



1. Program Information

Country

India

Practice Area (Lead)

Urban, Resilience and Land

Programmatic DPF

Planned Operations

0

Approved Operations

0

Operation ID

P172732

Operation Name

Tamil Nadu Housing Sector Strengthening

L/C/TF Number(s)

IBRD-90930

Closing Date (Original)

30-Jun-2022

Total Financing (USD)

200,000,000.00

Bank Approval Date

18-May-2020

Closing Date (Actual)

30-Jun-2022

IBRD/IDA (USD)

Co-financing (USD)

Original Commitment

200,000,000.00

0.00

Revised Commitment

200,000,000.00

0.00

Actual

200,000,000.00

0.00

Country

India

Practice Area (Lead)

Urban, Resilience and Land

Operation ID

P178329

Operation Name

Second Tamil Nadu Housing Sector DPL (P178329)



L/C/TF Number(s) IBRD-94140	Closing Date (Original) 30-Jun-2024	Total Financing (USD) 190000000.00	
Bank Approval Date 30-Jun-2022	Closing Date (Actual) 30-Jun-2024		
	IBRD/IDA (USD)	Co-financing (USD)	
Original Commitment	190,000,000.00	0.00	
Revised Commitment	190,000,000.00	0.00	
Actual	190,000,000.00	0.00	
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2. Program Objectives and Pillars/Policy Areas

a. Objectives

According to the Program Document for the First Tamil Nadu Housing Sector Strengthening Program Development Policy Loan, the program objective was "to support the Government of Tamil Nadu to increase access to affordable housing by strengthening policy, institutions, and regulations of the housing sector." According to the Program Document for the Second Tamil Nadu Housing Sector Strengthening Program Development Policy Loan, the program objective was "to support the Government of Tamil Nadu to increase access to and sustainability of affordable housing by deepening policy reforms and strengthening institutions."

This ICR Review uses the program objective as stated in the second Program Document to evaluate this programmatic series: To support the Government of Tamil Nadu to increase access to and sustainability of affordable housing by deepening policy reforms and strengthening institutions.

b. Pillars/Policy Areas

The series had three policy pillars.

Strengthening Policies and Institutions for Increased Access to Affordable Housing (referred to as *Strengthening Policies and Institutions to Support Inclusive and Efficient Housing Sector Development* in the first Program Document) aimed to address the absence of an overarching, credible policy and a consistent regulatory framework for the housing sector by supporting the: (a) adoption of the state housing policy; (b) establishment of



a permanent regulator for the real estate market; (c) adoption of the general statutory rules for the tenancy law; and (d) establishment of an integrated information system for the housing sector.

Enhancing the Enabling Environment to Increase Affordable Housing Supply (referred to as *Developing an Enabling Environment to Increase the Supply of Affordable Housing and Crowding In Private Sector Participation in Affordable Housing* in the first Program Document) aimed to address bottlenecks in the provision of affordable urban housing by both public and private sectors through support for: (a) establishing a single-window approval system for planning permits; (b) amending development and building regulations to increase densities and reduce costs for developers; (c) providing incentives for affordable housing for the Economically Weaker Section (EWS) and Low-Income Group (LIG); (d) using public-private partnerships (PPPs) and developing mixed-use, mixed-income housing with cross-subsidization; (e) diversifying housing solutions to improve affordability; and (f) operationalizing a pioneering private investment vehicle for affordable housing.

Promoting Sustainability and Climate Resilience with Private Sector Engagement aimed to address sustainability challenges in affordable housing by supporting the: (a) adoption of an environmental, social, and governance (ESG) framework for EWS/LIG housing by the Tamil Nadu Urban Habitat Development Board (TNUHDB); (b) adoption of an ESG framework for private and PPP housing by the Tamil Nadu Shelter Fund (TNSF); (c) implementation of community-driven O&M arrangements for new EWS housing; (d) improvements in O&M systems for multi-storey apartments; (e) application of Eco-Niwas Samhita (ENS) green standards to all new government housing; and (f) amendment of the urban plan for the Chennai Metropolitan Area.

c. Comments on Program Cost, Financing and Dates

Program Cost and Financing. The first operation was estimated to cost US\$200 million and was financed by an International Bank for Reconstruction and Development (IBRD) loan to India in the same amount. The second operation was estimated to cost US\$190 million and was financed by another IBRD loan to India of the same amount. Both loans were fully disbursed.

Dates. The first operation was approved on May 17, 2020, became effective on July 22, 2020, and closed on June 29, 2022. The second operation was approved on June 29, 2022, became effective on September 29, 2022, and closed on June 29, 2024.

3. Relevance of Design

a. Relevance of Objectives

High economic growth (averaging 5.9 percent annually between 2000 and 2020), rapid industrialization, and a burgeoning population (1.4 billion in 2020, up from 1.06 billion in 2000) propelled urbanization and housing demand in India to unprecedented levels by 2020. Approximately 490 million people, about 35 percent of the total population, lived in urban areas that year. Nationwide, the housing shortage was estimated at 10 million units, with more than 90 percent of the deficit concentrated in the Economically Weaker Section (EWS) (annual household income up to INR 300,000) and Low-Income Group (LIG) (annual household income INR 300,000–600,000) segments. Looking ahead, by 2030, cities are expected to generate 75 percent of the



country's GDP, create 70 percent of new employment, and attract 50 percent of the population – requiring housing for an additional 18 million urban residents annually.

So far, the public sector has provided most of the formal affordable housing stock, but supply remains limited. Meanwhile, much of the housing built by the private sector is priced beyond the reach of low-income households. To address this gap, the Government of India launched its flagship mission, *Pradhan Mantri Awas Yojana–Urban (PMAY-U)*, in 2015 to ensure “Housing for All” and tackle urban housing shortages by providing safe, affordable, and “pucca” houses to eligible households, particularly those in the EWS, LIG, Middle-Income Groups (MIG I & II), and slum dwellers. State governments participate in PMAY-U by acting as the bridge between the central scheme and local implementation.

Binding Constraints. Reflecting the national predicament, Tamil Nadu – the most urbanized large state in India, with a state GDP of INR 2.1 trillion in 2020-21 (9.5 percent of national GDP), and a population of 76.2 million (5.5 percent of the national total) – faced significant challenges in meeting its urban housing needs, particularly for low-income households. The housing shortage stood at 1.2 million units in 2017, with over 80 percent concentrated in the EWS and LIG segments. The state government served these two segments directly, as private sector participation in supplying housing for EWS and LIG households had been minimal. However, persistent demand-supply mismatches in public housing forced many EWS and LIG households into informal settlements characterized by inadequate living space and poor infrastructure, often located in ecologically fragile areas. The potential for private sector involvement in affordable housing remained largely untapped due to restrictive regulatory barriers and a lack of adequate incentives.

State Government Priorities. The program objective to increase access to and the sustainability of affordable housing was aligned with the state's (a) strategic plan – *Vision Tamil Nadu 2023* outlined the state's infrastructure, industrial, and urban development priorities up to 2023, with emphasis on ten strategic initiatives including urban infrastructure (“Creating 10 World-Class Cities as Growth Nodes”) and PPPs (“Public–Private Partnerships for Infrastructure”); (b) sector policies – the *Tamil Nadu Affordable Urban Housing & Habitat Policy, 2020* defined a transformative framework to bolster affordable urban housing through state-wide policy and institutional reforms, regulatory overhaul, and programmatic initiatives involving both public agencies and the private sector; and (c) five-year development plan – the *12th Five-Year Plan (2017–2022)*, drafted by the State Planning Commission (SPC), proposed expanding affordable housing programs for both urban and rural low-income groups, strengthening the institutional frameworks governing the Tamil Nadu Housing Board (TNHB) and Tamil Nadu Urban Habitat Development Board (TNUHDB), and integrating housing with urban planning, water supply, sanitation, and slum rehabilitation into a holistic urban development agenda. .

World Bank Group Country Strategy. The program objective was consistent with the country strategy for India at program closing. The *Country Partnership Framework for India for the Period FY18-FY22* (CPF) committed Bank Group support for the country's development agenda, organized around three “focus areas”: (a) promoting resource-efficient growth; (b) enhancing competitiveness and enabling job creation; and (c) investing in human capital. The program objective to increase access to and the sustainability of affordable housing was aligned with the first focus area, specifically with CPF Objective 1.2 - Improve living conditions and sustainability of cities, CPF Objective 1.3 - Improve management systems for controlling air pollution, CPF Objective 1.4 - Increase access to sustainable energy, and CPF Objective 1.5 - Improve disaster risk management and resilience to climate change.

b. Relevance of Prior Actions



Rationale

To achieve the program development objective, the programmatic series advanced 16 prior actions over two operations

DPO1	DPO2
Objective 1 - To support the Government of Tamil Nadu to increase access to, and sustainability of, affordable housing by deepening policy reforms and strengthening institutions.	
PA1 (DPO1 PA1): The GoTN has issued the first state-level Affordable Urban Housing and Habitat Policy.	
PA2 (DPO PA3): The GoTN has established the permanent Tamil Nadu Real Estate Regulatory Authority with full-time staff (2019) and the Tamil Nadu Real Estate Appellate Tribunal (as published in the Government Gazette).	
PA3 (DPO1 PA4): The GoTN has published in the Government Gazette the General Statutory Rules for the application of the Tamil Nadu Regulation of Rights and Responsibilities of Landlords and Tenants Act (February 2019), which creates an expedited dispute resolution system between landlords and tenants.	
	PA4 (DPO2 PA4): (with more clarity): To improve monitoring and support informed decision-making in the housing sector, the GoTN has issued a government order mandating (i) the establishment of an integrated information system; and (ii) the publication of an annual monitoring report on the state of the housing sector.
	PA5 (DPO2 PA6): (New PA is proposed and linked to PA5 of DPL1): To enhance the business environment, the GoTN has issued a government order mandating all planning authorities to move to an online single-window approval system for issuing planning permissions.
PA6 (DPO1 PA5): The GoTN has (a) amended urban regulations through the Tamil Nadu Combined Development and Building Rules to increase the floor space index (FSI) to allow higher densities in urban areas; and (b) has issued a government order to reduce processing time of building and planning permits.	
PA7 (DPO1 PA6): The GoTN has mandated through a notification in the Government Gazette: (a) for all housing developments exceeding 3,000 square	



<p>meters to either designate 10 percent of their FSI area as EWS/LIG housing or pay the shelter charge whose proceeds are allocated to the financing of affordable housing projects; (b) to optimize the plot area to allow for higher densities of EWS housing developments; and (c) to waive the payment of FSI premia for EWS/LIG.</p>	
	<p>PA8 (DPO2 PA1): (partially retained): To align the TNHB with the TNAUHHP, the GoTN has issued a government order to empower the TNHB to better serve lower-income households, use inclusive cross-subsidies, mobilize the private sector and develop mixed-use and mixed-income adequate habitats.</p>
	<p>PA9 (DPO2 PA2): (with more depth into the reform action): To enhance the efficiency and inclusiveness of the GoTN's EWS housing program, the GoTN has issued government orders to (i) offer a menu of housing solutions which take into account household affordability through a participatory approach; and (ii) facilitate access to private housing finance.</p>
<p>PA10 (DPO1 PA7): Securities and Exchange Board of India (SEBI) has approved Tamil Nadu Shelter Fund (TNSF) Private Placement Memorandum (PPM).</p>	
<p>PA11 (DPO1 PA2): TNUHDB's Board has adopted environment, resilient urban design, social sustainability frameworks and grievance management redress systems, whose application is mandatory for all TNSCB EWS/LIG housing units.</p>	
<p>PA (DPO1 PA8): Tamil Nadu Infrastructure Fund Management Corporation (TNIFMC)'s Board has adopted the environmental, climate-resilience, social and governance frameworks of mandatory application for all projects co-financed by TNSF.</p>	
	<p>PA (DPO2 PA3): To promote the sustainability and climate resilience of new assets, the GoTN has issued a government order mandating the establishment of community-driven operation and maintenance systems in new government-sponsored EWS housing units.</p>
	<p>PA (DPO2 PA5): (substance remains the same): To improve the operation and maintenance in multistoried apartments and promote climate adaptation, the GoTN has submitted to the State</p>



	Legislative Assembly for approval thereof, a bill to repeal the Tamil Nadu Apartment Ownership Act 1994 and replace it with the Tamil Nadu Apartment Ownership Act 2022.
	PA (DPO2 PA7): (trigger remains the same with minor changes): To promote energy efficiency and build climate resilience in EWS and LIG housing, the GoTN has issued a government order to adopt mandatory thermal comfort and energy efficiency design criteria, in accordance with the Eco-Niwas Samhita (ENS) 2018 Code, for all new housing developments
	PA (DPO2 PA8): (to respond to GoTN's emerging policy priority): To promote resilient urban growth in Chennai, the GoTN has amended the Master Plan for Chennai Metropolitan Planning Area Rules 1974 to adopt an integrated land use and infrastructure planning approach to reduce carbon footprint and incorporate climate resilience measures in the preparation of master plans.

- Policy and Institutional Framework. Tamil Nadu lacked an overarching policy framework and a consistent regulatory structure for the housing sector. It also lacked an organized housing information system to support planning, decision-making, and transparency. Four reform measures were introduced to address these gaps.
- **PA1 (DPO1 PA1) – Adoption of the Tamil Nadu Urban Affordable Housing and Habitat Policy**. To ensure universal access to affordable housing, particularly for the poor and vulnerable, and to support anticipated urban expansion, the country's first state-level housing policy, issued as Government Order (G.O.) Miscellaneous (Ms.) No. 61 in March 2020, introduced several key innovations: (a) a transition from a purely state-led housing delivery model to a mixed approach, where public provision is complemented by robust private housing market activity; (b) the prioritization of scarce fiscal resources for the most vulnerable groups; and (c) the promotion of private sector participation for capital investment and technical expertise. Aligned with the national PMAY-U, the state policy directs the Government of Tamil Nadu's Housing and Urban Development Department (HUDD) and the Tamil Nadu Urban Habitat Development Board (TNUHDB) to focus on three pillars: policies and institutions – strengthen governance and institutional frameworks for housing; regulations – streamline land-use planning, building norms, and approval processes; and programs – implement schemes for affordable rental housing, housing for economically weaker sections (EWS) and low-income groups (LIGs), and promote inclusive urban development. The pivotal role of local governments, such as Tamil Nadu in India, in shaping spatial, economic, and social inclusion policies for housing and urban development within a national policy framework is well established and credibly demonstrated globally (World Bank, 2015, *World Inclusive Cities Approach*). Many principles, strategies, and implementation arrangements in the state policy were informed by extensive deliberations among local and national stakeholders. The state policy subscribes to the idea that "to mainstream affordable housing, the government needs to predominantly act as an enabler for development and be involved in facilitating investments, both public and private, and



- streamline processes across the value chain" (Deloitte, 2016, *Mainstreaming Affordable Housing in India – Moving Towards Housing for All by 2022*). The relevance of PA1 is rated **Highly Satisfactory**.
- **PA2 (DPO1 PA3) – Establishment of the Tamil Nadu Real Estate Regulatory Authority (TNRERA) and the Tamil Nadu Real Estate Appellate Tribunal (TNREAT).** G.O. Ms. No. 112, issued in June 2017, approved the Tamil Nadu Real Estate (Regulation & Development) Rules to implement the national Real Estate (Regulation and Development) Act (RERA) of 2016. The order established TNRERA as the official state regulator for real estate, covering both residential and commercial projects, and TNREAT as the statutory body to hear appeals under RERA, including those against TNRERA decisions. Under these rules, TNRERA would: (a) require developers to maintain dedicated bank accounts, allocate at least 70 percent of project funds to construction, conduct annual internal audits, and submit compliance reports; (b) mandate project architects and structural engineers to provide qualified opinions on structural safety, with emphasis on resilience to weather events; (c) ensure timely project completion by imposing penalties for unjustified delays; and (d) establish a three-tier grievance redressal and appeal system, independent of civil courts. RERA compliance has been a key driver of price rationalization in the residential segment in some states in India, according to a consulting report (Knight Frank, 2018, *Policy Research: Real Estate (Regulation and Development) Act*), and a permanent real estate regulator can foster a healthy, transparent, and competitive market. Effective regulation of housing developments in Tamil Nadu is expected to improve housing affordability in the medium- to long-term, as noted by the ICR. The relevance of PA2 is rated: **Highly Satisfactory**.
 - **PA3 (DPO1 PA4) – Adoption of the General Statutory Rules for the Landlords and Tenants Act, Focusing on Rental Housing.** The Government of Tamil Nadu adopted the Tamil Nadu Regulation of Rights and Responsibilities of Landlords and Tenants Act in 2017 to promote the development of rental housing, replacing the Tamil Nadu Building (Lease and Rent) Control Act of 1960. Promulgated by G.O. Ms. No. 36 in February 2019, the General Statutory Rules (to implement the new Act): (a) require the registration of all rental contracts with the Rent Authority; (b) assign responsibility for property maintenance to the landlord and tenant according to a defined schedule; and (c) establish an expedited dispute resolution system between landlords and tenants. These rental regulations are expected to unlock the potential for rental housing, ensure legal clarity and security for both landlords and tenants through formal agreements, promote building safety and upkeep with a defined maintenance framework, and enable quick adjudication of disputes. The focus on rental housing was well advised. Since the U.S. mortgage crisis of 2007-2010, countries globally have questioned their historical emphasis on home ownership and highlighted the importance of rental housing – renting is natural for households without sufficient income or savings to afford a home; there are limits to mortgage affordability when much of income is informal; rental markets are important for worker mobility; and home ownership produces urban sprawl (Peppercorn and Taffin, 2013, *Rental Housing: Lessons from International Experience and Policies for Emerging Markets*, World Bank Directions in Development). The provisions of the new Act and its implementing rules were informed by analytical work (World Bank, 2018, *How to Develop the Formal Urban Rental Market in India: With a Focus on Tamil Nadu*). The relevance of PA3 is rated **Satisfactory**.
 - **PA4 (DPO2 PA4) – Establishment of the Tamil Nadu Integrated Housing Information System (TNIHIS).** Deficiencies in data and the lack of rigorous quantitative analyses significantly hinder a government's ability to make informed choices about housing policies (World Bank and U.N. Centre for Human Settlements, 1993, *Housing Indicators Program*). In this regard, a comprehensive housing data and information system can help highlight the magnitude of housing challenges and reveal the level of government attention needed to address these issues (World Bank, 2020, *Urban Land and Housing Market Assessment: A Toolkit*). Conceived as a centralized digital platform to enhance housing-sector planning, decision-making, and transparency, the TNIHIS would: (a) collect and



disseminate data on land availability, housing supply and demand, and the status of housing projects; (b) monitor key climate risks (e.g., heat stress, flooding) across locations; (c) provide analytics to support policymakers and stakeholders in making informed policy and administrative decisions; and (d) enable collaboration between the public and private sectors on market activities. The development of TNIHIS is envisioned as a long-term effort. Initial phases will focus on establishing core systems and consolidating existing databases, while subsequent phases will introduce additional modules as more data become available. The relevance of PA4 is rated **Satisfactory**.

- **Barriers to Affordable Housing Provision, Especially by the Private Sector.** Tamil Nadu faced significant barriers in providing affordable housing, particularly for the EWS and LIG segments. First, regulatory bottlenecks and the absence of incentives constrained private sector participation in affordable housing – three reform measures targeted these issues. Second, there was limited diversity in housing solutions for different income groups – two sets of innovations were introduced to address targeting and affordability challenges. Third, gaps in development financing persisted – a new private investment pool was expected to bridge this gap.
- **PA5 (DPO2 PA6) – Establishment of a Single-Window Planning Approval System.** G.O. No. 56 of 2022 streamlined the approval system for issuing planning permissions for small-scale residential buildings serving EWS, LIG, and MIG households by: (a) upgrading and scaling up the partially automated building plan approval system in Chennai to a fully automated system for the entire state; (b) requiring each approval department to integrate its online portal into the Single Window Online System and facilitate application review by sharing documents and plans submitted by applicants for obtaining no-objection certificates from different departments; and (c) creating a transparent system for enforcing regulations that ensure disaster and climate resilience of built structures. The integrated system was activated in May 2022. The relevance is rated **Satisfactory**.
- **PA6 (DPO1 PA5) – Amendments to the Tamil Nadu Combined Development and Building Rules.** Amendments to the building rules increased the floor space index (FSI) (the ratio of built-up area to total plot area) from 1.5 to 2. The higher density aimed to: (a) make housing more affordable, especially in areas where land in prime locations is increasingly scarce; (b) reduce urban sprawl in city centers, discourage the removal of green cover, and minimize environmental degradation; and (c) enable more efficient transit, discourage vehicle dependence and congestion, cut travel time, and reduce vehicle emissions in high-density areas. Additionally, changes to the permitting process – exemptions for unit sizes up to 30 square meters and a streamlined process for buildings with units of up to 120 square meters – are expected to save approximately three months in permitting time compared to current practices. By allowing higher densities and reducing the cost and time of doing business for developers, the regulatory changes are expected to boost the supply of housing. The relevance is rated **Satisfactory**.
- **PA7 (DPO1 PA6) – Incentives for Economically Weaker Section (EWS) / Low-Income Group (LIG) Housing.** Four measures aim to increase the supply of affordable housing, especially in the EWS/LIG segments: (a) developers are required to allocate 10 percent of residential layouts exceeding one hectare for EWS; (b) in developments where the FSI area exceeds 4,000 square meters, developers can either provide housing for LIGs (consisting of 10 percent of FSI area) or pay a shelter charge equal to one percent of the Guideline Value (the estimated market value of land determined by the Government and published on the Tamil Nadu Registration Department website); (c) the shelter charge is routed into Shelter Fund Tier-I, set up to subsidize EWS and LIG housing built by the public sector or through public-private partnerships (PPP); (d) EWS housing developments are allowed higher densities by reducing the minimum EWS plot size for all new plotted developments from 40 square meters to 32 square meters in Chennai, and to 80 square meters in other areas, including residential buildings with floor areas not exceeding 300 square meters and G+1 floor in



height; and (e) where plot areas are optimized for higher densities for EWS housing developments, a waiver of premium FSI charges is allowed proportional to the areas used for affordable housing units. The relevance is rated **Satisfactory**.

- **PA8 (DPO2 PA1) – PPPs, Cross-Subsidization, and Innovative Land Acquisition.** G.O. No. 76 of 2022 empowered the Tamil Nadu Housing Board (TNHB) to serve lower-income households, leverage inclusive cross-subsidies, develop mixed-use, mixed-income habitats, and mobilize private sector investment. The order directed TNHB to: (a) play a stronger role in housing provision for lower-MIG, LIG, and possibly EWS groups, using PPPs and cross-subsidization in mixed-use and mixed-income housing development; (b) adopt innovative measures to increase access to land for affordable housing supply through partnerships with landowners; and (c) implement standards to address disaster and climate resilience through siting criteria, green design principles, innovative construction techniques, and compliance with the energy efficiency building code. While the GO does not carry the same weight as amendments to the TNHB Act, it would nonetheless shift the TNHB's focus toward affordable housing. The relevance is rated **Satisfactory**.
- **PA9 (DPO2 PA2) – Diversifying Housing Solutions to Address Affordability.** G.O. No. 64 of 2022 introduced a segmented housing model for the TNUHDB to address long-standing affordability gaps in EWS housing. The model offers tiered unit sizes and differentiated beneficiary contributions, promoting greater affordability and inclusivity for vulnerable groups. The new order remedies: G.O. 28 of 2020, which pursued a “one-size-fits-all” model for tenements and failed to consider the varying needs and capacities of eligible beneficiaries (particularly poorer households unable to pay compulsory upfront contributions); and G.O. No. 54 of 2021, which allowed higher reconstruction densities, capped beneficiary contributions for tenants, squatters, and slum dwellers, introduced EMI payment options to TNUHDB, and facilitated private credit access. However, it still excluded the bottom 20 percent (who could not access EMIs or private credit), leaving affordability gaps unresolved. To close these gaps, G.O. No. 64 of 2022: (a) increased housing density and efficiency by adding two smaller unit options (250 square feet and 350 sq. ft.) alongside the old standard (450 sq. ft.); (b) lowered upfront contributions through smaller units, benefiting vulnerable groups such as single women, the elderly, and renters; and (c) introduced needs-based tiered subsidies, ensuring lower-income deciles receive more substantial assistance. The affordability measures would enable the poorest households, previously excluded, to access government housing programs (World Bank, 2022, *Toward Inclusion, Resource Mobilization, and Economic Recovery: Subsidy Design for EWS Housing in Tamil Nadu*). Additionally, to reduce the gender gap in housing access, TNUHDB committed that all new tenements would be owned or co-owned by at least one adult female household member. Closing the gender gap in housing will yield health and education benefits for women, increase their economic and employment opportunities, and enhance their empowerment and participation (World Bank, 2021, *Addressing Gender Gaps in Housing Interventions*). The relevance of PA9 is rated **Satisfactory**.
- **PA10 (DPO1 PA7) – Operationalization of the Tamil Nadu Shelter Fund (TNSF) as a Private Investment Vehicle for Affordable Housing.** The Government of Tamil Nadu established the Tamil Nadu Shelter Fund (TNSF) in 2018 as an Alternate Investment Fund (AIF), regulated by the Securities and Exchange Board of India (SEBI), to mobilize financing for mixed-income, mixed-use developments where middle-income units cross-subsidize low-income units. Under SEBI rules (i.e., Securities and Exchange Board of India Act of 1992 as amended in 2014, and the Alternative Investment Funds Regulations of 2012), a Private Placement Memorandum (PPM) would define: (a) policies and regulations applicable to the fund and the projects to be financed; (b) eligibility and prioritization criteria for project selection, including expected returns on investment; (c) standards, responsibilities, and minimum qualifications of the fund manager; (d) risk mitigation measures; and (e) governance and transparency requirements. Once approved by SEBI, the PPM would allow the TNSF



to commence operations and begin to raise capital from institutional and other investors. The relevance is rated **Satisfactory**.

- **Sustainability of Affordable Housing.** Tamil Nadu faced environmental, social, and governance (ESG) challenges in housing and urban development. First, the state lacked an ESG framework for public housing – two agencies would adopt such sustainability framework. Second, poor operations and maintenance (O&M) in public housing and low-cost private housing (i.e., the inadequate upkeep and management of housing units and common facilities after construction) exacted substantial negative effects on housing sustainability, undermining the long-term usability and livability of housing assets – two O&M schemes aimed to address the problem. Third, the lack of energy efficiency amid high exposure to climate change risked the sustainability of low-income housing - the state would apply the national energy conservation code to public housing. And fourth, urban development in the Chennai Metropolitan Area – the new master plan Chennai Metropolitan Area would focus on climate resilience.
- **PA11 (DPO1 PA2) – Adoption of an Environment, Urban Design, and Social Sustainability Framework and Grievance Redress Mechanism for TNUHDB (formerly Tamil Nadu Slum Clearance Board (TNSCB)) EWS/LIG Housing.** The TNSCB was established in 1970 under the Tamil Nadu Slum Areas (Improvement & Clearance) Act of 1971 to dismantle and replace slum areas with hygienic, permanent tenements and provide low-cost, secure housing for EWS households. The TNSCB would be transformed into the TNUHDB in 2001, with a broader mandate to enhance urban habitats. The *environmental framework* aimed to ensure effective project design and implementation by incorporating climate resilience, disaster risk, and environmental safeguards, while securing proper operations and maintenance. The *urban design framework* would standardize design and built form strategies across TNUHDB projects, integrating climate and disaster screening, Energy Conservation Building Code (ECBC) compliance, energy-efficient systems, resilient materials, and green infrastructure measures to enhance safety, livability, and long-term resilience without increasing delivery costs. The *social framework* would help TNSCB advance inclusion, safety, and livelihood access by improving demand management through social assessments, strengthening community engagement and information sharing, and ensuring effective grievance redress mechanisms (GRM). The sustainability framework would be supported by a Stakeholder Consultative Platform to provide continuous consultations with stakeholders during the housing project cycle. The relevance of PA11 is rated **Satisfactory**.
- **PA12 (DPO1 PA8) – Adoption of the Environmental, Social, and Governance Management System (ESGMS) for TNIFMC TNSF Projects.** Introduced in 2020, the ESGMS establishes the policies, principles, and procedures for integrating environmental stewardship, social responsibility, and governance standards into investments managed by the Tamil Nadu Infrastructure Fund Management Corporation (TNIFMC). TNIFMC applied the ESGMS to all projects co-financed by the Tamil Nadu Shelter Fund (TNSF). The ESGMS includes ten standardized tools, supported by flowcharts, forms, and templates to ensure consistent ESG practices across all stages of the investment process: pre-investment (covering corporate governance, ESG due diligence, and risk identification); construction and operations (investment agreements with ESG clauses, monitoring protocols, grievance redress, stakeholder engagement, record-keeping, and reporting); and exit phase (ESG performance evaluation tools to guide handovers or divestments). The ESGMS aligns with international standards, including the World Bank Group Environmental and Social Standards (2018) (particularly ESS9 - Financial Intermediaries), the Equator Principles (2013), the UN Global Compact, the Global Reporting Initiative G4 Sector Disclosure for Financial Services, and the IFC Corporate Governance Development Framework, as noted in the Program Document. The relevance of PA12 is rated **Satisfactory**.



- **PA13 (DPO2 PA3) – Community-Driven O&M Arrangements for New EWS Housing.** G.O. No. 55 of 2021 launched the *Nam Kudiyiruppu Nam Poruppu* (“Our Tenements, Our Responsibility”) scheme to institutionalize shared responsibility for operation and maintenance (O&M) between Resident Welfare Associations (RWAs) and the Tamil Nadu Urban Habitat Development Board (TNUHDB) to improve the upkeep of tenements. The directive was expected to: (a) facilitate the formation of RWAs; (b) define O&M activities under the remit of RWAs and TNUHDB individually, as well as those constituting shared responsibility; (c) introduce a matching grant scheme to incentivize O&M charges collected by RWAs; (d) establish financing arrangements and governance structures for O&M; (e) mandate a dispute resolution mechanism; and (f) provide capacity-building for RWA members and TNUHDB officers. The relevance is rated **Moderately Satisfactory**.
- **PA14 (DPO2 PA5) – O&M Improvements for Multi-Storey Apartments.** The Tamil Nadu Apartment Ownership Act of 1994 set responsibilities for operation and maintenance (O&M) in multi-storey apartments among homeowners, tenants, and homeowners’ associations. A weakness in the law, however, led to contestation over common areas – apartment owners were allowed to form associations but were required to register under different provisions of the legal framework. This ambiguity triggered disputes over O&M in common areas, resulting in safety issues, especially during extreme weather events such as cyclones and flooding. The draft bill, Tamil Nadu Apartment Ownership Act of 2022, submitted to the State Legislative Assembly in 2022, requires apartment owners to ensure proper O&M of common areas in their properties. Improved maintenance of shared spaces, particularly stairwells and elevator shafts, would extend asset lifespans and make apartment buildings more resilient to disaster and climate shocks. The proposed amendments would also alleviate regulatory barriers for apartment owners’ associations to redevelop dilapidated buildings, enhance resident safety, and improve overall housing quality. The Tamil Nadu Apartment Ownership Act of 2022 (Act No. 44 of 2022) was approved by the President in December 2022 and came into effect, before program closing, in March 2024. The relevance of PA14 is rated **Moderately Satisfactory**.
- **PA15 (DPO2 PA7) – Eco-Nimwas Sanhita (ENS) Green Standards for All New Government Housing.** G.O. No. 57 of 2022 mandates that all new TNHB and TNUHDB housing projects comply with the *Eco-Niwas Samhita (ENS)* – India’s energy conservation building code for residential buildings. ENS aims to enhance energy efficiency in residential construction, reduce energy consumption for heating, cooling, and lighting, and support climate goals by promoting sustainable building practices. Investments in energy efficiency generally lead to reduced energy use, lower energy costs, decreased maintenance requirements, improved comfort, and increased property values (UNIDO, *Energy Efficiency in Buildings*). Since public projects account for the majority of EWS and LIG housing in Tamil Nadu, this mandate ensures that future affordable housing developments will be climate-resilient and energy-efficient. Tamil Nadu becomes the first state in India to adopt ENS for public housing. Furthermore, demonstration effects are expected to encourage private developers to adopt ENS standards as well. The relevance of PA15 is rated **Moderately Satisfactory**.
- **PA16 (DPO2 PA8) – Amended Master Plan for the Chennai Metropolitan Area.** G.O. No. 68 of 2022 amended the Master Plan for the Chennai Metropolitan Planning Area Rules of 1974, which had become obsolete amid rapid urbanization, inefficient resource utilization, and increased climate risks over the past three decades. The revised plan: (a) adopts climate resilience as the core focus – by mapping relevant climate risks and hazards (e.g., inundation, erosion, landslides) into the planning process and identifying affordable housing nodes at climate-smart locations; (b) introduces the Transit-Oriented Development principle to facilitate non-motorized modes of transportation and reduce the carbon footprint of urban growth; and (c) promotes accessibility to urban services for all citizens, including vulnerable groups (e.g., EWS households, women, seniors, and persons with disabilities). The new master plan aligns with the “new urban policy” advocated by the U.N. for



governments and stakeholders to achieve more sustainable urban development and effectively address climate change (U.N. Habitat, 2016, *Addressing Climate Change in National Urban Policy: A Policy Guide for Low-Carbon and Climate-Resilient Urban Development*). The relevance of PA16 is rated **Moderately Satisfactory**.

Rating

Satisfactory

4. Relevance of Results Indicators

Rationale

The results framework defined 13 results indicators for the 16 prior actions of the program. Two observations are noted: (a) some results indicators are associated with more than one prior action, and some prior actions are associated with more than one results indicator; (b) the Program Documents and the ICR do not completely agree on the attribution scheme. This ICR Review lists all associated prior actions cited by both the second Program Document and the ICR in the following table (second column). Moreover, in the table below, this ICR Review lists the results indicators in the order in which the prior actions are discussed in Section 3.B.

Results Indicator	Associated Prior Action	Relevance Rating	Baseline	Target	Actual Value	Actual Change in Results Indicator Relative to Targeted Change, in Percent	Achievement Rating
Objective 1 - To support the Government of Tamil Nadu to increase access to and sustainability of affordable housing by deepening policy reforms and strengthening institutions.							
RI1: Total government-sponsored housing solutions produced to serve EWS/LIG households, number	PA1 PA8	Highly Satisfactory	47,600 (March 2020)	119,700 (December 2023)	264,237 (June 2024) 354,919 (March 2025)	300.5	High
RI7: Associations of apartment owners registered	PA2 PA14	Moderately Unsatisfactory	0 (April 2022)	500 (December 2023)	0 (June 2024) 60 (May 2025)	12	Negligible



under the Apartment Ownership Act of 2022, number							
RI8: Rental housing units registered in the Rent Portal of Tamil Nadu, number	PA3	Moderately Unsatisfactory	3,500 (May 2022)	10,000 (December 2023)	10,197 (June 2024) 14,434 (March 2025)	103	Modest
RI4: Dashboard for annual sector monitoring and performance using housing indicators is available in the public domain	PA4	Moderately Satisfactory	No (May 2022)	Yes (December 2023)	Yes (June 2024)	100	Substantial
RI9: Average time to obtain planning permissions.	PA5 PA6	Satisfactory	2-4 months (June 2020)	Less than 45 days (December 2023)	About 60 days (June 2024)	80	Substantial
RI10: Shelter charges mobilized for supply of EWS housing, amount	PA7	Satisfactory	US\$26.1 million (June 2020)	US\$75 million (December 2023)	US\$89.39 million (June 2024) US\$ 121.38 million (March 2025)	129.4	High
RI2: Pilot projects for which adequate locations have been identified, demand for smaller units has been	PA7 PA1	Satisfactory	0 (April 2022)	5 (December 2023)	0 (June 2024)	0	Negligible



enlisted, tripartite agreements with beneficiaries and lenders have been signed, and planning has been mandated according to identified demand and financial access, number							
RI3: EWS housing units owned or co-owned by women (excluding households without an adult female), percent	PA7	Satisfactory	43 (December 2021)	100 (December 2023)	73 (June 2024)	52.6	Modest
RI11: Investment mobilized for affordable housing projects, amount	PA8	Highly Satisfactory	US\$21.0 million (June 2020)	US\$120 million (December 2023)	US\$146.72 million (June 2024) US\$229.7 million (May 2025)	128	High
RI5: Proportion of complaints channeled through the Grievance Redressal System (GRS) resolved within 60 days, percent	PA11 PA7	Moderately Satisfactory	40 (December 2020)	70 (December 2023)	91 (June 2024)	170	Substantial



RI12: Housing projects supported under TNSF that receive green housing certification, percent	PA12	Satisfactory	0 (June 2020)	75 (December 2023)	78 (June 2024)	104	High
RI6: Households in TNUHDB tenements that are part of RWAs participating in O&M mechanisms, percent	PA13	Moderately Satisfactory	0 (April 2022)	80 (December 2023)	98 (June 2024) 100 (March 2025)	163.3	High
RI13: New affordable housing developed by TNHB and TNUHDB that have ENS-compliant features incorporated in the design, percent	PA15	Satisfactory	0 (December 2021)	100 (December 2023)	0 (June 2024)	0	Negligible

- RI1** – The **total number of government-sponsored housing solutions delivered for EWS/LIG households** was considered a credible results indicator for assessing the impact of the Tamil Nadu Urban Affordable Housing and Habitat Policy. An increase in government-sponsored EWS/LIG housing represents a tangible outcome of the policy, which directed HUDD and TNUHDB to “implement schemes for affordable rental housing and housing for economically weaker sections (EWS) and low-income groups (LIGs)” (see Section 3.B - PA1). RI1 also captures the results of PPPs, Cross-Subsidization, and Innovative Land Acquisition, which tasked TNHB with playing a stronger role in lower-MIG, LIG, and EWS housing through public-private partnerships, mixed-use/mixed-income development, cross-subsidies, and new land acquisition schemes (see Section 3.B - PA8). The relevance of RI1 is rated **Highly Satisfactory**.
- RI7** – The **number of associations of apartment owners registered under the Apartment Ownership Act of 2022** was defined as the results indicator for the establishment of TNRERA and



TNREAT, as well as for improvements in operations and maintenance (O&M) in multi-storey apartments. Although G.O. Ms. No. 112 of June 2017 (see Section 3.B - PA2) and Act No. 44 of 2022 (see Section 3.B - PA14) require associations of apartment owners to register with the government, this indicator is a weak measure of the outcomes of these prior actions. The establishment of TNRERA and TNREAT aimed to strengthen real estate market regulation in the state. The reform program, therefore, needs a more robust indicator of improved regulation than the mere registration of apartment owner associations. Similarly, registration alone does not imply that O&M practices have improved in multi-storey apartments. The relevance of RI7 is rated **Moderately Unsatisfactory**.

- **RI8** – The **number of rental housing units registered in the Tamil Nadu Rent Authority Portal** was defined as a results indicator for the adoption of the General Statutory Rules under the Landlords and Tenants Act. According to G.O. Ms. No. 36 (February 2019), all rental contracts must be registered with the Tamil Nadu Rent Authority (see Section 3.B - PA3). While this represents an important first step, registration alone does not demonstrate that the objectives of the Act have been achieved to any measurable degree after five years (from 2019 to program closing in 2024). These objectives include: (a) ensuring contracts balance landlord and tenant interests through clear provisions on rent, security deposits, maintenance responsibilities, subletting, landlord access, and eviction processes; (b) standardizing rental practices to make them more enforceable; and (c) addressing disputes related to rent, eviction, and possession efficiently, without undue burden on regular civil courts. The relevance of RI8 is rated **Moderately Unsatisfactory**.
- **RI4** – The **availability of a publicly accessible dashboard for annual sector monitoring and performance measurement using housing indicators** was considered a reasonable results indicator for the establishment of the Tamil Nadu Integrated Housing Information System (TNIHIS). The TNIHIS was envisioned as a centralized digital platform to improve housing-sector planning, decision-making, and transparency (see Section 3.B - PA4). Public availability of the platform would indicate some progress toward deploying an operational TNIHIS for housing sector monitoring and evaluation. However, this results indicator does not measure the actual performance of the TNIHIS relative to its intended functions. The relevance of RI4 is rated **Moderately Satisfactory**.
- **RI9** – The **average time to obtain planning permissions** was defined as the results indicator for establishing a Single-Window Planning Approval System and for amending the Tamil Nadu Combined Development and Building Rules. G.O. No. 56 of 2022 streamlined the approval process for issuing planning permissions for small-scale residential buildings serving EWS, LIG, and MIG households (see Section 3.B - PA5), while the amended development and building regulations reduced the cost and time of doing business for developers and allowed higher densities to boost housing supply (see Section 3.B - PA6). Reduced permitting time would reflect progress under both initiatives. The relevance of RI9 is rated **Satisfactory**.
- **RI10** – The **amount of shelter charges mobilized for EWS housing supply** was established as a results indicator to assess the impact of incentives for EWS/LIG housing. In developments where the FSI area exceeded 4,000 square meters, developers could either allocate 10 percent of the FSI area for LIG housing or pay a shelter charge equal to one percent of the land's guideline value as determined by the Government. These charges are directed to Shelter Fund Tier-I, managed by the State Shelter Fund Committee headed by the HUDD, to subsidize EWS and LIG housing through public sector projects of the TNCB and TNUHDB or PPPs (see Section 3.B - PA6). A higher volume of shelter charges would indicate greater resource availability for EWS/LIG housing. The relevance of RI10 is rated **Satisfactory**.
- **RI2** – The **number of pilot projects meeting key conditions – adequate site identification, enlisted demand for smaller units, signed tripartite agreements with beneficiaries and lenders, and**



- planning aligned with identified demand and financial access** – was defined as the results indicator to assess the impact of diversifying housing solutions to improve affordability. G.O. No. 64 of 2022 introduced measures such as higher housing densities, reduced upfront contributions, tiered subsidies, and incentives for women’s ownership or co-ownership of new tenement units under a segmented housing model for TNUHDB (see Section 3.B - PA7). A larger number of pilot projects fulfilling these conditions would indicate success in implementing housing affordability measures. The relevance of RI2 is rated **Satisfactory**. According to the Program Document, this results indicator would also measure the impact of adopting the Tamil Nadu Urban Affordable Housing and Habitat Policy (see Section 3.B - PA1). It would be hard to argue against this conclusion.
- **RI3** – The **proportion of EWS housing units owned or co-owned by women (excluding households without an adult female)** was established as a results indicator to assess the impact of diversifying housing solutions to improve affordability. In particular, G.O. No. 64 of 2022 introduced incentives for women’s ownership or co-ownership of new tenement units under a segmented housing model for TNUHDB (see Section 3.B - PA7). This indicator captures one important dimension of affordability – closing the gender gap in housing access. The relevance of RI3 is rated **Satisfactory**
 - **RI11** – The **investment mobilized for affordable housing projects** served as an adequate indicator of the impact of operationalizing the *TNSF* as a privately pooled investment vehicle for affordable housing. Approval of the PPM by SEBI would enable TNSF to commence operations and begin raising funds from institutional and other investors (see Section 3.B - PA10). A large amount of capital mobilized by the TNSF would signify success in positioning it as an investment vehicle for private and PPP housing ventures. The relevance of RI11 is rated **Highly Satisfactory**.
 - **RI5** – The **proportion of complaints channeled through the Grievance Redress System (GRS) that were resolved within 60 days** was defined as a results indicator for the adoption of the Environment, Urban Design, and Social Sustainability Framework for TNUHDB (formerly TNSCB) EWS/LIG housing. Among social sustainability measures, the prior action provided for the installation of a grievance redress mechanism in TNUHDB housing (see Section 3.B - PA8). While related to the prior action, the indicator is only a partial measure of the impact of adopting the framework, which had a much broader scope encompassing environmental, social, and governance dimensions. The relevance of RI5 is rated **Moderately Satisfactory**. The ICR adds that the indicator could also reflect the impact of diversifying housing solutions to address affordability. However, that link is less clear, as G.O. No. 64 of 2022, which introduced a segmented housing model at TNUHDB (see Section 3.B - PA7), focused primarily on affordability gaps in EWS housing.
 - **RI12** – The **proportion of housing projects supported under TNSF that obtained green housing certification** was defined as the results indicator for the adoption of the *ESGMS* for TNSF projects. The *ESGMS* sets the policies, principles, and procedures for integrating environmental stewardship, social responsibility, and governance standards into investments by the TNSF (see Section 3.B - PA12). A high rate of green certification among TNSF-supported private and PPP affordable housing projects would signal successful implementation of the *ESGMS*. The relevance of RI12 is rated **Satisfactory**.
 - **RI6** – The **proportion of households in TNUHDB tenements that were part of RWAs participating in O&M mechanisms** was considered an adequate indicator to measure the impact of the Community-Driven O&M Arrangements for New EWS Housing. G.O. No. 55 of 2021 promoted a shared responsibility scheme for O&M between RWAs and TNUHDB (see Section 3.B - PA13). Typically, improved O&M is reflected in higher availability (uptime), lower costs, better energy efficiency, fewer breakdowns, faster repairs, and increased stakeholder satisfaction, and can be measured by performance indicators such as mean time between failures (MTBF), mean time to repair (MTTR), energy savings, and reduced reactive



work. However, installing an O&M monitoring system in any one TNUHDB tenement would have required considerable effort and time, well beyond the two-year duration of the second operation. A high participation rate by households in O&M arrangements would therefore reflect institutional progress toward better O&M. The relevance of RI6 is rated **Moderately Satisfactory**.

- **RI13 – The proportion of new affordable housing developed by TNHB and TNUHDB that incorporated ENS-compliant features in the design** was defined as the results indicator for the adoption of Eco-Niwas Samhita (ENS) Green Standards for all new government housing. G.O. No. 57 of 2022, which directed TNUHDB and TNHB to adopt ENS standards for all new construction, expected all new government housing projects to be ENS compliant (see Section 3.B - PA15). This results indicator measures the degree of compliance with G.O. No. 57. The relevance of RI13 is rated **Satisfactory**.

Rating

Satisfactory

5. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective

To support the Government of Tamil Nadu to increase access to and sustainability of affordable housing by deepening policy reforms and strengthening institutions.

Rationale

Theory of Change. Three sets of reforms aimed to help Tamil Nadu increase access to and the sustainability of affordable housing. State policy and institutional reforms addressed the absence of an overarching policy framework and a consistent regulatory structure for the housing sector. Innovative legal, administrative, and financial initiatives tackled regulatory bottlenecks, the lack of incentives for private sector participation in affordable housing, limited diversity in housing solutions for different income groups, and gaps in development financing. Agency-level policy and governance measures focused on addressing environmental, social, and governance challenges in housing and urban development.

The links between the prior actions and the program development objective are logical and explained for each prior action in Section 3.B. The results indicators are generally credible measures of the impact of the prior actions, although some are weaker than others. The relevance of each indicator to its associated prior action is explained in Section 4.

Outcomes

Tamil Nadu established a housing policy, strengthened market regulation through RERA and a new tenancy law, and introduced a housing information system. These reforms created an enabling environment for public institutions and private sector participation in affordable housing, resulting in an increase in government-sponsored EWS/LIG units. In line with updated regulations, apartment owner associations registered with



District Registrars, and rental housing units with the Tamil Nadu Rent Authority, though in varying numbers relative to targets.

- RI1: The total number of government-sponsored housing solutions that were produced to serve EWS/LIG households rose from 47,600 in the baseline to 164,237 by closing, exceeding the target of 119,700. According to the ICR, the number increased further to 354,919 by March 2025. The achievement is rated **High**.
- RI7: Sixty apartment owner associations registered under the Apartment Ownership Act of 2022 post-closing in May 2025, far short of the target of 500. At less than a quarter of the target, the achievement is rated **Negligible**. Implementation was delayed as the Government of Tamil Nadu issued the Act's rules only in September 2024 after extensive consultations. Further delays occurred during March–June 2024 due to the Election Commission's Model Code of Conduct, which restricted new policy announcements. Manual registration began in March 2025, and the ICR notes that digitalization is underway, with higher registrations expected once the online portal becomes operational.
- RI8: The number of rental housing units that were registered in the portal of Tamil Nadu Rent Authority rose from 3,500 in the baseline to 10,197 by closing, exceeding the target of 10,000. The achievement is rated **Modest**.
- RI4: The dashboard for annual sector monitoring and performance measurement using housing indicators was available in the public domain by closing, meeting the target. The achievement is rated **Substantial**.

Tamil Nadu boosted private sector participation in affordable housing by streamlining building approvals and regulations and introducing financial incentives such as fee waivers, shelter charges, and expanded access to housing finance. These measures improved investment viability and flexibility—cutting permit approval times, increasing shelter charge collections for EWS housing, enhancing women's access to housing, and mobilizing capital for private and PPP projects. However, delays in the national PMAY-U program hindered progress on the state's segmented housing pilots.

- RI9: The average time to obtain planning permissions decreased from 120 days to 60 days, partially meeting the target of 45 days. At two-thirds of the intended reduction, the achievement is rated **Substantial**. This result applied only to non-high-rise buildings (12–18.3 meters). The indicator lacked specificity, as approval timelines vary by building height: high-rise buildings (above 18.3 meters) follow different processes, while urban local bodies approve buildings under 12 meters, typically within 45 days after adopting the single window system.
- RI10: Shelter charges mobilized for EWS housing increased from US\$26.1 million at baseline to US\$89.4 million by closing, surpassing the target of US\$75 million. The achievement is rated **High**. According to the ICR, this amount rose further to US\$121.4 million by March 2025.
- RI2: No pilot projects met the required conditions – such as identifying suitable locations, securing demand for smaller units, signing tripartite agreements with beneficiaries and lenders, and aligning planning with affordability and financial access – resulting in failure to achieve the target of five pilots. The achievement is rated **Negligible**. The pilots were intended to be funded jointly by the Government of Tamil Nadu, the Government of India's PMAY-U scheme, and beneficiary co-payments. However, PMAY-U stopped approving new projects in March 2022, and the launch of PMAY 2.0 was delayed until September 2024. Consequently, Tamil Nadu could not initiate segmented housing projects as planned.



- RI3: The share of EWS housing units owned or co-owned by women (excluding households without an adult female) rose from 43 percent to 73 percent, partially meeting the 100 percent target. At roughly half the intended change, the achievement is rated **Modest**. Delays in updating allotment processes for reconstruction projects meant earlier in-situ allotments remained in the names of original allottees, predominantly men. According to the ICR, HUDD has since revised its processes for all new projects to align with the gender-inclusive policy objective.
- RI11: Investment mobilized for affordable housing projects increased from US\$21 million at baseline to US\$146 million by closing, surpassing the target of US\$120 million. The achievement is rated **High**. According to the ICR, this amount further rose to US\$229.7 million by May 2025.

Tamil Nadu mainstreamed sustainability in affordable housing through ESG frameworks, community-driven O&M, ENS green standards, and urban planning reforms – marking the state’s first major climate-resilient housing interventions. The program met targets for green housing certification, O&M activities, and grievance redressal, although it faltered on energy efficiency code compliance (which applied to new affordable housing projects – but there were no new TNHB or TNUHDB affordable housing projects in June 2022 - June 2024).

- RI5: The proportion of complaints channeled through the Grievance Redressal System (GRS) and resolved within 60 days rose from 40 percent (of all complaints) in the baseline to 91 percent by closing, exceeding the target of 70 percent. The achievement is rated **Substantial**.
- RI12: The proportion of housing projects supported under TNSF that received green housing certification reached 78 percent by closing, exceeding the target of 75 percent. The achievement is rated **High**.
- RI6: The proportion of households in TNUHDB tenements that were part of RWAs participating in O&M mechanisms was 98 percent by closing, exceeding the target of 80 percent. The achievement is rated **High**. According to the ICR, the amount increased further to 100 percent by March 2025.
- RI13: The proportion of new affordable housing developed by TNHB and TNUHDB with ENS-compliant design features was 0 percent at closing, falling short of the 100 percent target. No new affordable housing projects were completed by TNHB or TNUHDB between June 2022 and June 2024. The achievement is rated **Negligible**. However, the ICR notes that post-closing, in late 2024, TNUHDB initiated two new projects incorporating ENS standards into their design.

The degree of achievement of the objective is rated **Moderately Satisfactory**.

Rating

Moderately Satisfactory

Overall Achievement of Objectives (Efficacy)

Rationale



The degree of achievement of the objective to support the Government of Tamil Nadu to increase access to and sustainability of affordable housing by deepening policy reforms and strengthening institutions is rated Moderately Satisfactory.

Overall Efficacy Rating

Moderately Satisfactory

6. Outcome

Rationale

The relevance of prior actions is rated Satisfactory. Efficacy is rated Moderately Satisfactory. The outcome is rated **Moderately Satisfactory**.

a. Rating

Moderately Satisfactory

7. Risk to Development Outcome

The state program's link to the national PMAY-U presents both downside and upside risks to the sustainability of development outcomes achieved by this series. On the downside, the abrupt closure of PMAY 1.0 and the 18-month gap before launching PMAY 2.0 halted the initiation of new housing projects in Tamil Nadu during the implementation of the second operation. On the upside, the launch of PMAY 2.0 in 2025 has renewed program momentum, offering hope for sustaining the results achieved by the series. For example, PMAY 2.0 now requires each state to prepare an affordable housing policy – Tamil Nadu had already adopted the Tamil Nadu Urban Affordable Housing and Habitat Policy in 2020, the first prior action under the initial operation.

Like the launch of PMAY 2.0, several other recent positive developments suggest that many of the development outcomes are likely to be sustained: (a) the state government has decided to establish and operationalize the Directorate of Housing; (b) the state government has endorsed HUDD's approach to segmented housing options; (c) the Third Master Plan for Chennai is integrating climate resilience into the urban planning process; and (d) TNIFMC is considering a second alternative investment fund (TNSF-2) and discussing co-financing options with the Bank and IFC.

8. Assessment of Bank Performance

a. Bank Performance – Design



Rationale

Analytical Underpinnings. The prior actions were informed by analytical work produced by the Bank; other development partners (e.g., Asian Development Bank, UNIDO, UN-Habitat); the Governments of India and Tamil Nadu; private consultants (e.g., Deloitte, Knight Frank); and academics and scholars on topics including urban development, housing, private sector participation, environmental sustainability, climate resilience, and energy efficiency (see Sections 3.A and 3.B).

Links to Other Bank Operations. Another Bank operation complemented this programmatic series.

- The Tamil Nadu Housing and Habitat Development Project (TNHHDP) (US\$50 million, 2020–25) aimed to strengthen the state's housing sector institutions to increase and sustain access to affordable housing. This investment project financing operation provided equity to TNSF for affordable housing sub-projects and delivered technical assistance to: (a) TNSCB to diversify and improve housing programs and planning solutions; (b) the Chennai Metropolitan Development Authority (CMDA) to prepare a new Master Plan for Chennai; and (c) TNIFMC to develop tools and innovations that leverage external capital for affordable housing.

Coordination with Other Development Partners. The Bank consulted, collaborated, and coordinated with other development partners, including:

- Asian Development Bank (ADB) – on housing projects in Tamil Nadu implemented by TNUHDB and TNIFMC; ADB's investment in TNSF; and prospects for a second alternative investment fund (TNSF-2).
- International Finance Corporation (IFC) – on the private-sector affordable housing project pipeline and technical assistance to TNIFMC to strengthen TNSF's investor outreach program.
- United Nations Environment Programme (UNEP) – on technical support to HUDD to advance climate resilience and sustainability initiatives.

According to the ICR, the Bank and its development partners met regularly – in Delhi, Chennai, and virtually – to coordinate actions, identify synergies, and avoid duplication of activities.

Program Risks and Mitigation Measures. While the Bank assessed the overall program risk as Moderate, it identified two risks as Substantial.

- Stakeholder Risk – Civil society, non-governmental organizations (NGOs), and the urban poor are vital stakeholders in affordable and sustainable housing, yet there is a risk that their perspectives may not be adequately reflected in program design. To mitigate this, the Government of Tamil Nadu will engage in extensive dialogue and consultations with all key stakeholders on policy and institutional development activities, legal and regulatory proposals, and housing and urban development programs supported by the series.
- Environmental and Social Risk – The Bank expressed concern that the environmental, urban, and social sustainability measures introduced under the affordable housing initiatives supported by this series – such as the Environment, Urban Design, and Social Sustainability Framework for TNSCB EWS/LIG housing, ESGMS for TNSF projects, community-driven O&M arrangements, O&M for multi-story buildings, and ENS-compliance directives – might not be fully implemented by public agencies and



private parties as projects were rolled out. This risk would be mitigated through technical assistance and capacity-building activities, including those under the TNHHDP.

Rating

Satisfactory

b. Bank Performance – Implementation

Rationale

Implementation Support. The Bank utilized the implementation support missions under the TNHHDP to review the implementation of the reforms supported by this series and to evaluate progress toward the results targets. These missions provided valuable insights into implementation challenges and helped identify necessary course corrections for the state government. The TNHHDP also facilitated a visit by Tamil Nadu officials to Chile, recognized for its pioneering housing reforms in Latin America and globally, to gain knowledge about that country's successful transition from a state-driven housing provision model to a market-enabling approach, utilizing targeted subsidies, private sector participation, and institutional innovation. The information about Chile's experience significantly influenced thinking among Tamil Nadu housing agencies about the merits of private housing markets, according to the ICR.

Adaptation

- A restatement by the Bank of the program development objective (see Section 2.A) emphasized the sustainability dimension of affordable urban housing.
- Of the nine policy triggers identified under the first operation, six were retained as prior actions for the second operation, reflecting the relevance of the policy matrix to the program objective. After one of the triggers – the adoption by the TNIFMC of a risk mitigation product to boost private sector participation in affordable housing – was achieved, two new prior actions were introduced – the establishment of a single window approval system for planning permits (PA5), and the amendment of the Master Plan for Chennai Metropolitan Planning Area (PA16).

Rating

Satisfactory

c. Overall Bank Performance

Rationale



The program design was logical and well aligned with Tamil Nadu's urban development priorities and its requirements for affordable and sustainable urban housing. The Bank actively supported implementation through robust technical assistance to implementing agencies and continuous policy dialogue with the state government.

Overall Bank Performance Rating

Satisfactory

9. Other Impacts

a. Social and Poverty

The first Program Document stated that the overall poverty and social impacts of the policies supported by the initial operation were expected to be positive. Increasing the supply of affordable housing for the EWS and LIG segments (PA7) would directly benefit the poor, as many beneficiaries were likely to be current slum dwellers. For low-income households in Tamil Nadu, who spend more than 50 percent of their income on housing (rent), moving into formal housing would be equivalent to raising their consumption by 48 percent and reducing their poverty likelihood by 17 percentage points, according to bivariate regressions of quality-of-life measures on housing improvement outcomes. For renters, greater formalization of contracts (PA3) would protect poorer households from the perceived and actual risk of unfair eviction and could incentivize landlords to expand the supply of rental housing, which serves nearly half of all households at the bottom of the income distribution. Meanwhile, promoting real estate activities (PA2) could create new employment opportunities for low-income, unskilled workers.

According to the second Program Document, a Poverty and Social Impact Assessment (PSIA) of the first operation confirmed the expectations outlined in the initial Program Document. An updated PSIA for the second operation similarly concluded that the overall poverty and social impacts of the policies were expected to be positive. The cross-subsidization of mixed-use, mixed-income housing (PA8) would directly benefit the poor. Diversified housing solutions to address affordability (PA2.2) would enhance inclusiveness by giving households in the bottom two income deciles, who were previously excluded, access to government housing programs. Furthermore, increasing the supply of affordable housing units in well-connected locations under integrated transportation and land-use planning practices (PA2.8) would benefit the urban poor by expanding access to jobs and services and reducing transport costs.

The ICR did not present empirical evidence to confirm that these anticipated social and poverty impacts were achieved ex-post.

b. Environmental

The first Program Document argued that the prior actions supported by the initial operation would have positive environmental effects and align with efforts to build urban resilience. As promoted by the Tamil Nadu Urban Affordable Housing and Habitat Policy (PA1), efficient and inclusive housing development was consistent with



the sustainable habitat objectives of the state’s climate plan. Increasing the supply of affordable housing through incentives for EWC/LIC units (PA7) would help mainstream environmental sustainability and urban resilience. Furthermore, adopting ESG standards for TNSF projects (PA12) would embed international best practices in affordable housing and strengthen climate resilience across the state.

The second Program Document argued that the prior actions supported by the second operation would also generate positive environmental impacts. Building on lessons from the first operation, an Environmental Assessment (EA) concluded that the second operation would further embed sustainable development and climate resilience principles through policy reforms and development-related regulations. Community-driven O&M systems (PA13) were expected to enhance the durability, safety, and resilience of government-sponsored EWS housing units. In addition, applying the ENS 2018 Code to all new TNHB and TNUHDB housing projects (PA15) would promote energy efficiency and thermal comfort, delivering significant environmental benefits.

The ICR did not provide any ex-post evidence of these anticipated impacts.

c. Gender

d. Other

10. Quality of ICR

Rationale

The ICR followed OPCS guidelines for development financing operations, providing a substantive discussion of the relevance of prior actions and their contribution to program objectives. Its assessment of program efficacy was well-founded and drew on information beyond the results indicators. The review of the Bank’s performance during design and implementation was sufficiently detailed, and the discussion of lessons learned was insightful.

a. Rating

Substantial

11. Ratings

Ratings	ICR	IEG	Reason for Disagreement/Comments
Outcome	Moderately Satisfactory	Moderately Satisfactory	
Bank Performance	Satisfactory	Satisfactory	



Relevance of Results Indicators	---	Satisfactory
Quality of ICR	---	Substantial

12. Lessons

Two lessons are drawn from the ICR, with some adaptation.

Development policy and investment project financing operations can be coordinated effectively to deliver significant results. This programmatic development policy operation, begun in 2020, supported the operationalization of the SEBI-regulated, TNIFMC-managed TNSF as a private pooled investment vehicle to mobilize financing for affordable housing projects. Concurrently, the TNHHDP, an investment project financing operation also approved in 2020, provided technical assistance to TNIFMC to develop the fund’s investor outreach program and, crucially, invested US\$35 million in equity into the fund. The combined impact of these interventions – PA10 of the series and equity funds through the TNHHDP – has been the creation of India’s first institutional investment platform for affordable housing, which has mobilized US\$92 million in capital commitments (US\$35 million from the World Bank, US\$35 million from ADB, and US\$22 million from the Government of Tamil Nadu and the Tamil Nadu Housing Board) and has invested US\$25.6 million in private projects and US\$24 million in PPP ventures, while building a pipeline of US\$67.7 million in new projects. TNSF has established a strong synergy between government systems and market mechanisms to advance affordable housing, according to the ICR.

Reform programs need to carefully consider political economy issues when addressing housing affordability and subsidy challenges. To make public housing more affordable, this program introduced smaller units and higher densities in tenements and proposed needs-based subsidies. However, according to the ICR, potential beneficiaries at TNUHDB developments were reluctant to accept units smaller than the traditional 400-square-foot standard at public housing sites. Meanwhile, heavy subsidies can dampen affordability gains. When housing is heavily subsidized, developers and buyers do not face the true cost of construction or financing, reducing incentives for developers to innovate or cut costs and for buyers to select efficiently priced units. Subsidies also consume significant public resources, leaving fewer fiscal resources to expand coverage. Moreover, large subsidies often discourage private investors from entering the housing market because returns appear artificially low, limiting the scale of affordable housing supply that could otherwise grow through blended public–private finance.

13. Project Performance Assessment Report (PPAR) Recommended?

No