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Inclusive, Resilient, and Sustainable Housing for Urban Poor Sector Project in Tamil Nadu

Submitted By: Asian Development Bank



Organization Profile

Organization Name: Tamil Nadu Urban Habitat Development Board (TNUHDB)

Organization Type: Subnational government

Website: https://www.tnuhdb.org.in/

Practice Details

Country(ies): India

City(ies): Chennai, Vallam Koil, Kalanivasal, Reddiarpatti, Pallipalayam, Nagamangalam, Kancheepuram, Ambur, Perumpulimedu, Guduvanchery, Trichy, Shoolagiri

Start Year: 2021 **Ongoing:** Yes **End Year:** N/A

Main Adequate Housing Components:



Housing Thematic Areas:

- Housing Affordability & Financing
- Social Housing
- Housing Rights & Social Inclusion
- Housing, Land & Spatial Planning

Relevant SDGs:



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Problem & Context

Tamil Nadu is one of India's large states with an acute housing shortage of 1.25 million-units, straining services. Issues affecting housing demand include (i) lack of access for poor and migrants to housing programs due to unaffordability, and high qualification criteria; (ii) designs are not culturally and gender-sensitive; and (iii) location of housing projects is far from city centers. Factors affecting housing supply include (i) inadequate public resources for urban housing, (ii) difficulty in attracting private investment due to low investment returns and lack of incentives, (iii) mismatch between housing policies and procedures of central and state government, and (iv) weaknesses in regional planning. The project addressed policy, design, affordability and accessibility gaps: relocating households from high-risk areas, expanding affordable supply for lower income group and industrial workers, and strengthening planning to embed resilience and inclusivity across cities.

Solution Developed

1) The project pairs climate-resilient public housing with market instruments to drive systemic change. Multi-storey green buildings with good urban design and climate-resilient principles—are being delivered across 9 sites to relocate 6,000 households (30,000 individuals) from high-risk locations. Market-based program expands affordable rental and ownership options for economically weaker sections, lower income groups and migrant workers. Target beneficiaries include poor families, women-headed households, single working women, older persons, and persons with disabilities.

2) Objectives: (i) move vulnerable families into safe, tenure-secure homes; (ii) increase affordable supply while crowding in private capital; (iii) strengthen regional planning and delivery capacity; and (iv) embed gender equality, inclusion, and climate/disaster risk management.

3) Innovations include sovereign loan proceeds blended as State equity in the Tamil Nadu Shelter Fund to mobilize private/PPP risk capital; community "graduation" model linking resettled families to livelihoods and services; and resilient, energy-efficient designs supported by safeguards, MIS, and a robust grievance redress mechanism.

Implementation

The state government's housing policy provides a unified vision, with relevant agencies such as Housing & Urban Development Department, Tamil Nadu Urban Habitat Development Board (TNUHDB), Tamil Nadu Infrastructure Fund Management Corporation Limited (TNIFMC), and Tamil Nadu Directorate of Town & Country Planning (DTCP) with clear mandates mobilized early during the project design stage to co-develop with the communities an integrated solution with three outputs:

Output 1: Delivers houses across nine sites, relocating 6,000 at-risk households. Actions include clearing unsafe encroachments, restoring waterways, providing on-site community facilities and "graduation" package linking households to jobs and essential services. TNUHDB implement through PMU, Implementation Divisions, consultants, ULBs and public works department.

Output 2: GoTN channels a portion of the ADB loan (and WB loan) as State equity into the Tamil Nadu Shelter Fund (TNSF), managed by TNIFMC to finance PPP/private industrial and working-women's housing.

Output 3: DTCP prepares regional plans integrating housing, DRM, gender, and environment. Communities participate via structured consultations.

2020–21: preparation and safeguards; Sep 2021: ADB approval; 7 Dec 2021: loan signing; 2022–present: implementation; TA-supported capacity building and regional planning. Closing date: Feb 2029.

ADB sovereign loan of US$150 million plus US$1.5 million in TA for capacity building; part of the loan is deployed as GoTN equity in TNSF to crowd-in private capital via PPPs/SPVs. Delivery partners include GoTN agencies, ADB, TNIFMC/TNSF, developers, and ULBs.

Enablers & Obstacles

Enablers: strong political mandate and budgetary support; a clear policy shift via creation of TNUHDB; sovereign financing (ADB and the World Bank) with complementary capitalization of the Tamil Nadu Shelter Fund; a PMU/PIDs with safeguards, MIS and GRM; robust hazard/GIS data to prioritize sites; deep community engagement, women-led groups; enabling regulations; and partnerships across GoTN, TNIFMC/private developers, and international financial institutions. Obstacles and Responses: Land/title, clearances, and permits delayed some subprojects; managed via early due diligence and tight project controls. Infrastructure gaps (power, water, STPs) addressed through utility coordination and phased commissioning. Occasional PMU–PID coordination issues and social/environmental safeguards were handled with corrective actions. As site readiness varied at loan approval, ADB used a sector lending modality, enabling rolling appraisal and approval as sites became implementation-ready by the GoTN

Results & Impact

Output 1: 3,265 affordable units are under construction across 4 sites, with a further 2,210 units at 5 locations in approval/procurement. Complementary measures for vulnerable households—the graduation model, improved delivery (beneficiary selection) protocols, and O&M modalities—are progressing as planned.

Output 2: GoTN's equity into the TNSF is mobilizing private capital for affordable and worker housing, with industrial projects advancing in several places. Subprojects identified to ensure

full commitment of $92 million. Targets for women's hostels serving low-income migrant workers are already ~4× achieved, with another ~4× in the pipeline. 1,303 beds for women's hostel achieved and operational. 532 beds to be completed soon. 1900 beds are in pipeline. Bed capacity for industrial housing is on course to meet 2025 targets and reach ~4× the initial goal. This overall target also includes 6,578 hostel beds, which have been already allotted to women employees. At completion of Phase 1, a subproject will deliver 14,308 beds for women by 2025. GOTN is likely to launch TNSF–II with a much bigger fund size $250 million—delivering both social and financial objectives.

Output 3: regional plans on track. Over the longer term, the public-plus-market model expands affordable stock, builds PPP delivery capacity, and embeds climate-resilient planning—benefiting low-income families and migrant workers while strengthening urban resilience.

Replication & Scale Up

Core elements covering climate-resilient, green and well-integrated urban design are replicated across all Output 1 subproject sites. An iterative approach applies lessons from each site to the next, enabled by tight project management unit and multi-agency coordination. In parallel, TNSF is financing worker housing and women's hostels beyond the initial pipeline. Key enablers: strong political buy-in, TNIFMC's ring-fenced fund structure, clear PPP rules, and GIS/hazard data for site selection.

TNSF is a recognized catalyst for private capital in affordable housing: by using blended finance and State equity to de-risk early exposure, it crowds in developers' own capital and delivers strong leverage. ADB and WB will be supporting a similar fund with another state government, paving a pathway for replication across other states in India. The model was used as a reference for projects in Pakistan, Bhutan and other developing member countries. The model's visibility with international agencies and at global conferences further strengthens momentum for scalability and replication.

Policy Uptake

This housing practice has been fully adopted into formal policy frameworks and legislation, and is being implemented at scale with institutional support.

The Project has informed policy dialogues, strategies, and pilots. The lessons from this housing practice informed the national housing scheme - Pradhan Mantri Awas Yojana-Urban- 2.0. TNUHDB's mandate to resettle urban poor households is embedded in the State Housing Policy (2024–2025). TNSF is incorporated with clear targets to mobilize private capital, and the State has signaled institutional and financial commitments to scale it. The team has advocated for green, climate-resilient design standards in the policy framework—an agenda we are advancing through the ongoing TA with government.

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Lessons & Takeaways

Front-load readiness: complete land/title due diligence, permits, and utility MoUs before civil works; use sector lending to finance subprojects.

Standardize designs: climate-resilient, universal-design prototypes; operations and maintenance specs' requirements in bid documents.

Deepen people-centric relocation: deploy micro-batch moves and establish livelihood linkages to stabilize incomes for affected persons.

Developed a training module on the Graduation program for vulnerable families following an iterative, learning-by-doing approach. A working paper on the Graduation approach published.