

Housing for All by 2022

An Analysis of Strategies Adopted for Meeting Affordable Housing Needs

The tangible and intangible impacts of secured housing are numerous and invaluable to both people and the local economy. India is experiencing a high rate of population growth with an increased more than 181 million (17.64%) during the decade 2001-2011. Moreover, with the rapid urbanization and changing socio-economic patterns, there is a significant increase in the housing shortage, especially for the poor and low-income households. The housing sector is considered to be the 'engine of growth', which has immense potential of giving a push to the economy because of its link with the construction sector impacting employment and livelihood. Therefore, provision of housing can make a significant difference in the economic well being of the low-income families, both in rural and urban areas.

Poverty alleviation efforts, through specific policy measures and programs, were first initiated in the 1970s and remain one of the most prominent goals of the Government till date. Affordable housing is central to such programmes and schemes. The two ministries, Ministry of Rural development and Ministry of Housing and Poverty Alleviation initiate and facilitate housing related schemes in rural and urban areas respectively. In this context, **the Central Government has launched the 'Housing for All by 2022' Mission on June 25th 2015, to provide "pucca" house for each family by 2022.**

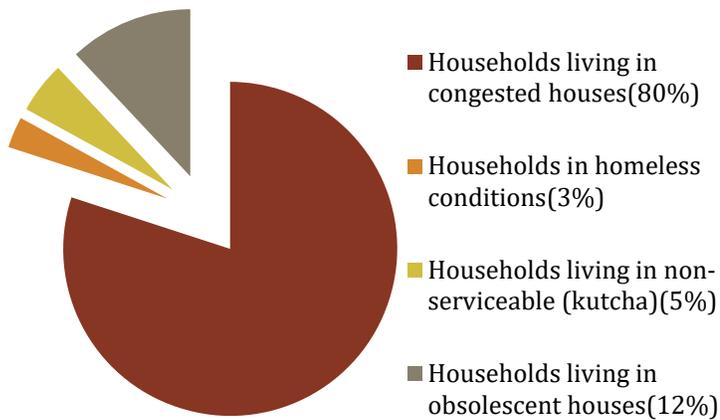
Housing Shortage

The technical group on urban housing shortage for 12th Five year plan (2012-17) defines '**housing shortage**' as:

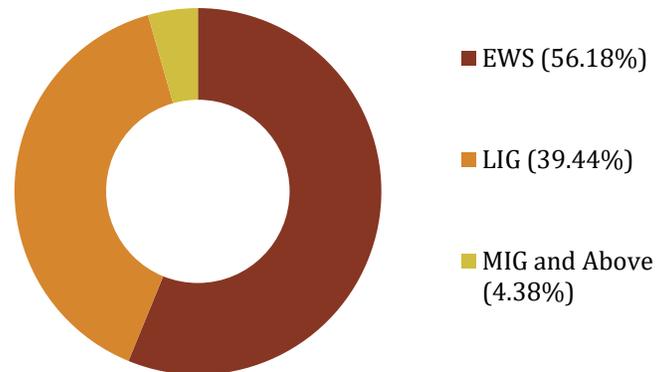
- Excess of households over acceptable housing supply
- Number of excess households required due to increased population density
- Making Kutcha houses pucca by upgrading them.
- Number of extra households required due to underutilised land/built space (obsolescent)

It is estimated that the housing shortage will reach **20 million by 2022** in urban areas (Unstarred question 524, Rajya Sabha, 03.12.2015). The Technical Group on Urban Housing Shortage for the 12th Plan estimated the urban housing shortage as 18.78 million at the beginning of the 12th Plan Period i.e. 2012.

Urban Housing Scenario in 2012



Household Shortage composition



Some of the important key factors that have contributed to the increased housing supply issues are:

Lack of Optimal Utilization of Government Land

There are large portions of Government land along with Railways and defense land that are vacant and under-utilized, especially in cities where the demand of land for housing is high. The Government through the Ministry of Defence notifies large areas as Cantonments under The Cantonments Act 2006. In terms of the population density, cantonments can be considered as possessing surplus land, of which some are in the central areas of the populous cities. There is an urgent need to release land that is in Government's possession especially when under-utilized and located in the prime areas of the cities. Such portions of land can be utilized for providing increased housing facilities. States, such as Andhra Pradesh have even adopted GIS Policy that involves effective use of mapping techniques to map Government land.

Disputed Land and Slums

Over 17.4% (13.7 million) of Urban Indian households live in slums. The poor and landless occupy large chunks of disputed land since it is cheaper and flexible as against occupying the legal and regularized colonies. However, such lands have no secure tenure or property rights. Consequently, they do not have land use permission for housing as per master plan. Such constraints make it impossible for slum dwellers to legally ask for any basic needs such as water, electricity or sanitary services. This undefined ownership adds to the discourse around the growing slums also depriving them of any basic facility.

Low FAR/FSI

Among the several attempts made to reduce the population density and reduce congestion in cities, adopting low FAR within planning guidelines is most prominent and vastly practiced by all states. Despite the low FAR planned as per policy guidelines, there has been no significant change in the population density over the years. This is mainly because the number of people per unit-constructed area is still very high. The reduced FAR implies reducing the land supply in the prime locations of the cities leading to rapid expansion of the city, increased commuting costs and living expenses.

An Overview of the Housing Policy framework

The growth and development of informal settlements reflects the failure of the economy to provide affordable housing. Housing became an important aspect of planning only post independence. However, it had no comprehensive and integrated housing policy until 1988. The policies formulated for housing increased and were structured during late 1980s.

In India, housing is a state responsibility and thus, housing delivery and facilitation policies vary between states. In order to facilitate such policies and meet the overarching aim of universal housing, organizations such the National Housing Bank (NHB) and Housing and Urban Development Corporation (HUDCO) were established at the national level. The policies mainly focused on meeting the increased housing demands both qualitatively and quantitatively. **All such housing programmes have resulted in the positive growth in the total housing stock, which has increased from 13.30 million units in 1961 to 78.48 million units in 2011.** The main policy framework for achieving affordable housing has been shaped by the National Urban Housing and Habitat Policy (NUHHP-2007), Jawaharlal Nehru National Urban Renewal Mission (JNNURM 2005), Basic services for the Urban Poor (BSUP), Integrated Housing and Slum Development Programme (IHSDP), Indira Awaas Yojana (IAY) and Rajiv Awaas Yojana (RAY).

Status of housing schemes	BSUP	IHSDP	RAY	AHP
Houses Sanctioned	9,16,196	5,25,991	1,20,912-	20,472-
Houses completed	5,42,104	2,73,682	1,154	3,416
Houses occupied	3,84,367	2,07,394	0	965
Houses under construction	2,30,516	1,53,026	16,064	3,352

Source: MHUPA (All numbers until July 2014)

Housing for All (Urban) Component

The percentage of population living in the urban areas has increased from 27 % to 31% in a single decade (Census 2011). Such an increased pace of urbanization creates an immense housing demand and requires designing and adopting effective strategies towards poverty alleviation. **Pradhan Mantri Awaas Yojana (Urban)** under the National Housing Mission (NHM) was launched as a centrally sponsored scheme (except the credit link subsidy component, which is implemented as a central sector scheme). Since land is a state subject, the scheme encourages states to decide their own relevant policies related to provision of affordable housing. **The scheme will eventually cover all urban areas consisting of 4041 statutory towns with an initial focus on 500 Class I cities and is spread across 3 phases:**



These phases are flexible and have ample scope of covering additional cities as approved by MoUD in case of demand from States and Cities to include them. **The NHM will support the construction of houses upto 30 sq mts carpet area along with provision of basic civic infrastructure.** However, the states/UTs have the flexibility to alter the size of the houses and other facilities in consultation with the ministry, but without any additional assistance from the Central Government.

As per the HFA 2022, the mission is divided into 4 segments:



The slums which are the major concern for the urban component of the mission is itself divided into 3 components: **Slums on Public Land, Slums on Private Land and Unauthorized Colonies as Slums.** The strategy towards these slums cuts across the four segments of the mission. For slums on Public land, the main strategy is in-situ redevelopment /up-gradation through PPP by using land as resource. While for slums on private land, the main strategy is in-situ redevelopment/up-gradation by freeing up part of the land for commercial purposes and allowing increased FSI to the owner. However, this is to be done under technical specification and norms provided by the Government. The main strategy for the slums living in untenable land such as along drains, flyovers, high tension line, and river bed and so on is to shift them to tenable areas so as to regularize these colonies before provision of basic municipal services.

In-Situ Slum Redevelopment: Under In-Situ rehabilitation, the private developers are given land and subsidies/concessions in lieu of demarcated portions for low income housing to be built for relocating



slum dwellers. Along with redevelopment and rehabilitation of the slum, the private developer would also be responsible for providing an interim accommodation to beneficiaries during implementation of the scheme and on completion of the scheme ensure the resettlement of beneficiaries into allotted houses.

With public private partnership, land will be used as a resource giving private developers incentives like additional FSI (floor space index)/ TDR (transfer of development rights) /FAR (Floor area ratio)¹. Slums once redeveloped would have to be de-notified by the Urban Local Bodies. **The states will receive a slum rehabilitation grant of Rs 1 lakh per house on an average, for providing houses to eligible slum dwellers** (except slums on private lands). In case of privately owned lands, the state government /ULBs can give additional FAR/FSI or TDR to the landowners as per their state policy.

Affordable Housing Through Credit-Linked Subsidy: For EWS (up to 30 sq. m)/LIG (up to 60 sq.m) categories, an interest subsidy of 6.5% is provided on housing loans which can be availed up to a tenure of 15 years. This subsidy is available only for loans up to Rs 6 lakhs. The nodal agencies such as Housing and Urban development Corporation (HUDCO) and National Housing Bank(NHB) at the central level are responsible to channelize the subsidies to the lending institutions and for monitoring the progress. At the state level, State level Nodal Agency (SLNA) identified by state is established for implementing and facilitating the process of getting approvals and documents of eligible beneficiaries in order to avail credit linked subsidy.

Affordable housing through Public-private partnership: Central assistance is provided at the **rate of Rs 1.5 lakh per EWS house**. The state decides the sale prices (upper limit) per sq. meter of the carpet area in order to ensure affordability. The states, as incentive, can extend other concessions such as providing subsidies and land, stamp duty exemption to the private developers of slum rehabilitation projects. Such projects can be a mix of houses for different categories, but will be considered for central assistance, if at least 35% of the houses are for EWS category (with a minimum of 250 houses).

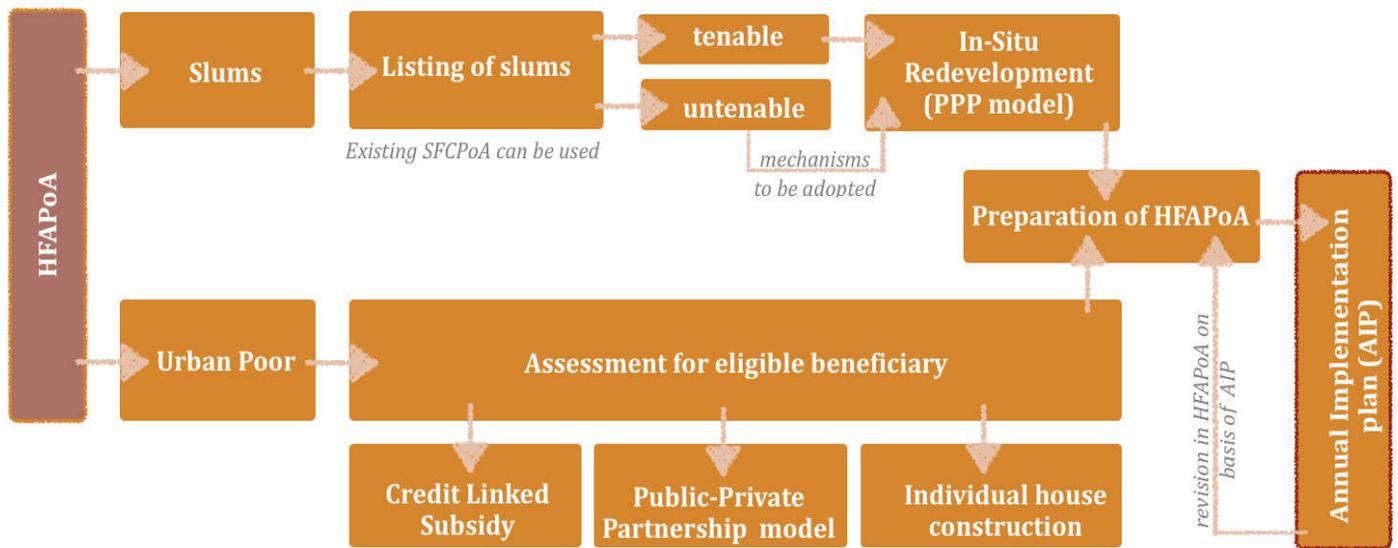
Beneficiary-led Individual House Construction or Enhancement: Central assistance of **Rs 1.50 lakhs is provided for the construction of new houses or for upgradation of existing houses to individual eligible families belonging to EWS categories**. The beneficiaries approach the ULB by submitting an application with adequate documents. On the basis of all such applications; ULB prepares an integrated citywide housing project, which is then approved by SLMC. Under this component, 155 Primary Lending Institutions (PLIs) have signed MoUs with Central Nodal Agencies (CNA). Out of these 155 PLIs, there are 69 Housing Finance Companies (HFCs), 26 Public Sector Banks, 11 Private Sector Banks, 29 Regional Rural Banks (RRBs) and 20 Co-operative Banks. (Rajya Sabha Unstarred question 524, 03.12.2015).

A Technology Sub-mission is set up under this scheme to **facilitate adoption of innovative and modern building techniques**. Additionally, it also facilitates quality construction, green technologies, preparation of flexible design layouts as per the various geo-climatic zones. It also coordinates with the various agencies, regulatory and administrative bodies to deploy and in some cases even scale up the disaster resistant and sustainable strategies adopted for construction. The Central and State Government can partner with IITs, NITs and Planning and architecture institutes for improvised technical solutions

¹ "Floor Area Ratio" (FAR)/FSI is the quotient obtained by dividing the total covered area (plinth area) on all the floors by the area of the plot: FAR= Total covered area on all the floors x 100 / Plot area

and capacity building. Building Materials Technology Promotion Council and Hindustan Prefab Limited are making significant efforts in this direction

Housing for All Plan of Action (HFAPoA) is prepared by states/cities reflecting the housing demands by eligible beneficiaries along with the aforesaid four components. This is done for both categories, slums and the urban poor, based on which the relevant mechanisms/interventions (listing or demand survey) are decided (Refer to diagram below). Subsequently, the **Annual Implementation Plan (AIPs)** is prepared dividing the task of providing houses upto 2022, based on availability of resources and priority.



Flow chart of the process of preparing HFAPoA

Under this scheme, the ministry has sanctioned **Central grant of Rs. 7,545.65 Cr for 746 projects with an aim to construct 5,08,902 houses for EWS category in 544 cities across 13 states till February 2016.**

Housing for All (Rural) Component

Under the mission of HFA, the Government on 23rd March has also approved revamping of the rural housing scheme as Pradhan Mantri Awaas Yojana- Gramin. This enhanced rural housing scheme will help achieve the objective to provide pucca houses to all by 2022 in rural areas across the country except Delhi and Chandigarh.

Under the previous rural housing scheme Indira Awaas Yojana (IAY) implemented by Ministry of Rural Development, financial assistance of Rs.70,000/- in plain areas and Rs.75,000/- in hilly/difficult areas including IAP districts, was provided to the rural BPL households for construction of a dwelling unit. Since inception of the scheme, 351 lakh houses have been constructed, incurring a total expenditure of Rs

1,05,815.80 Cr. The new scheme of PMAY will be a significant augmentation of housing effort in rural areas while ensuring quality of the houses constructed.

The implementation of the scheme spans over 3 years from 2016-17 to 2018-19, with an expenditure of Rs. 81,975 Cr to provide assistance for construction of 1 Cr houses in rural areas. The Socio-Economic and Caste Census (SECC-2011) data is used for identifying the beneficiaries for assistance and prioritization under this scheme. This special census was done to draft the list of all socially and economically backward families and is prepared by the Gram Sabha through participatory process. The Village Panchayats and tehsils are also consulted before drawing the list of beneficiaries. In case of any alterations made on the priority as per the list, the Gram Sabha will need to justify in writing with reasons.

Other Key aspects of the revamped scheme:

- Enhancement of unit assistance up to Rs 1,20,000 in plain areas and Rs 1,30,000 in hilly areas/IAP districts
- The cost is shared between Central and State govt. in the ratio of 60:40 in plain areas and 90:10 for North Eastern and hilly states
- The beneficiaries can avail loan upto Rs 70,000 for construction of the house.
- All funds are transferred directly into the account of the beneficiary
- National Technical Support Agency (NTSA) is set up by the Govt. to provide technical assistance for the entire project, ensuring proper project implementation and resource allocation.

Building Technologies

The unit size under the revamped scheme is enhanced from existing 20 sq mts to 25 sq. mts, which is inclusive of a dedicated area for hygiene and cooking. Toilet is an integral part of the unit and mandatory convergence with other schemes such as Swachh Bharat are a part of the plan so as to ensure provision of basic facilities such as water, electricity and so on. The quality issues in constructing houses are facilitated at district and block levels by a National Support Agency set up at the center.

Locally appropriate house layouts, disaster resistant technologies are adopted as construction techniques. In order to meet the additional requirement of building materials such as bricks, locally produced low cost techniques such as bricks made of cement stabilized earth or fly ash will be taken up under **MGNREGA**. Additionally, the training of masons will also be undertaken under the same. Use of services such as skilled and unskilled labour, purchase of built material, transport services and flow of financial resources as a consequence, creates a holistic cycle of socio-economic activities. **The scheme is expected to generate large employment, especially in the construction sector which provides 2nd largest employment opportunity in India.** Moreover, the beneficiaries under this scheme will be provided with unskilled labor for a period of 90 days from MNREGA.

Conclusion

The vision to meet housing needs by 2022 **requires a combination of innovative financing mechanisms, technological subsidies and greater engagement of the people especially the EWS and LIG**, which form a larger part of the housing shortage. The way to create meaningful socio-economic policy reforms for affordable housing needs to address housing as a totality and not merely an issue of attaining 'secured housing'. Aligning the housing needs with the existing provisions under prominent schemes such as Swachh Bharat, MNREGA will expedite the process of poverty alleviation.

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