A Perspective from India on Affordable Housing

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Our Approach to Enable Affordable Development

Challenges to Affordable Housing Supply in India

Best practices from Xrbia

Project Case Study – Hinjewadi, Pune
India needs >6.9 million houses/year. ~75% of this demand is in the affordable segment.

Source: Deutsche Bank Research
India needs 300,000 acres of land to cater to demand of affordable housing segment

- Fragmented Holdings
- Encroachments
- Land acquisition is complex process and requires deep local relationships
- Ineffective law enforcement
- Slow progress in Land Record Digitization

Source: Ministry of Housing Poverty and Urban Poverty Alleviation
Approval process is tedious and can take up to 3 years to receive the necessary 30-70 permissions.
Banks don’t lend for Land acquisition in India

Non-banking financing is limited and expensive

Developer’s cost of land finance is > 25% p.a

Affordable Housing becomes unviable if Developers have to fund land acquisitions and wait for 3 years to receive all approvals before realizing cashflows
Affordable Housing Supply Challenges

Brick Eagle brings together key ingredients required to enable affordable housing development

- Access to Capital
  - Development Finance Institutions
  - Real Estate Investors

- Mindset for Low Cost, High Volume Production
  - New Age Developers
  - Low Cost Construction Companies

- Frontline Developers
- Land Aggregators
- Liaisoning Agents
- Local Developers
- Project Management Companies

Local Relationships for Land Acquisition & Approvals
Brick Eagle Business Model

Brick Eagle acquires lands and promotes affordable housing in partnership with developers.

- **Brick Eagle Investors**: Rs. 100 investment
- **Land**: Equity
- **Project SPV**: Partial Equity Sale
  - Rs. 100
- **DFI/RE Investors**: Rs. 100
- **Joint-Development**: Project Equity
- **Profits from Housing Project**: Rs. 100
- **Affordable Housing**
Overcoming ‘Cheap’ Image Perception

Xrbia branding projects an aspirational lifestyle, shedding the poor quality image of affordable housing

THE ONLY NON-BAILABLE
offence in our country?
Not wearing
bermudas on Sundays.

tourism.xrbia.com

Visas On Arrival
Modern Compact Design

Our designs are efficient with optimum space utilization, fitting 3 bedrooms comfortably in 550 sq ft

3 BHK Flat Layout: 550 Sq ft (51 sq m)
Priced at INR 1,100,000 or USD 20,000/ unit
Design Standardization

Standardization of design and construction technique enables assembly line process for mass production

1 BHK Flat Layout: 330 Sq ft (31 sq m)
Priced at INR 660,000 or USD 12,000/ unit

2 BHK Flat Layout: 450 Sq ft (42 sq m)
Priced at INR 900,000 or USD 16,400/ unit
Xrbia achieves scale and efficiency through its outsourcing model

Outsourcing Model

Affordable Homes
$10,000 - $40,000 / unit

Land
Finance
Marketing
Supply Chain
Project Management

Construction
Quality
Quantity Management

Planning
Design
Records
Tendering

Handover
Basic Infrastructure
Social Infrastructure
## Cost Analysis

**Xrbia’s development cost is <USD 22/ sq ft, which enables us to offers homes at <USD 40/sqft**

<table>
<thead>
<tr>
<th>Development Costs (INR per sq ft)</th>
<th>Market Comparable</th>
<th>Xrbia</th>
<th>Key Drivers for cost reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Material Cost</td>
<td>500</td>
<td>400</td>
<td>Design Standardization</td>
</tr>
<tr>
<td>Labor Cost</td>
<td>350</td>
<td>250</td>
<td>Assembly Line Processes</td>
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<tr>
<td>Basic Infrastructure</td>
<td>100</td>
<td>100</td>
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<tr>
<td>Social Infrastructure</td>
<td>100</td>
<td>100</td>
<td></td>
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<tr>
<td>Marketing</td>
<td>100</td>
<td>50</td>
<td>Economies of Scale</td>
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<tr>
<td>Overheads</td>
<td>150</td>
<td>100</td>
<td>Outsourcing</td>
</tr>
<tr>
<td>Financing</td>
<td>400</td>
<td>200</td>
<td>Shorter Working Capital Cycle</td>
</tr>
<tr>
<td><strong>Total Development Costs (INR)</strong></td>
<td><strong>1700</strong></td>
<td><strong>1200</strong></td>
<td>~30% lower costs compared to market</td>
</tr>
<tr>
<td><strong>Total Development Costs (USD)</strong></td>
<td><strong>30.9</strong></td>
<td><strong>21.8</strong></td>
<td></td>
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</tbody>
</table>
Affordability through Sustainability

- Local farmers trained for construction work
- Local tribal woman trained to produce all tiles required for the project
- Water treatment plant, 80% water recycled
- All last mile services such as water, power, gas, telecom and cable being metered
- No Bricks or wood (low carbon footprint)
Project Case Study: Hinjawadi, Pune
The project is ideally located close to the Hinjewadi IT park, which is a major employment center.
Xrbia acts as Urban Local Body, responsible for roads and infrastructure including power, water and telecom.
Cross Subsidy Model

Xrbia charges a premium for retails and commercial space to improve profitability of the project.
Key Highlights

Xrbia homes sold at **USD 10,000 - 30,000**

Closest market alternatives at USD 60,000

- Township ideally located close to IT SEZ
- State of art amenities including club house, Swimming pool, community plaza etc
- Modern Design by one of India’s most famous Architects
- Delivery to end customer within 24 months of booking