

# 'Donations, sweat equity help build ₹1.5-lakh homes'

**A** ONE-ROOM house of 250-300 sq ft for ₹1.2-1.5 lakh, one-third cash down and the rest an interest-free loan for 5-7 years. Habitat for Humanity, a global NGO present in 90 countries, is leaning on this model to provide housing to the poor and the homeless in India. Since entering India in 1983, aided by corporates and NGOs, it has built 35,000 houses. By 2015, it is looking to scale up to 1,00,000 homes, says **Jonathan Reckford**, global CEO of Habitat for Humanity. At the Habitat for Humanity's IndiaBUILDS-World of Hope campaign launch organised by FICCI — Aditya Birla Centre of Excellence in Mumbai on Thursday, **Ahona Ghosh** spoke to Mr Reckford on Habitat's affordable housing model. Excerpts:

## **A house for ₹1.2 lakh-1.5 lakh. How do you manage to keep costs down?**

We work hard to keep the cost down. One, when we can get, we work with donated materials. Second, we get the families and volunteers to come and provide the labour. So, we build with volunteers. We also try and work with locally-sourced renewable materials that are low cost.

## **Where do you get funds from?**

More and more funds are coming from Indian leaders. This is a wonderful trend. Our goal, with this campaign, is to have India self-funding and I think that is achievable. So, it's a combination of individuals and corporate that is the primary source of funds right now.

## **Of the ₹1 lakh, the beneficiary has to pay one third. Who qualifies to become a beneficiary of your programme?**

We always work with local community groups to help in family selection. The families have to qualify. The willingness to pay the no-profit mortgage maker and help make the down payment is the qualifying factor. The willingness to put in sweat equity, which means they work on their house and their neighbours houses. Third, they have to be low income. So, we are looking at families most in need who can be partner families.

## **Are the families willing to enter such projects? Are they keen? Do you have a waiting list?**

Our urgency is: We have so many more families who want to participate that we need the funds. That's why, we are launching this campaign.

## **What are the challenges you face — NGOs, municipal clearances, buyers, funding?**

Our biggest challenge is land. We need new land to build on. We often build for families who have land but live in very inadequate shelter right now. Obviously, our big challenge is funding. So, we can expand as fast as we can raise the money. A third comes from the families but then we need to raise the other funds if we want to keep growing. Then the repayments can revolve within the community and help more families.

## **What is your scale-up plan, depending on philanthropic money alone is not sustainable in the long-run. Will you be considering a more business direction? And where does India figure in your global plans?**

One of the reasons we get so many volunteers engaged, and our goal is to



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have a million volunteers participate with Habitat over the next two years, is because we need to change hearts and minds. We want to build as much as we can because every family is precious. But we need the public sector, the private sector and the NGOs all working together if we want to solve the problem of affordable housing. India, if we are successful with this campaign, will be the number one country in the world for Habitat. I think that's great.

## **Are there things builders of low-cost houses can learn from the Habitat model?**

We have seen that rather than having a give-away programme, have the families participate in the process. What we find is by the time the families have put in sweat equity, gone through our financial training and support, they have a sense of dignity and empowerment that makes them contributors to society and strong members of the community. That's why, I think, we have seen the large-scale schemes not work as well because they did not pay enough attention to building cohesion in the community. That lesson from Habitat can be translated into government and private sector as well.

## **Habitat targets the very bottom-end of the market for housing solutions. Is there a lesson that you can draw from the recent US experience on subprime mortgage lending to the Ninjas?**

It's really interesting in the US. There are areas in the US where the foreclosure is very high — as high as 20%, 30% or 40%. Habitat in the same communities worked with those families who couldn't qualify for mortgage even in the excesses of the bubble and had foreclosure rates of only 2%. So, in the Habitat model we give them a loan they can afford, it's a very simple straight-forward, interest-free loan. That model works for low-income families. One of our responses you might find interesting in the US is we have shifted our model heavily in those markets. So, instead of building new houses, we are buying foreclosed houses and rehabilitating them and putting families in them.

**HELPING HAND**