• IHS is....
• Housing in Emerging Markets
• Why Isn’t It Already Green
• Catalyzing a Market
• Case Study
• Other Ways to Do This
IHS Is.....

- 30 people, mainly Joburg, affordable housing specialists
- SAWHF 1
  - R 1.9 Billion of equity for affordable housing
  - 35 projects, 26,000 units
  - 9,000 sold to date, 5,000 rented
- IHS Residential Partners 1
  - $86 million targeted at middle market, 2,200 units
- IHS Fund II
  - $180m raised for SA and SSA, first deals closing now
IHS is....

A key partner of the DFI and Impact Investing community
Emerging markets are in the midst of a construction boom

- **China** will have 250 million people move to new and growing cities
- **India** will double its buildings stock by 2030
- **South Africa** is expected to add 100,000 new homes each year
Housing in Emerging Markets

<table>
<thead>
<tr>
<th>LSM</th>
<th>2005</th>
<th>2013</th>
<th>Compound Annual Growth Rate</th>
<th>Average Household Income Per month</th>
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<tbody>
<tr>
<td>1</td>
<td>2'317'000</td>
<td>526'171</td>
<td>-17%</td>
<td>R1,418</td>
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<td>3'745'000</td>
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<td>4'582'000</td>
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<td>6'299'379</td>
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<tr>
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<td>4'451'000</td>
<td>8'874'086</td>
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<td>R6,518</td>
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</table>

- Urbanisation (3.9m in SA over 10 years)
- Shrinking household size
- Major backlog
- Aspiration growing with incomes
- Affordability is key

IHS
Housing in Emerging Markets

We have a window of opportunity to shape our built environment.

Greening construction offers a chance to lock in energy and water savings at a low cost and to secure emission cuts for decades to come.
Why Isn’t Affordable Housing Green?

• About 1% of households in SA have solar hot water
• Penetration is lowest amongst low-income households
• Key obstacle 1: it costs more
• Key obstacle 2: people aren’t aware of the benefits
Why Isn’t Affordable Housing Green?

Creating a green value chain

BUILDERS
- Higher Sale Price
  - Portland: 8% more
  - Seattle: 9% more
  - Singapore: 4% more

BUYERS
- Quicker Sale
  - Portland: -18 days
  - Seattle: 4 times

- Lower Utility Bills
  - USA: 15% less

- Lower Default Rate
  - USA: 33% less

BANKS
- Higher Resale Value
  - UK: +10%-14%
  - Netherlands: +3.7%
  - California: +8.7%
  - Switzerland: .5%- 7%

Once there is a simple, quick, and affordable rating system, all parties can recognize and capture the value of superior building performance.
Catalysing a Market

- IFC and KfW investing with IHS to create supply and demand in green housing.
- Commitment to 5,060 homes.
- IFC and KfW take the downside risk.
- They benefit disproportionately if homes are sold for more.
- Use of one clear standard.
- Commitment to measuring the benefits.
- Commitment to public awareness.
A Clear Standard

EDGE has data of utility costs and climate for different cities. It spells out the most cost-effective options for achieving benefits.
A Case Study

- solar hot-water
- water efficient fittings
- low energy lights
- increased level of insulation
- low E windows
- low embodied energy materials
- smart prepaid meters
Other Ways To Do This

• Key element is risk. Someone needs to take the risk that the house can’t be sold for more, at the beginning.
• The private sector won’t do that, and the public sector doesn’t have the money.
• But municipalities can play that role without spending money – eg by fast-tracking approvals for housing projects that have green design certification.
• Banks can do that, because utility savings increase debt service capability in rental housing.
• Again, the standard, the measurement, the publicity are all key.