ASHOKA: HOUSING FOR ALL
Building Affordable Housing Communities

MANIKANDAN KP | November 2013 | TERI
Ashoka

- Global Association of Leading Social Entrepreneurs
- Three Decade Old; Sector & Regional Agnostic Organisation
- 3000 Ashoka Fellows in 70 Countries; 350 in India
- Provides Solutions for the World’s Most Urgent Problems
Ashoka Housing for All: Hybrid Value Chain

**Business**
- Access to new/unlocked markets
- Greater profitability
- Greater predictability

**Opportunity**
- Developers, Builders, Land-Owners, Finance Institutions

**Strengths/Core-Competency**
- Vital goods and services
- Ability to operate at scale
- Investment Capacity
- Operational Capacity
- Infrastructure and Logistics
- Innovation & technology

**Features of HVC**
- Collaborative Entrepreneurship
  - Stakeholders thriving on their Core Competencies
- Integrated Solutions at Scale
  - Simplicity, Opportunity to Replicate and Scale

**Citizen Sector Organizations**
- NGOs, Ashoka Fellows, Trusts, Social groups

**Opportunity**
- Access to housing for communities
- Stronger and closer engagement
- Revenue stream

**Strengths/Core-Competency**
- Deep knowledge of the customer
- Ability to aggregate demand
- Ability to prepare the customer and making them bankable
- Behavior change capacity
Economic Pyramid

Price of Homes

- > 50 lakh INR ( > 100,000 USD)
- > 20 lakh INR ( > 40,000 USD)
- > 4 lakh INR & < 15 lakh INR ( > 8,000 USD & < 30,000 USD)
- < 4 lakh INR ( > 8,000 USD)

Household income p.m.

- > 75,000 INR ( > 1800 USD)
- > 40,000 INR ( > 900 USD)
- > 8000 INR & < 25,000 INR ( > 200 USD & < 500 USD)
- < 8000 INR ( < 200 USD)

Home Improvement/Incremental Housing

New housing

Transitional housing
Housing for All - India

Characteristics
1. New Homes
2. Household Income < INR 25,000
3. Market-Based
4. Below INR12 lakhs
5. Area of 25-55 sq.mtrs
6. Urban Areas
7. Accessible to Informal Sector Customers
Revenue Model

- Citizen Sector Organizations (CSO) identify potential customers and prepare them for housing loans
- Developers build homes based on the demand gathered through various CSOs, accessing them via the HVC Entrepreneur
- Housing finance institutions remunerate CSOs on loan disbursals
- Developers sell homes through the HVC Entrepreneur and remunerate them on sales
- HVC entrepreneur passes on a commission to the CSO for their work with the customer
## Geographies

<table>
<thead>
<tr>
<th>Category</th>
<th>Cities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Active Cities</td>
<td>Ahmedabad, Ghaziabad, Bangalore, Bhopal &amp; Chennai</td>
</tr>
<tr>
<td>Work in Progress</td>
<td>NCR, Mumbai, Pune, Kochi</td>
</tr>
<tr>
<td>Future Cities</td>
<td>All Major Metros</td>
</tr>
</tbody>
</table>
CASA Rating System

Finance
How can we facilitate access to finance for informal sector customers?

Construction
How can we ensure adequate quality and safety of the construction?

Community
How do we ensure that the building complies with the customers' needs?

Energy & Environment
How can we improve sustainability and reduce lifecycle costs of the project?
# Sustainable & Affordable Housing – Less is More

Housing Finance Companies Registered with NHB

<table>
<thead>
<tr>
<th>Category</th>
<th>No. Of HFIs</th>
<th>Assessment Product (AP)</th>
<th>Main Focus on AP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category I</td>
<td>18</td>
<td>6</td>
<td>-</td>
</tr>
<tr>
<td>Category II</td>
<td>39</td>
<td>16</td>
<td>14</td>
</tr>
<tr>
<td>Total</td>
<td>57</td>
<td>22</td>
<td>14</td>
</tr>
<tr>
<td>Last 5 Years</td>
<td>30</td>
<td>20</td>
<td>13</td>
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</tbody>
</table>
Some Interesting Organisations

- Gruh Finance
- Dewan Housing Finance
- DHFL Vysya Housing Finance
- Micro Housing Finance Corporation
- Home First Finance Company
- Aadhar Housing Finance
- Aptus Value Housing Finance
- Equitas Housing Finance
- Muthoot Housing Finance
- Shriram Housing Finance
## Sustainable & Affordable Housing – Less is More

### Project Economics

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Option I</th>
<th>Option II</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Extent</td>
<td>5 Acres</td>
<td>5 Acres</td>
</tr>
<tr>
<td>FSI Achieved</td>
<td>1.5</td>
<td>2</td>
</tr>
<tr>
<td>Total BUA</td>
<td>3 Lakh sft</td>
<td>4 Lakh sft</td>
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<tr>
<td>Avg. Size of the Unit</td>
<td>400 sft</td>
<td>400 sft</td>
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<tr>
<td>Total No of Units</td>
<td>750</td>
<td>1000</td>
</tr>
<tr>
<td>Amenities Cost Per Unit</td>
<td>Rs 1 Lakh</td>
<td>Rs 1 Lakh</td>
</tr>
<tr>
<td>Avg. Selling Price</td>
<td>Rs 2500/ sft</td>
<td>Rs 2500/ sft</td>
</tr>
<tr>
<td>Avg. Total Unit Price</td>
<td>Rs 10 Lakhs</td>
<td>Rs 10 Lakhs</td>
</tr>
<tr>
<td>Total Sale Proceeds</td>
<td>Rs 75 Crs</td>
<td>Rs 100 Crs</td>
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<tr>
<td>Cost Structure</td>
<td>Option I</td>
<td>Option II</td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>-----------------------</td>
<td>-----------------------</td>
</tr>
<tr>
<td>Land Cost</td>
<td>Rs 1 Cr / Acre</td>
<td>Rs 1 Cr / Acre</td>
</tr>
<tr>
<td>Land Devpt Cost</td>
<td>Rs 50 Lakhs / Acre</td>
<td>Rs 50 Lakhs / Acre</td>
</tr>
<tr>
<td>Total Land Cost</td>
<td>Rs 7.5 Crs</td>
<td>Rs 7.5 Crs</td>
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<tr>
<td>Construction Cost</td>
<td>Rs 1200/ sft</td>
<td>Rs 1200/ sft</td>
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<tr>
<td>Total Construction Cost</td>
<td>Rs 36 Crs</td>
<td>Rs 48 Crs</td>
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<tr>
<td>Plan Approval &amp; Legal Cost</td>
<td>Rs 5 Crs</td>
<td>Rs 6.5 Crs</td>
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<tr>
<td>Total Amenities Cost</td>
<td>Rs 7.5 Crs</td>
<td>Rs 10 Crs</td>
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<tr>
<td>Project Cost</td>
<td>Rs 56 Crs</td>
<td>Rs 72 Crs</td>
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<tr>
<td>Mktg &amp; Overheads Cost - 8%</td>
<td>Rs 5 Cr</td>
<td>Rs 6 Cr</td>
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<tr>
<td>Total Project Cost</td>
<td>Rs 61 Crs</td>
<td>Rs 78 Crs</td>
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<tr>
<td>Total Interest Cost – 15%</td>
<td>Rs 9 Crs</td>
<td>Rs 12 Crs</td>
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<tr>
<td>All Inclusive Cost to Developer</td>
<td>Rs 70 Crs</td>
<td>Rs 90 Crs</td>
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</tbody>
</table>
Sustainable & Affordable Housing – Less is More

SATISFACTION