Ulaanbaatar Green: Affordable Housing and Resilient Urban Renewal Project

Submitted By: Asian Development Bank

Organization Profile

Organization Name: Municipality of Ulaanbaatar

Organization Type: Subnational government

Website: https://www.ulaanbaatar.mn

Practice Details

Country(ies): Mongolia

City(ies): Ulaanbaatar

Start Year: 2019 **Ongoing:** Yes **End Year:** N/A

Main Adequate Housing Components:



Housing Thematic Areas:

- Housing Affordability & Financing
- Social Housing
- Housing & Climate Mitigation
- Housing & Climate Adaptation

Relevant SDGs:



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Problem & Context

Ulaanbaatar's ger areas—home to low-income migrants—face substandard, coal-heated housing, fragmented land plots, weak services, and extreme winter air pollution and climate vulnerability. Urban growth outpaced planning, finance, and infrastructure; private developers avoided ger areas due to land assembly risks and low purchasing power. Policy gaps included: no workable model for eco-district redevelopment, limited affordable/rental housing finance, and missing green building/energy standards tailored to cold-climate mass housing.

Solution Developed

(1) The project introduces "eco-districts" that assemble plots and replace coal-heated dwellings with mixed-income, energy-efficient apartments and public facilities, financed through a blended fund to de-risk private investment. Target beneficiaries are ger-area households—especially low-income and vulnerable groups—plus the wider city through reduced pollution; (2) Objectives: deliver ~8,200 green, affordable units; redevelop ~100–130 ha of ger areas into low-carbon, climate-resilient eco-districts; establish housing finance mechanisms (e.g., rent-to-own, micro-mortgages); and embed policies/standards for green, affordable housing; (3) Innovations: (i) eco-district planning (mixed-use, public space, resilience); (ii) blended finance leveraging ADB OCR + GCF loan/grant + city funds; (iii) a dedicated Eco-district & Affordable Housing Fund to crowd-in developers; (iv) codified green/energy standards for cold-climate mass housing; (v) social allocation mix (approx. 15% rental, 55% affordable, 30% market) to keep communities in place.

Implementation

(1) Actions: master-planning of pilot eco-districts; voluntary land readjustment and resettlement planning; trunk/last-mile green infrastructure; construction of energy-efficient apartments and community facilities; establishment of the Eco-district & Affordable Housing Fund (EDAF) and on-lending; policy and standard setting; safeguards, M&E, and community engagement. Early civil works began in Sharkhad (first 4 blocks/152 HHs); (2) Actors & roles: Municipality of Ulaanbaatar (EA); PMO and PIU (DBM-AMC) manage EDAF/financial intermediation; ADB provides loans/technical oversight; GCF provides $95m loan + $50m grant; High-Level Technology Fund grants support tech pilots; private developers build to green specs; consultants support energy efficiency, safeguards, and resettlement; communities engaged via consultation and grievance redress; (3) Timeline: design & approval 2017–2018; effectiveness Oct 2019; 2020–2022 set up funds, meet disbursement conditions, finalize templates/safeguards; 2023–2025 tenders and groundworks; 2024–2025 first eco-district construction starts (e.g., Sharkhad). Ongoing through mid-2020s; (4) Resources/partnerships: total package about $570.1m (ADB blended loan ~$80m; GCF $95m loan + $50m grant; HLTF $3m grant; MUB ~$35m; plus private capital mobilized via EDAF).

Enablers & Obstacles

(1) Enablers: strong city leadership and ADB/GCF partnership; blended finance structure to de-risk private entry; a purpose-built EDAF with PIU (DBM-AMC); clear safeguards and community engagement frameworks; adoption of green/energy standards suited to cold climates; (2) Obstacles & responses: slow start due to complex loan conditions and COVID-era disruptions—addressed by phasing, meeting disbursement conditions, and refining templates; land-price vs. housing-cost gap affecting "voluntary" resettlement—addressed via improved compensation/benefit design and redesign to avoid non-participating plots; limited developer appetite—addressed via concessional finance and clear pipeline.

Results & Impact

1) Present quantitative and qualitative results achieved by the housing practice, including specific data, indicators or evidence.

2) Specifically explain impacts on low-income households and marginalized groups.

3) Discuss the broader and longer-term impacts on the community, economy, and environment.

Replication & Scale Up

The project implementation is still ongoing. The EDAF fund has not started operating yet. The construction cost of green housing is substantially higher than the one of the current housing construction modalities.

The housing practices developed under this project can be replicated if the Government of Mongolia develops proper policy and financial incentives for developers to construct green housing in Mongolia.

Policy Uptake

This housing practice is a new or innovative practice that is not yet adequately or fully integrated into formal policy frameworks.

The eco-district + Eco-District & Affordable Housing Fund (EDAF) model is an innovative, blended-finance practice tailored for cold-climate ger-area redevelopment and is not yet fully codified into national law or city regulations for scaled replication. Recommendation: adopt EDAF legal/financial provisions into municipal procurement/PPP rules; formalize green building & passive heating standards into national building codes; create fiscal incentives (land value capture, tax breaks) to sustain concessional windows.

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Lessons & Takeaways

Strengthen early policy workstream: expedite regulatory changes (land-readjustment, EDAF governance, green building codes) to reduce delays. Simplify disbursement with financiers to avoid early delays. Scale community participation tools: more on-site social mediators, tenure-security clinics, and local employment guarantees to reduce resistance. Sharpen developer incentives: clearer, faster procurement pipelines and longer concessional windows to attract experienced builders. Enhance monitoring of energy performance post-occupancy (ops & maintenance plans + performance-based incentives).