jobs and approximately 15,722 homes have been financed by the Family Homes Fund, with a total of ₦69.4 billion Naira invested.

9.2. PURPLE HEART HOMES – CASE STUDY

Purple Heart Homes, founded in 2008 by veterans Dale Beatty and John Gallina, provides housing solutions for service-connected veterans.

About 1,208 Housing projects have been completed, with 2,216 veterans served and a total of 5,430 Families and community impacted.



9.3. HABITAT FOR HUMANITY – CASE STUDY

- # While not a for-profit organization, Habitat for Humanity relies on impact investments and donations to finance affordable housing projects globally.
- # They partner with governments, NGOs, and private sector companies to build homes for low-income families.
- # Impact investors have played a crucial role in supporting their initiatives, which have provided affordable housing in numerous countries.



9.3. HABITAT FOR HUMANITY – CASE STUDY (CONTD.)

- # Habitat for Humanity originated at Clarence Jordan's Koinonia Farm in Georgia under the idea of Millard and Linda Fuller.
- # The concept of partnership housing involved individuals and volunteers working together to build affordable, decent houses for no profit. The Fund for Humanity was created through homeowners' payments and fundraising.
- # Habitat for Humanity, founded by co-founders in 1976, has helped 13.2 million people improve their living conditions, with over 100,000 families and 800,000 houses built or repaired as of 2013.
- # They have also indulged in quite a number of projects with more than 35 million partners.

9.4. MICROVEST - CASE STUDY

- # MicroVest is a global impact investment fund that invests in financial institutions focused on housing microfinance.
- # By providing equity financing to these institutions, MicroVest helps them offer affordable housing loans to underserved communities, both in developing countries and beyond.



9.4. MICROVEST - CASE STUDY (CONTD.)

- # Microvest invests in Banco La Hipotecaria (BLH), a private mortgage provider, was founded in 1997.
- # In Panama and El Salvador, Banco La Hipotecaria (BLH) finances up to 98% of a home's worth and originates between \$6 and \$8 million in mortgages in Panama and \$2 and \$3 million in El Salvador.
- # BLH mainly provides funding for the purchase of primary residences, enabling low- and middle-class families to become homeowners. For all houses financed by BLH to be properly connected to municipal infrastructure, they must pass stringent evaluations.

9.5. ROOFTOPS CANADA - CASE STUDY

- # Rooftops Canada is an international development organization that supports affordable housing initiatives around the world.
- # They receive impact investment and grants to finance projects aimed at improving housing conditions for vulnerable populations.
- # Their work extends beyond Canada to countries like Kenya, where they've helped fund affordable housing projects for slum dwellers.



Rooftops Canada
Abri international

9.5. ROOFTOPS CANADA - CASE STUDY (CONTD.)

- # Rooftops Canada's Canadian partners own and manage most of the 650,000 non-profit cooperative and social housing units across Canada, housing over two million low- and moderate-income people.
- # Their members also include many of the people who work in non-profit housing in the government, community, and private sectors. They play a key role: providing financial support, assisting with government relations, recruiting overseas Technical Advisors, hosting international visitors, sharing resources, engaging and communicating with the co-op and social housing sector.

9.6. CASE STUDIES SUMMARY

These few case studies highlight the vital role of impact investment and equity financing in addressing the affordable housing crisis, both in Nigeria and globally. They demonstrate how partnerships between governments, NGOs, and private sector organizations can create sustainable and accessible housing solutions for those in need.

10. PUBLIC AWARENESS AND ADVOCACY

- # Creating public awareness and advocacy for impact investing and equity financing requires a coordinated effort involving stakeholders from various sectors.
- # By leveraging education, storytelling, media coverage, engaging in public awareness campaigns, and advocacy efforts to educate communities, policymakers, and potential investors about the importance of affordable housing and the potential for impact investment in this sector and strategic partnerships, these investment approaches can gain broader recognition and support for their positive social, environmental, and financial impacts.

11. REGULATORY AND POLICY SUPPORT

- # Advocate for policies that support and incentive equity financing and impact investment in affordable housing, including tax credits, land-use regulations, and zoning changes that encourage affordable housing development.
- # Engage with policymakers to advocate for supportive regulations and incentives for impact investing, such as tax benefits or investment guarantees.
- # Join or support industry associations that work to influence policy decisions in favor of impact investing.

12. Conclusion

Housing is a critical issue that requires a multifaceted approach that prioritizes social and environmental benefits, aligns investors, and incorporates innovative design strategies. By implementing these strategies, we can attract equity financing and impact investment, promoting equitable communities with safe, affordable housing.



Thanks For Your
Attention