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IFC Invests \$150 Million in HDFC's Affordable Housing Fund to Support Green Development

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The International Finance Corporation (IFC), a member of the World Bank Group, has announced a \$150 million equity investment in the H-DREAM Fund, an initiative managed by HDFC Capital Advisors. This investment marks a significant move to bolster affordable and mid-income housing projects in India with a strong focus on sustainability.

The H-DREAM Fund, short for HDFC Capital Development of Real Estate Affordable and Mid-Income Fund, is structured with a \$500 million base fund and an additional \$500 million green shoe option, targeting a total corpus of \$1 billion. IFC's anchor investment is expected to help mobilize up to \$850 million from other institutional investors and sponsors.

The fund aims to develop at least 25,000 green-certified homes across India's urban centers. Projects under this initiative are required to comply with the Excellence in Design for Greater Efficiencies (EDGE) green building standards, ensuring resource and energy efficiency.

Imad N. Fakhoury, IFC's Regional Director for South Asia, emphasized the dual focus on promoting inclusivity and sustainable urban development. Deepak Parekh, Non-Executive Chairman of HDFC Capital, highlighted the significant multiplier effect of the housing sector on the broader economy. Vipul Roongta, MD and CEO of HDFC Capital, noted that around \$350 million in commitments have already been secured from global institutions and family offices.

The initiative comes at a time when India is facing an urban housing shortage of approximately 18 million units. With an estimated 275 million people lacking access to adequate and affordable housing, the H-DREAM Fund aims to address this pressing issue while aligning with environmental goals.

According to IFC, India's green building sector holds the potential to attract investments worth \$1.4 trillion by 2030, with the residential segment accounting for nearly \$1.25 trillion of that total.

This partnership shows a growing trend toward sustainable real estate development and the increasing role of private equity in solving housing challenges in India.