

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

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*

		<b>ECO-1</b>		<b>ECO-2</b>		<b>ECO-3</b>
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
<b>Total Plot Cost to Customer</b>		<b>107,000</b>		<b>100,000</b>		<b>95,000</b>

# 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**