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DETERMINANTS OF INVESTMENT TO ATTRACT INVESTMENT IN AFFORDABLE HOUSING PROJECTS IN MALAYSIA

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Abstract

The provision of shelter is a fundamental human right as defined by the *maqasid al-shariah* hence, the Islamic financial system should give undivided attention by assisting to provide affordable housing. This, however, is relatively hard to do given that market forces dictate property prices that many cannot afford. Unaffordable housing is a serious issue being faced by major cities around the globe, including Malaysia. Naturally, most individuals resort to government assistance, as the issue warrants social and political attention. With limited fiscal capacity, governments have fewer options to build affordable housing. Similarly, private developers will not build houses that are not profitable. One possible solution is to seek investments from institutional investors who, with deep pockets, could resolve this conundrum. This study attempts to investigate factors that motivate institutional investors to invest in affordable housing projects in Malaysia. A qualitative approach was applied to identify six attributes of investments, namely fund structure and mandate, market return, social return, risk mitigation, governance and transparency, and government support. These findings provide valuable insight for policymakers in structuring investment vehicles with the identified attributes, which may attract institutional investors to invest in this initiative.

Keywords: Affordable Housing, Social Investment, Institutional Investors, Investment Determinants

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INTRODUCTION

While owning a house is a basic human need, the Islamic basis for providing shelter to people is explained by the *maqasid al-shari'ah* (the objective of *shari'ah*), where shelter constitutes one form of the *dharuriyyat* (basic needs) (Chapra, 2008). *Dharuriyyat* is something indispensable for human beings; something that humans cannot afford to live properly without. This is an essential element that must be fulfilled, the absence of which could bring chaos and disorder into human life, both in this world and in the hereafter (Mohammad & Shahwan, 2013). There are five categories of *dharuriyyat* categorized by Imam Abu Hamid Al-Ghazali (d. 1111 AD), which are the maintenance of religion, human life, progeny, wealth, and intellect (Chapra, 2008). House is a basic element for the protection and maintenance of human life.

In the western tradition, the need for shelter is a form of physiological needs in Maslow's hierarchy of needs and constitutes the most fundamental needs that human beings must possess along with air, water, food, and clothing. Forming the foundation of the pyramid, housing is essential for human beings to ensure they can function properly as individuals as well as in community (A.H. Maslow, 1943). Abu Bakar (2022) argues that affordable house and amenities are one of the most crucial elements in the development of subjective wellbeing.

The government has provided for the poor many subsidized low-cost housings, while the private sector has constructed a significant amount of high-end and luxury units for the upper and middle classes. However, escalating house prices in the past few years have changed the scenario. Complaints from the people, especially from the middle class and people just entering the workforce and looking for a house, are becoming louder. They are ineligible to obtain low-cost subsidized housing from the government but, at the same time, unable to acquire homes on the open market due to high prices (Shuid, 2015). Sohaimi (2022) discovers that young professionals in Greater Kuala Lumpur have limited access to affordable house, especially for the B40 group.

One of the major impediments to increasing the supply of affordable housing is the issue of funding. Under fiscal constraint, the government is unable to subsidize the construction and sale of affordable housing. While the developers are less interested in catering to this market segment due to its low profitability, prospective buyers themselves are not able to obtain bank loans or financing due to their low financial status. It is based on these problems that motivate this research to study the role of institutional investors, as opposed to the private sector and government, in their funding provisions to help increase the supply of affordable housing. With a large amount of funds available under their control, institutional investors can potentially utilize a small portion of these funds for investment in affordable housing projects. In addition to seeking a reasonable financial return, institutional investors also have an obligation to pursue social goals, in line with their investing mandate, that can correlate with affordable housing.

This study contributes to knowledge in three ways. First, the research on investment variables, in particular for the affordable housing initiative is scarce, despite its significant need in the current context. Secondly, this research is among the limited research done on gathering insights from institutional investors, who are the major stakeholders in investment initiatives. Thirdly, although the study has a specific agenda in outlining investment variables that may attract institutional investors to invest in affordable housing projects, the determinants are also applicable to other socially responsible investment initiatives.

The remainder of this article covers the literature on investment determinants, followed by a description of research methodology and an analysis of results. We conclude this paper by outlining the major findings and their implication for policymakers.

LITERATURE REVIEW

Constraints on public and private institutions since the onset of the global financial crisis have prompted policymakers in the UK and Australia to attract institutional investors, along with research in this area (Milligan, Yates, Wiesel, Hal, et al., 2013; Milligan, Yates, Wiesel, Pawson, et al., 2013; Montague, 2012). These were inspired by the success-story in the United States with the implementation of the Low Income Housing Tax Credit (LIHTC) system, which garnered significant interest from institutional investors to invest in affordable and social housing (Lawson et al., 2010). Although widely and officially publicized (M Berry et al., 2006; Mike Berry, 2000), the move to attract investment from institutional investors failed to garner any interest, either via a REIT structure in the UK (Crook & Kemp, 2011) or any mode of investment (equity investment, mortgages, REITs, housing supply bond, and public-private partnerships) in Australia (Milligan, Yates, Wiesel, Hal, et al., 2013). Mohd Daud et al. (2020) highlighted that there should be calls for more supply of affordable housing by attracting more investment from institutional investors in such projects. However, progressive affordable housing policy is a prerequisite for such investment to materialize, with resolving current issues in affordable housing being the main agenda (Mohd Daud et al., 2022).

Milligan et al., (2013); and Pawson & Milligan, (2013) outlined several determinants that affect investments in supplying affordable rental housing. Among the major determinants are resilient demand for rental housing, growth in population and household size, dynamics in social and economic structure that delay homeownership, major disruptions in the availability of traditional financing due to the global financial crisis, shortage in housing supply falling behind demand, and housing affordability issues. They also summarized several major hindrances for institutional investors to invest in affordable housing in Australia. Keys are lower returns in comparison with infrastructure investments; stamp duty, land taxes, and the other compliance charges; house price risk; limited market information; counter-party risk; scale constraints; liquidity risk due to the absence of a secondary market; and complex administrative issues. In addressing these issues, a few recommendations were made, related to mitigating risks, proper governance structure, and the need for government support, especially to kick start the project. The most crucial element that they suggested was for the related risks to be lowered to entice institutional investors to invest, despite the low yield, with a reasonable risk-adjusted rate of return.

Since the literature on factors that influence institutional investors to invest in affordable housing is scarce, the study extended the review to include Socially Responsible Investment (SRI). Investment in affordable housing can be construed as a social investment. Five major determinants were identified: social return, market-based return, risk mitigation, transparency and corporate governance, and government support.

The first determinant is social return. Benson & Humphrey (2008) stated that SRI funds are less sensitive to return than conventional funds. In this aspect, a number of variables are taken into consideration by investors, such as non-financial benefits or utility (Beal et al., 2005; Bollen, 2007); social relations (Galema et al., 2008); collectivism (a form of social cohesion); religiosity; and environmental attitude (Sreekumar Nair & Ladha, 2014).

Market-based return still plays a major role in attracting investment (Bland et al., 2015; Galema et al., 2008). Mukherjee & Roy (2011) found that for mutual funds in the India market, return on equity for debt instruments influenced investment decisions, but not for equity instruments. Galema et al., (2008) argued that administration costs should be low enough to ensure a sufficient market return.

Sufficient risk mitigation is another important determinant in attracting investments. Among the major risks are property risk, operational risk, and management risk. In addition to that, due to the unique and novel structure of the investment, more risk premium is required by investors (Lawson, Berry, Milligan, & Yates, 2009; Lawson et al., 2010; Milligan, Yates, Wiesel, Hal, et al., 2013; KLCCP REIT, 2013; Al-Salam REIT, 2015). Bland et al., (2015) outlined default risk, liquidity risk, and market risk as major determinants of depositors' demand for Texas's government investment instruments. Ferreira & Matos (2008) stated that mutual funds put greater emphasis on liquidity than insurance companies and banks. They also emphasize the need to have a sufficiently large fund to reduce information asymmetry.

Government support can come in two ways; by reducing the associated cost of the development and by reducing the risk premium of the investment. In terms of associated costs, the components are tax benefits, subsidies, lower compliance requirements, increased density, soft loans, and lower transaction costs for the investment. In terms of the risk premium, it mainly entails government guarantees (Gurran & Phibbs, 2013; Lawson et al., 2009, 2012; Milligan, Yates, Wiesel, Hal, et al., 2013).

Transparency and corporate governance are needed due to information asymmetry amongst stakeholders. Detailed examination reveals a number of variables that can attract investment, such as investor protection (Abdioglu et al., 2013; Aggarwal et al., 2005); high information disclosure (Abdioglu et al., 2013); transparency in the market (Gelos & Wei, 2005); issuance of instruments by strong institutions (Cai & Warnock, 2006); separation between ownership and control (Kim et al., 2011); diluted ownership structure (Ferreira & Matos, 2008); and transparent accounting policies (Aggarwal et al., 2005).

RESEARCH METHODOLOGY

Purposeful sampling techniques were used to identify research participants for interview. Maximal variation sampling strategy was employed, where diverse individuals who were expected to give distinctive views on pertinent matters related to the research questions were selected.

Semi-structured interviews are conducted with senior managers and above with vast experience and involvement in investment related activities at institutional investment firms in Malaysia, which may consist of the Employee Provident Fund (EPF), Retirement Fund Incorporated (KWAP), Permodalan Nasional Berhad (PNB), Pilgrims Fund Board (Tabung Haji), Khazanah Nasional Berhad (Khazanah), and the Armed Forces Fund Board (LTAT). Besides that, input was also sought from the developers to understand their limitations and impediments to providing affordable housing.

In total, eight individuals were interviewed, which consisted of senior management of institutional investors with cumulative experience of more than 185 years. The number of interviews was deemed appropriate once theoretical saturation was achieved (Merriam & Tisdell, 2016). The interviews were transcribed and analysed using the content analysis method.

ANALYSIS

Insights from the interviews and the review of the literature are used to find investment factors that may encourage institutional investors to invest into projects to build affordable housing. These determinants are structure and mandate, market return, social return, governance and transparency, risk mitigation, as well as government support.

Structure and Mandate

The first determinant identified that may attract institutional investors to invest in an affordable housing project is the structure and mandate of the investment vehicle. In this aspect, the instrument needs to be explicitly labelled as a Socially Responsible Investment (SRI), as this label is crucial to institutional investors as some of them have a mandate to invest only in SRI, ESG, or UNPRI compliance investments. Institutional Investor 4 highlighted this.

> *"From the investment perspective, we are not yet SRI compliance, but we are SRI aware, or ESG aware. In fact, in the selection of an external fund manager, we ask whether you are ESG compliant and ESG friendly. We even ask whether you are UNPRI (United Nations Principle of Responsible Investment) certified."*

Regarding the structure of the investment, the responses received are mixed. Some institutional investors prefer the instrument to be diversified and not focus solely on investment in affordable housing. Institutional Investor 4 shared the following:

> *"They should diversify, unless the mandate is specific. Let's say the mandate is for a socially conscious organization, that's a different story. For example, the Tabung Haji has no option except to invest in shari'ah compliant instruments. They have to go into Sukuk even though conventional bond gives higher returns."*

On the other hand, other institutional investors do not consider the specific mandate of the investment to be a significant determinant.

<u>*Market Return*</u>

One of the most important determinants of attracting investment is market return. And, as expected, the majority of respondents raise this issue frequently. In general, the respondents argued that as custodians of the funds, they have a fiduciary duty to their investors to provide the highest possible returns. Thus, some of the respondents were pessimistic about investments in affordable housing, as they opined that the investment might not provide sufficient returns. Institutional Investor 3 shared the following:

> *"As a fund and as a sovereign fund, we have a duty to our stakeholders to invest responsibly and blindly. If somebody can come to us and say that there's an avenue for us to invest in affordable housing and make it a workable investment for us that hits the right return, we would do it. But the issue right now is that affordable housing is not an investment asset class."*

Institutional Investor 5 pointed out that their role as a private entity is to maximize returns.

> _"The depositors may not be happy if we are doing government role. Because we are not the government, we are a private company."_

When prompted about their role to provide social security to the investors, Institutional Investor 2 opined that the role of providing social security is more on providing sufficient monetary income to their depositors (i.e., maximizing return from the depositors' investment) and not on providing other types of social security.

> _"If there is no subsidy, somebody must be able to accept a lower return. Might not be higher. Zero returns do not make sense, but lower returns do. For example, if your typical development profit margin is 20%, you must accept 10% or 15%. It is something that, as custodians of the investment, we must ask ourselves: are we willing to accept a lower return when there is a potentially higher return somewhere else? Because we are custodians of the fund. We must make sure that we put money where it maximizes the return to our contributors. That's our fiduciary duty."_

Institutional Investor 2 outlined the possibility of treating their depositors unfairly if they are seen "subsidizing" affordable housing.

> _"When we treat our contributors, we must make sure that we treat our contributors fairly. Meaning that, let's say they accept a lower return, it may benefit certain contributors, but it does not benefit all of our contributors. Because then, the contributors who do not have access to affordable housing will say, "Wait a minute. You are giving my return away to subsidize other people." So, there is always a conflict."_

On the other hand, Institutional Investor 1 said that their institution would be happy to invest in the affordable housing initiative if it could give them a good return on their investment. He shared the following:

> _"This is something that is very good for us. We want to increase our shari'ah assets and investments, and affordable housing is a good asset and shari'ah compliance. Moreover, it aligned with our value of investing in Environmental, Social and Governance (ESG) investments."_

Similarly, Institutional Investor 3 argued that they would invest in an affordable housing initiative, provided that the initiative is economically viable.

> *"I think affordable housing is something that we would love to do. But we're not a charity. We are always liable to our stakeholders to ensure they have returns. And until there's a position for us to say, look, that's something that's economically viable, we'll do it."*

Institutional Investor 6 talked about their experience with giving their depositors affordable houses and said that they are able to do this because they have made enough money elsewhere and can give their depositors good returns.

> *"When you build affordable housing, obviously you are selling at a price that is lower than your cost. So, there's a subsidy issue involved. And when you spend money on CSR, you are taking away money that you were supposed to use to pay the dividend, which is our primary responsibility. That is what we are established to do. We must invest to get a return. We must make sure we make money first, then only we can do all this donation."*

In conclusion, all respondents agreed that market return is very crucial in attracting investment. However, in term of returns, the responses received were mixed. Some investors want the highest possible returns, as it is their fiduciary duty to provide good returns to their depositors. On the other hand, some investors are content with lower but reasonable returns, provided that the investment creates a positive impact on society and their depositors/contributors.

<u>Social Return</u>

Another important determinant that may attract institutional investors to invest in affordable housing projects is social return. Social return refers to value created that is not usually reflected in the financial statements and includes social, economic, and environmental costs and benefits. By incorporating these elements, the measure aims to reduce inequality, mitigate environmental degradation, and improve wellbeing (Nicholls et al., 2012).

Institutional Investor 4 stated the importance of looking beyond market return from an Islamic economics perspective, where there is a need to balance material gains with social and spiritual considerations:

> *"If you leave it to laissez-faire, demand and supply, there is no way the support staff can afford a home. So, in any responsible government, we should not let everything to the free market. It must be a balance. So, here the concept of Islamic economics makes sense because they balance the physical or economic search with a social and spiritual journey."*

Institutional Investor 5 opined that there is an obligation to aid low-income earners.

"If you have blue-collar workers whose salary barely cover their basic needs, how can they survive in the city? They must find houses outside of the city to live in, which means that they have to spend more on transportation, which will make them worse."

However, the issue of social return on investment in affordable housing projects received a mixed response from the respondents. On one side, the respondents argued that their investment objective is to maximize market return and should not be hampered by social issues, for which the government should assume responsibility. Institutional Investor 5 highlighted this:

"The social issue has to be addressed by the government. Social return is not applicable to private entities like us. The government and municipalities benefited a lot from taxation. The government has to take the responsibility because there is such a political motivation for affordable housing and also social and economic pressure. We cannot utilize the money that we have because we are just custodians of the money. This is not the money that can be used for social benefit without a reasonable return."

Institutional Investor 5 emphasized this by giving an example of their CSR initiative designed to assist the hard-core poor.

"As a fund, we are very much return oriented. We do CSR, but when selecting for CSR projects, we are helping those that are hard-core poor."

Institutional Investor 7 looked at balancing between market return and social return. Institutional Investor 7 outlined their affordable housing initiative that also benefited its members.

"We cannot make purely profits without having any thought of social responsibility. Yes, we invest their money and give them a good return, but we also want to give something back to them, and I think 98% of the people who bought those houses are our members."

Institutional Investor 4 argued that SRIs can be competitive and make a decent profit.

> *"I believe SRI can be competitive! There's nothing stopping them from being competitive. There are already green Sukuks or green bonds, that comply with the ESG criteria, SRI, or even UNPRI and they look beyond yield. The yield can be good from an issuer perspective because when you're green, there's more demand globally, so they are more liquid."*

Institutional Investor 1 talked about how the investment with a good social return could have a multiplier effect, which could be good for the institution.

> *"If we invest in this initiative, there will be more houses being built. To build more houses, we will need a larger workforce, which will translate into more money being deposited with us. As a result, it's a win-win situation for us".*

Overall, people had different ideas about whether the government should be the only one responsible for looking into social return, which could lower the market return, or whether society as a whole should be responsible for it as well. Fundamentally, an investment with a good social return and a decent market return would attract investors, as more institutional investment firms are looking into SRI, ESG, or UNPRI compliance investments.

Governance & Transparency

The issue of governance and transparency was also often highlighted during the interviews. The need for good governance and more transparency seems more crucial as institutional investors are always under public scrutiny, given recent corporate scandals. However, the Malaysia Securities Commission (SC) has already provided relevant governance frameworks and standards, which should be adhered to by all funds and corporations in the capital market. When asked whether the current governance framework and standards adopted by the SC are sufficient to cater for this initiative, Institutional Investor 2 responded:

> *"We do not need a special way of doing things for regulations just for the affordable homes fund. I think is sufficient because I think the idea of any regulation is to ensure that it suits not only one particular purpose but also various purpose."*

Whilst government guarantees are highly sought after by investors, the instrument can attract a better premium on the yield if the issuer has good governance. Institutional Investor 4 highlighted this:

> *"If the government wants to have a better premium on the yield, the governance should be better. Contractors, for example, are chosen through open tender, with more competitive bidders and a focus on the market. So, then, the investors feel more comfortable. Even though it is a government guarantee, the premium would be lower if corporate governance was more transparent."*

Institutional Investor 2 disclosed that their institution will only buy government-guaranteed issuances with good governance and a transparent structure.

> *"We do not have any issue with the government guarantee. However, we don't blindly buy government guarantees. We prefer government guarantees that have better disclosure and transparency. Because as a social security fund, we have the social concern to know where the money goes."*

Institutional Investor 4 highlighted the importance of having good governance and transparency, especially in attracting foreign investment.

> *"Some government guarantees have a narrower spread because they are more transparent. They engage with investors, and we like them. So, we do not mind buying a lower spread. And foreign investors will be attracted to it too, not only local investors. So, it helps deepen the market. When the market for such government guarantees is deeper, it is easier for us to exit; hence we do not mind a narrower spread."*

<u>Risk Mitigation</u>

From the interviews, it became clear that reducing risk is another important factor that can get institutional investors interested in affordable housing projects. Risk mitigation refers to processes and procedures that can be undertaken to subsequently reduce the risk and provide a better risk-return profile. In other words, having risk mitigation will attract investors to invest, although the return provided might be less. Some of the discussions in this theme paralleled the theme of Government Support, which is discussed in the next section. Hence, this section only focuses on risk mitigation procedures that require no or minimal intervention from the government.

Institutional Investor 1 shared success factors from joint-venture initiatives between their institution and a municipality, whereby the firm provided the financing and let other processes to be handled by the municipality.

> *"Number one is making sure that anybody who is delinquent, you have no hesitation in taking action. Meaning you repossessed the house and did not tolerate. Otherwise, people will take advantage he second step is to ensure that a proper collection process is in place. Because unlike the banks, we do not have the infrastructure to allow people to pay easily. There must be a proper loan management process."*

When prompted about the risk of default (from the tenant/ buyer) and reputational risk to the institution if people are evicted, Institutional Investor 1 pointed out that the institution only provides financing and bears the counterparty risk (in this case the municipality). The municipality shoulders all other risks.

> *"We are not in the business of managing that risk or managing reputational risk. What we did with one city council was that if there was any failure of payment, the foundation that supported the city council would step in. Essentially, the Foundation guarantees the payment to us. They bear all the risk. How they are going to recoup the money is not our problem. We just need to ensure that our contributors' money is repaid. What we can do is structure the investment similar to the one that we had with the municipality, whereby we provide financing, and they take care of everything. We do not have the expertise and capability to monitor all this repayment process, default, maintenance issue, etc."*

Institutional Investor 8 highlighted the risk of having unsold units as well as the potential inability of the contractor to deliver the project, which will cause a significant increase in cost.

> *"We are worried about unsold units. Besides that, contractor risk. If contractor fails to deliver, higher cost for us, as we need to re-tender, etc."*

Institutional Investor 7 highlighted their initiative of working together with PPA1M (a government agency) as a measure to reduce the risk of unsold units.

> *"We are going to PPA1M because we are passing everything along for them to sell. Normally if you don't have a PPA1M coming in with the subsidy, we will lose money."*

<u>*Government Support*</u>
Government support is another major determinant that is crucial in attracting institutional investors to invest in affordable housing projects. This is especially true when the housing market is perceived as distorted and requires intervention

to correct the imbalances in the market, which primarily should come from the government.

Institutional Investor 7 highlighted the importance of government support and argued that without government support (in terms of subsidies) affordable housing projects will not be viable.

> *"When the land is more expensive, the subsidy element will become bigger. I think it's very difficult to set up a fund purely for affordable housing and expect returns at the same time. Most of the time, government gives grant and allocation. To do this on sustainable ways and expect a return without government assistance would be impossible."*

The easiest way for the government to help institutions get financing is to issue Sukuk and back them with government guarantees. This will significantly reduce the yield required for the Sukuk. However, the majority of the respondents opined that it is difficult to issue a Sukuk and get guarantees from the government currently, given the fiscal constraints and huge contingent liabilities of the government. Institutional Investor 4 outlined the risk if the government provides guarantees.

> *"If PR1MA (a government agency) is issuing Sukuk guaranteed by the government, it's not on the balance sheet, but it's in the contingent liabilities of the government. If the government's contingent liabilities continue to go up, it may affect our credit rating. The credit rating agencies might be uneasy with that, and they may downgrade us. The problem is that our debt level is already high, and you add more contingent liabilities. In the end, it will affect our cost of funding because when the rating was downgraded, the cost of funding increased."*

With the limitations of getting government guarantees backing Sukuk issuances, the research looks into establishing a trust fund as an avenue for funding. This approach is novel and untested, particularly in Malaysia, and government support is necessary to kick start the initiative and mitigate the risk to the investors. Institutional Investor 2 highlighted this:

> *"Like everything new, there must be a driver in place who has strategic initiative. For example, any strategic initiatives that we have, there is always a government body that steps in to ensure investors that at some point there will be a return for them. That's where I would say the appropriate structure will be, where you have government backed funding. If nothing happens, or don't sell the house, or whatever, the capital, the return is secured for the investor. So, in that manner, we can price the risk*

> *a bit better. Otherwise, we will price the risk, and then it will be too expensive. When the funding cost is too high, then the product will become unaffordable."*

In structuring the fund, the government can provide security to the investors by injecting equity in a mezzanine structure, thereby reducing the investors' risk. Institutional Investor 5 discussed this mechanism:

> *"It's not a government guarantee. What you can do is make a mezzanine structure of investment; everyone puts their equity but in a mezzanine structure. So, the government has put some cushion into the structure. There is no need for government guarantee, but the government will take the first hit. If the scheme performs, the government can receive an annual return. But for some reason, if the fund loses money, the government will lose their money first. This is how the government can assist."*

Another way the government can support the initiative is by providing land for development. This can be done via open-tender, as described by Institutional Investor 2.

> *"Private-Public Partnership and open tender would be a great model. For example, the government can provide land and then open it for bidding. The developer must build based on certain specifications, to be sold at a predetermined price. Whoever can provide a better specification at the lowest price wins the bid. In that manner, we can ensure that the developer will take the minimum, or just enough profit."*

CONCLUSION

This study explores the determinants of investments that can attract institutional investors to invest in affordable housing projects in Malaysia. Six variables, which are structure and mandate, social return, market return, governance and transparency, risk mitigation, and government support, were unearthed from the interview process. Identifying and outlining these variables is crucial for policymakers, as this will allow them to structure investment vehicles that can be utilized to attract private investment into this initiative. For this to succeed, a new business model of housing delivery with limited profit and rent-capped housing should be adopted. Essentially, the goal of providing one million affordable housing units as set by the Malaysian government can only be realized via a holistic approach to housing financing and development with the participation of institutional investors. With this goal in mind, affordable housing needs to be created as an asset class. The next step is to investigate and rank which variables are more critical for the success of this initiative.

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