

Mahindra Lifespace, HDFC Capital form JV for affordable homes

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NEW DELHI, OCT 18:

Mahindra Lifespace Developers today announced a joint venture with HDFC Capital to develop affordable housing projects with an investment of Rs 500 crore in the next three years.

The Mahindra group's realty firm will have 51 per cent stake in the JV — Mahindra Happinest Developers Ltd', while HDFC Capital will have 49 per cent shareholding.

Mahindra Lifespace has partnered with HDFC Capital Affordable Real Estate Fund-1 (HDFC Capital), which is managed by HDFC Ltd's subsidiary HDFC Capital Advisors Ltd, to form a "platform focused on the development of affordable housing projects in India", the company said in a statement.

The first development to be undertaken by the JV will be 'Happinest, Palghar', expected to be launched in the second half of this fiscal.

The JV announced "investment commitment of Rs 500 crores over three years".

The JV plans to rapidly scale up in order to address the demand-supply gap in affordable housing in India with an estimated development of 5-10 million sq ft.

Mahindra Lifespace MD Anita Arjundas said, "Affordable housing is a critical component of quality urban infrastructure as also a growth driver for the real estate industry in India."

She said the JV will leverage the experience and commitment of each organisation to develop affordable homes.

Vipul Roongta, CEO, HDFC Capital Advisors said the objective of this platform is to invest in residential affordable housing projects by providing long-term equity.

"Lack of patient long-term capital is one of the key challenges facing growth and development of low and middle-income housing in India," he said.

HDFC Capital's first fund is dedicated to addressing this funding gap by providing long-term equity-oriented capital for development in urban and semi urban peripheral areas, Roongta said.

"With the affordable housing segment expected to see healthy growth going forward given the impetus provided by the government through various incentives and subventions, this platform with MLDL is the need of the hour," he added.

The government has accorded infrastructure status to the affordable housing and is also providing interest subsidy to buyers.

Mahindra Lifespace has been present in the affordable housing segment since 2014 under Happinest brand.

Over 1,600 units have been launched in the company's ongoing affordable housing projects in Chennai (Happinest, Avadi) and MMR (Happinest, Boisar), with delivery of almost 1,000 homes. Its products are currently priced between Rs 17-27 lakh.