

Case study: DBS Affordable Home Strategy offers easy loans help poor own homes

Feb 10, 2012, 07:52AM IST

DBS Affordable Home Strategy was launched in 2009 with the aim to create affordable dwelling units for the urban poor. "We wanted to create a company that focused solely on affordable housing and did not look at affordable housing as a side business," said architect BR Balachandran, who founded the venture with chartered accountant Dinesh Jain and real-estate developer Sanjay Shah.

The company is building two housing projects -- Umang Lambha and Umang Narol -- on the outskirts of [Ahmedabad](#) in Gujarat. Consumers choose between two models -- [one room-kitchen](#) or two room-kitchen in a community living format.

The units, which vary between 220 sq ft and 450 sq ft in size, are priced between Rs 4 lakh to Rs 9 lakh. These projects are targeted at low-income consumers, most of who are employed in the informal sector. To reach the target lowincome customers, DBS partnered with SAATH, an Ahmedabad-based NGO that has worked extensively with [slum dwellers](#).

"Finance for consumers is what makes or breaks affordable housing," said Balachandran. While mainstream banks require income proof documents and a higher down payment, companies such as [Micro Housing Finance Corporation](#) (MHFC) set up in 2008, and Muthoot Housing Finance do not have such requirements.

This has helped turn affordable housing into a viable business proposition as organisations such as MHC began to lend to home buyers without insisting on income proof. However, Balachandran says this is just the proverbial tip of the iceberg. "Government needs to do more, not just in providing housing finance. Land reforms are urgently needed to keep costs low." DBS has launched a new project in [Surat](#) and plans to expand beyond Gujarat in six months.