



AFFORDABLE HOUSING CONCEPT AND POLICES

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ABSTRACT

The growing concentration of people in urban areas has led to problems of land shortage, housing shortfall and congested transit and has also severely stressed the existing basic amenities such as water, power and open spaces of the towns and cities. According to the 2011 census, the housing stock in urban India stood at 78.48 million for 78.86 million urban households. Though the gap between household and housing stock is narrowing, actual shortage is high due to a certain part of the current stock being dilapidated and people living in congested dwellings. Urbanisation has resulted in people increasingly living in slums and squatter settlements and has deteriorated the housing conditions of the economically weaker sections of the society

Keywords: Urbanization, economically, affordable housing, schemes.

I. INTRODUCTION

As per 2011 census, the country had a population of 1,210.98 million, out of which, 377.10 million (31.16%) lived in urban areas. During 2001-2011, the urban population of India grew at a CAGR of 2.8%, resulting in the increase in level of urbanization from 27.81% to 31.16%. Urbanization has resulted in people increasingly living in slums and squatter settlements and has deteriorated the housing conditions of the economically weaker sections of the society. This is primarily due to the skyrocketing prices of land and real estate in urban areas that have forced the poor and the economically weaker sections of the society to occupy the marginal lands typified by poor housing stock, congestion and obsolescence. Considering these factors, there currently exists a wide gap between the demand and supply of housing (both in terms of quantity and quality) in urban India. According to estimates of the Technical Group constituted by the Ministry of Housing and Urban Poverty Alleviation (MHUPA), the urban housing shortage in the country at the end of the 10th Five-Year Plan was estimated to be 24.71 million for 66.30 million households. The group further estimated that 88% of this shortage pertains to houses for Economically Weaker Sections (EWS) and another 11% for Lower-Income Groups (LIG). For Middle- and High-Income Groups (MIG and HIG), the estimated shortage is only 0.04 million. During the 11th Five-Year Plan, the group estimated that the total housing requirement in Indian cities (including backlog) by end-2012 will be to the tune of 26.53 million dwelling units for 75.01 million households. If the current increase in backlog of housing is maintained, a minimum of 30 million additional houses will be required by 2020

Table:-1 Housing Shortage in Urban India [Report of the Technical Group
(11th Five Year Plan:2007-12) on Estimation of Urban Housing Shortage].

	Monthly Per Capita Expenditure	Estimated Number of Households (2007)*	Housing Shortage in million (2007)	Percentage Shortage
EWS	0 - 3,300	21.81	21.78	99.9%
LIG	3,301 - 7,300	27.57	2.89	10.5%
MIG	7,301 - 14,500	16.92	0.04	0.2%
HIG	14,501 and above			
Total Shortage		66.30	24.71	37.3%

II. AFFORDABLE HOUSING DEFINITION:

There is no clear-cut definition of the term ‘affordable’, as it is a relative concept and could have several implied meanings in different contexts. It may be Defined as ‘affordable housing is that provided to those whose needs are not met by the open market’

As per Indian Financial and population Sences it is defined as

Affordable housing is defined in terms of three main parameters, namely income level, size of dwelling unit and affordability. Whilst the first two parameters are independent of each other, the third is a dependent parameter that can be correlated to income and property prices

As per US Department of Housing and Urban Development,

Generally accepted definition of housing affordability is ‘for a household to pay no more than 30% of its annual income on housing. Families who pay more than 30% of their income for housing are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care’.

Jones Lang LaSalle’s Definition of Affordable Housing,

Aaffordable housing has to be defined on the basis of four criteria

Minimum volume of habitation : As pressure on urban land increases, architecture of all forms, be it commercial or residential, are going vertical. an area standard, we have an additional volume standard. This provides flexibility to architects to work on vertical planning of a dwelling unit as well.

Provision of basic amenities :Most definitions dwell on minimum area and cost considerations, provision of basic amenities such as sanitation, adequate water supply and power to the dwelling unit is crucial. Also, provision of community spaces and amenities such as parks, schools and healthcare facilities, either within the project or in the neighbourhood, are desirable depending upon the size and location of the housing project.

Cost of the house: Affordability of the buyer, the cost of the house should consider not only the purchase costs but also the maintenance costs of the dwelling unit. Lower operational and maintenance costs using sustainable



features is key to any affordable housing project. While LIG and EWS are likely to get public and private subsidies at the time of buying a house, high operational costs might lead them again to squatter settlements and slums.

Location of the House: An affordable housing project should be located within reasonable distances from workplaces and should be connected adequately through public transport. If housing is developed very far away from major workplace hubs in a city or entails expensive transport costs to the city, whilst price of the residential units might be low due to lower land costs, the Housing + Transportation (H+T) Affordability is greatly affected. In the case of affordable housing, key industrial nodes can also serve as workplace hubs

III. CAUSES FOR INADEQUATE HOUSING

The following causes of inadequate housing in the India influence the quantity, quality and affordability of housing options available to the poor.

Social, Economic & Political Factors

a. Poverty and Economic Development: Poverty & inadequate housing work are cyclical factors: those who lack adequate housing spend money and time on shelter rather than on other basic needs, further entrenching them in poverty.

b. Low household income levels: In developed countries, land prices average four times the average annual income whereas in Asia, developed land is more than 10 times the average annual income.

c. Discrimination: Women and minority groups face both implicit (higher poverty levels) and explicit (barriers to housing based on law and customs) discrimination in many housing markets.

d. War & Violence: War and violence creates an exodus of people who are forced to live in temporary settlements without access to basic amenities. It also physically destroys housing infrastructure and stalls housing production, creating further shortages.

IV. AFFORDABLE HOUSING SCHEMES IN INDIA

The Real Estate (Regulation and Development) Act, 2016 received Presidential assent on 25th March 2016. The Act seeks to establish the Real Estate Regulatory Authority (RERA) for regulation and promotion of the real estate sector and to ensure sale of plot, apartment or building, as the case may be, or sale of real estate project, in an efficient and transparent manner. It also intends to protect the interest of consumers in the real estate sector and to establish an adjudicating mechanism for speedy dispute redressal and also to establish the Appellate Tribunal to hear appeals from the decisions, directions or orders of the RERA and the adjudicating officer and for matters connected therewith or incidental thereto. The Act would ensure consumer protection and standardise transparent business practices and transactions in the real estate sector.

The Key features of the Act are as under:

1. **Real Estate Regulator:** The Act mandates setting-up of Real Estate Regulatory Authorities (RERAs) and Real Estate Appellate Tribunals in all states and union territories (except J & K) within 1 year of its notification.



2. Registration of Real Estate Projects and Agents: Mandatory registration of real estate projects with the RERA, through web-based online system, is required where the total area of land proposed to be developed exceeds 500 square meters or where more than eight apartments are proposed to be developed inclusive of all phases (where phase-wise development is proposed). Similarly, the Act requires mandatory registration of Real Estate Agents to carry out real estate business. The Act also requires every phase of a project to be registered separately as a standalone project. Projects cannot be advertised, booked or sold in any form prior to registration and obtaining the necessary construction approvals. The RERA is required to either grant or reject registration applications within 30 days.
3. Disclosures: Publicly accessible disclosures of the project and promoter details, along with a self-declared timeline within which the promoter is required to complete the project, are compulsory. Quarterly project related disclosures are also required. The disclosures are to be made available online.
4. Standardisation of Definitions: The Act defines key terms such as 'apartment', 'carpet area', 'interest rate', 'agreement to sale' and 'completion certificate' etc. which will help in homogenizing sector practices and prevent abuse of consumers due to biased classifications such as 'super built-up area' etc.
5. Ring-fencing of project receivables: Promoters must park 70% of all project receivables in a separate account. Drawdown from such account is permitted for land and construction costs only, in line with the percentage of project completion. Further, a promoter can accept only up to 10 per cent of the apartment cost prior to entering into a written agreement for sale with the consumer.
6. Insurance: The promoter is required to obtain insurance for title and buildings along with construction insurance. The promoter is required to declare that it has legal title to the project land or authenticate validity of title, if such land is owned by another person.

V. MAHARASHTRA SPONSORED INITIATIVES

Maharashtra The Maharashtra State Housing Policy (2007) promotes LIG and

The state also constituted a Slum Rehabilitation Authority (SRA) to focus on rehabilitation as well as redevelopment of slums. This scheme is being implemented in the cities of Mumbai, Pune and Nagpur.

Additionally, the National Slum Dwellers' Federation (NSDF) works actively with Mumbai authorities to develop and implement resettlement plans and ensure that the most vulnerable sections of society are not marginalised. The NSDF is looking at mapping each member of a household electronically and issue individual identity cards to ensure transparency in rehabilitation efforts.

For projects under JNNURM's Basic Services to Urban Poor (BSUP) and Integrated Housing and Slum Development Program (IHSDP), the Maharashtra government is willing to provide FSI of up to 2.5, the prerequisite being that projects have to be implemented by the municipal corporation or council.

The government has also passed a resolution for all Class A municipal councils to set aside some part of the area for developments undertaken for EWS/LIG and MIG Housing.

The Mumbai Metropolitan Regional Development Authority (MMRDA) has also come up with FSI rates going up to four in order to promote rental housing developments in the city.

MMRDA is initiating developers like Matheran Housing and Tata Housing for PPP-led affordable housing development.

Additionally, the City Industrial and Development Authority (CIDCO) has developed a mass housing scheme in Kharghar known as 'Gharonda Housing' and launched the 'Unnati Gruhanirman Yojna' in Ulwe, Maharashtra. Both these schemes have received interest from the target end user catchments.

Table 2 Showing Typical Affordable Housing Project Summary

Location	beyond 25–30 km from the city centre
Target Clients	industrial zones in vicinity and commercial hubs at suburban nodes of the city
Project Size	1,500–3,000 units
Dwelling Density	80–100 units per acre
Land Area	15 – 35 acres
Composition	mostly 1-RK and 1-BHK with few 2-BHK
Saleable Area of Units	1-RK: 250–350 sqft and 1-BHK: 400–500 sqft
Launch price	INR 5–7 Lakhs for 1-RK and INR 7–10 Lakhs for 1-BHK
Launch Rate	INR 1,800–3,000 per sqft
Structure	ground or stilt + 3/4 Floors (walk-up apartments without lifts)

VI. CONCLUSIONS

Development of large-scale affordable housing is the greatest necessity of urban India today. Indian cities lack low-income housing, which has resulted in the proliferation of slums and unorganized real estate across the landscape. Whilst this is detrimental to the planned growth of cities, it is also restrictive to slum dwellers who are deprived of basic civic amenities and fail to be an equal citizen. Large-scale urban developments are becoming increasingly difficult due to lack of land parcels, congested transit routes, lack of finance, rising input costs and regulatory hurdles. However, it is vital that these issues are addressed urgently so that a comprehensive framework can be established in ensuring the development of affordable housing.

Following are key concluding points on affordable housing

1. Incentivize developers to develop affordable housing
2. ULBs and UDDs can develop guidelines by giving free sale areas, extra Floor Space Index (FSI) and other policy measures so that real estate developers are incentivized to develop affordable housing. Schemes for redevelopment and slum rehabilitation should be developed with incentives that generate sufficient returns for the developers whilst controlling the development density. The cost-benefit analysis of regulations should be carried out from a development perspective to ensure that schemes to facilitate the development of affordable housing are feasible.
3. Streamline land records to improve planning and utilisation of land
4. Adequate availability of land should be ensured for housing and infrastructure by computerisation of land records, use of Geographical Information Systems, efficient dispute redressal mechanisms and implementation of masterplans.



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