

Saiban: affordable housing for all

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Saiban Overview

- **Concept:**
 - Incremental Housing Development
 - Regular Plots
 - For five years resident cannot sell, rent or leave vacant
 - Prime Plots
 - No restrictions
 - Investors market
- **Locations-Khuda Ki Basti (KKB)**
 - Karachi – KKB 1-3 on government sponsored land
 - Lahore – KKB 4 on land purchased from open-market
- **Years of Operation:** 20
- **Impact to date:** Over 30,000+ families

Saiban is using a unique model to address gaps in Affordable Housing

	Formal	Informal	Saiban
Product offerings:	 <ul style="list-style-type: none"> • 75/25 housing to facilities ratio • HH income >Rs.40K/month 	 <ul style="list-style-type: none"> • No land for resident facilities • Affordable; varies 	 <ul style="list-style-type: none"> • 45/55 housing to facilities ratio • BoP focus- HH income Rs.5-20K/month
Impact: (legality, planning, residence)	 <ul style="list-style-type: none"> • 20-30% demand • Speculative (15 years lag time) 	 <ul style="list-style-type: none"> • 30% demand • Illegal squatting • Unplanned; burden on infrastructure 	 <ul style="list-style-type: none"> • 40-60% demand • Legal • Immediate occupancy
Approach: (procedures, ownership)	 <ul style="list-style-type: none"> • Cumbersome procedures • Corruption 	 <ul style="list-style-type: none"> • Land mafias • Renter Exploitation 	 <ul style="list-style-type: none"> • Simple and transparent procedures • Ownership for the poor
Amenities:	 <ul style="list-style-type: none"> • Electricity, Water, Sanitation Mgmt. • Schools • Parks • Narrow-Roads 	 <ul style="list-style-type: none"> • Minimal Provision • Narrow Lanes 	 <ul style="list-style-type: none"> • Electricity, Water, Sanitation Mgmt. • Schools, Parks • Wide-lane roads • Community development

Legend:

-  Effective
-  Ineffective

Our Concept



Families

Home-ownership

Self-esteem

Socio-economic opportunities

Communities

Healthy communities with provision for basic amenities, including healthcare, education, etc.

Environment

Community development in an environmentally sustainable manner

Business

Efficient, scalable, sustainable model for replication in Pakistan and worldwide

Case Study: KKB - 4

Situation: June '06-April'09

- Low average monthly sales
- Majority of potential customers had **insufficient cash** upfront to purchase plots and do self-construction
- Customers wanted to **avoid long-term debt** (10+ years) due to:
 - Unpredictable Cash-Flows
 - Psychological Fear
 - Cumbersome Procedures
 - No provision for self-employed individuals
 - Reservations about banks



Clear need for short-term housing financing

Long-term Financing

- **Need:** To finance **home construction** for customers
- **Customers:** Must fulfill strict criteria for securing loans (unavailable for self-employed individuals)
- **Limitations:** BoP customers do not want 10 year finance terms, homes must be constructed by Saiban (customers have less input in design)
- **Conditions:** Offered to individuals -
 - employed for at least 2 years
 - minimum income of Rs. 8,000/mo

Client deposit amount	PKR 90,000
HBFC loan amount	PKR 200,000
Effective rate	17.5%
Payback Period	10 years
Monthly Payment	PKR 3,000

Short-term loans enabled growth in sales

Saiban Internal Credit Facility

- **Need:** Set-up by Saiban internally to finance loans for plots, customers had insufficient funds for purchasing plot and doing self-construction.
- **Customers:** Non-HBFC customers with history of employment (including self-employed)
- **Conditions:** Max. term 32 months. Installment amounts vary Rs. 1,500-5,000
- **Limitations :** Plot financing only, (no financing for self-construction), locks-in Saiban capital for 2-3 years

Sales increased by 250% in the first month of implementation

		ECO-1		ECO-2		ECO-3
Plot Price**		90,000		90,000		90,000
Loan Amount		45,000		36,000		27,000
Down Payment*	50%	47,000	60%	56,000	70%	65,000
Tenor of financing	Months	30	Months	22	Months	15
Installment Amount		2,000		2,000		2,000
Total Plot Cost to Customer		107,000		100,000		95,000

What's next?

1. Scalable Business Model
5 potential projects by 2012

2. For-Profit Venture
Raised \$1.6M from investors

5. Market-based land for individual and corporations



3. Pre-Development Infrastructure

4. Professional Management and Systems