MicroBuild Fund: Lessons in Housing Microfinance for Low-Income Families

The MicroBuild Fund, launched by Habitat for Humanity's Terwilliger Center for Innovation in Shelter, is the world's first housing-focused microfinance investment vehicle, providing capital and technical assistance to financial institutions to develop affordable housing loan products for low-income families.

Globally, over 2.8 billion people live in substandard housing, with limited access to affordable financing options for home improvement or construction. Traditional microfinance institutions (MFIs) allocate less than 2% of their portfolios to housing, leaving a significant gap in affordable housing finance for low-income populations.

The MicroBuild Fund utilizes innovative legal structures to blend capital from diverse sources, including program-related investments and development finance institutions. It establishes agreements that ensure MFIs adhere to client protection principles and provides technical assistance to develop housing loan products, thereby creating a replicable model for financial institutions.

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Since its inception in 2012, the MicroBuild Fund has disbursed over $230 million to 62 institutions across 33 countries, enabling over 235,000 clients and their families, approximately 1.18 million people, to improve their housing conditions. The fund has also catalyzed over $580 million in additional capital for housing microfinance, significantly expanding access to affordable housing finance.

The success of the MicroBuild Fund demonstrates the viability of affordable housing as an asset class, influencing the finance sector to incorporate housing products into their services and inspiring the development of similar initiatives with a focus on climate resilience and broader partnerships across the affordable housing value chain.

As a demonstration fund, MBF's purpose goes beyond deploying capital; it's also about generating insights that others can build on. To document and share these takeaways Habitat has collaborated with the Grunin Center to launch a case study series exploring key aspects of the fund's creation and impact. The case study series highlights the complexities of delivering legal services for a high-impact, cross-border investment vehicle and the critical role legal innovation played in enabling MBF's success. The series aims to equip students, practitioners, investors, and policymakers with practical insights to replicate and scale housing finance solutions around the world.

In 2021, *The Financial Times* "praised [Professors Deborah Burand, NYU School of Law, and Scott Taitel, NYU Wagner Graduate School of Public Policy] for innovation and creativity in teaching material for their case study Launching the MicroBuild Fund on housing microfinance." To read about the case study series in *The Financial Times*, **scan the QR Code to the right.**

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