

# Urban Housing and Land Development

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# Coverage

- **Role of Housing and land Development**
- **Intercountry Experience**
- **Indian Scenario**
- **The Urban Housing Dilemma in India**
- **Supply for Land in Housing Post Covid Initiatives**
- **Emerging PPP Models**
- **Road Ahead**

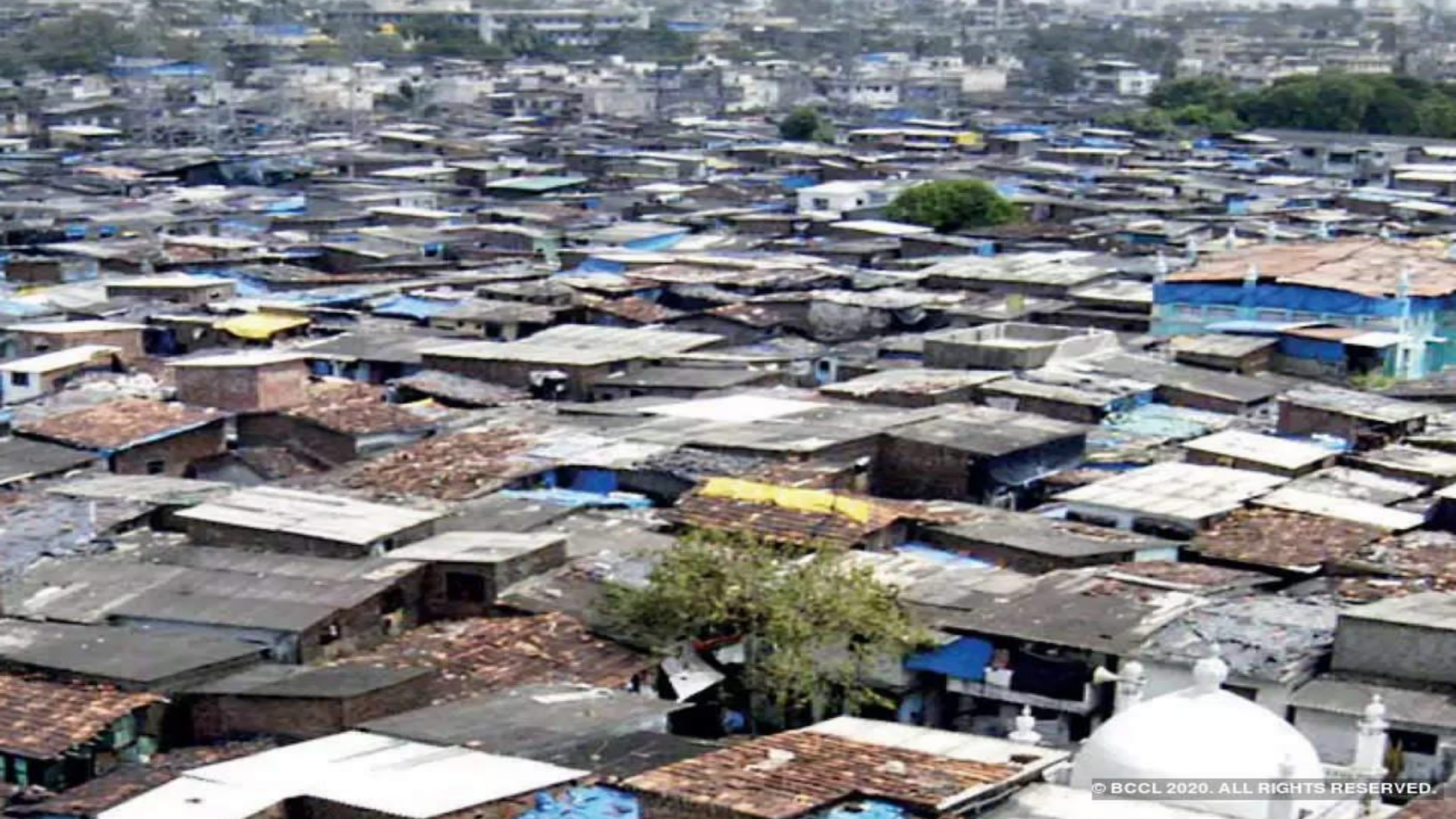
## The context

- **Housing Backlog mainly for Low Income Population (99%)**
- **Overwhelming gap on Congestion factor/Dilapidated Structures**
- **Affordability is Key Issue –Speculative housing, vacancy rate (12%)**
- **Scarcity of Urban land -mismatch between plan and development**
- **Unauthorised Land subdivision**
- **Limited Scope of Vertical Growth-Infrastructure and Demand**













## Role of Housing – Social

- Basic need for poor –Next only to food and cloths
- Generate wealth for poor
- Also used as work place
- Equally important for lower & middle income households
- 80% backlog for congestion factor (more than one married couple in a single room)
- 17% in the substandard /dilapidated housing

## Role of Housing – Economic

- Has multiplier effect on income and employment
- Housing as part of construction covers 6.8 percent jobs
- 99 percent jobs in the informal sector –mainly serving poor
- Employment generation in a ratio of 1:8 of direct jobs
- Income multiplier is 1:5
- Housing provides 12% Indirect taxes



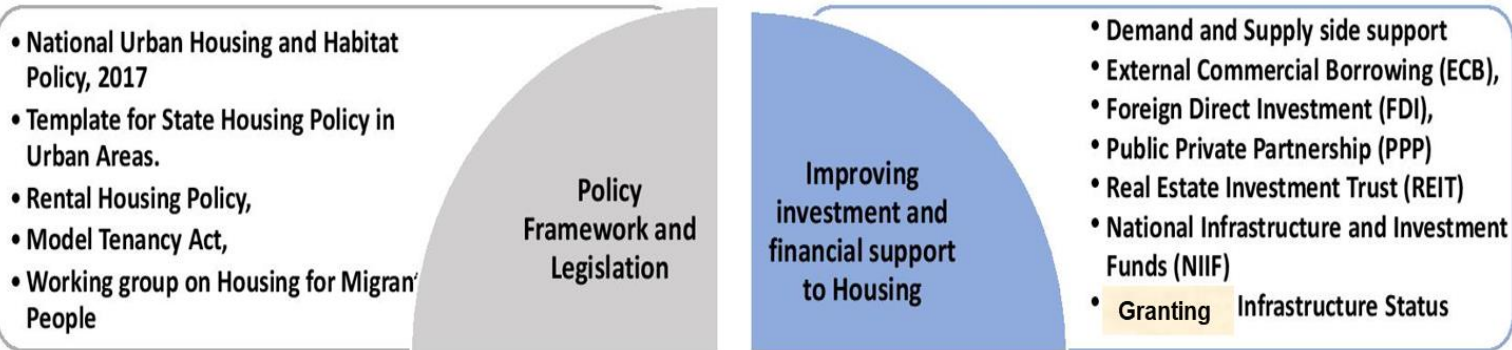
# Affordable Housing

- **Thirty months Household Income**
- **EMI=Twenty percent of HH Income**
- **Eligibility constraints**
- **Subsidy for Poor-Mass housing**
- **Interest Subvention**
- **Land Pooling**
- **PPP for housing**
- **Rental Housing**

Defining Affordable  
Housing in India  
– PMAY Definition  
(2015-2017)

<b>Criterion</b>	<b>EWS</b>	<b>LIG</b>	<b>MIG - I</b>	<b>MIG- II</b>
<b>Size – Carpet Area (sq.mt)</b>	<b>30</b>	<b>60</b>	<b>90</b>	<b>110</b>
<b>Annual Income</b>	<b>Upto Rs. 3 Lak h</b>	<b>&gt; Rs. 3 lakh upto Rs. 6 lakh</b>	<b>&gt; Rs. 6 lakh upto Rs. 12 lakh</b>	<b>&gt; Rs. 12 lakh upto Rs. 18 lakh</b>

# Catalysing Urban Housing Sector in India



## HOUSING AND HABITAT IMPROVEMENT AND HOUSING FOR ALL





LAND POOLING IN PPP MODEL: EVOLUTION,  
BENEFITS AND SUCCESS STORIES

#RMREPORTS





## **Global Innovations**

- **Intercountry focus on Accelerated supply of Housing**
- **Incentives on construction and Purchase**
- **Focus on Low Income Housing**
- **Also minimize Speculative housing**
- **Promote Affordable Housing—within reach of households**
- **USA, Brazil, Singapore, China, South Africa, Canada, Indonesia, Australia and Thailand**

# Global Innovations

- **USA:**
  - Low-Income Housing Tax Credit
  - Housing Choice Vouchers Programme (Rent Vouchers)
  - Mortgage Insurance to boost lending to the lower-income segments
  - Access to Long-term Finance through Mortgage Guarantee system (e.g. Ginnie Mae, Freddie Mac)
- **Brazil**
  - MY HOUSE,MY LIFE (Minha Casa Minha Vida) Public housing programme, in which Contracts for construction of the properties are awarded by Caixa, the government-owned bank.
- **Singapore**
  - beneficiary mandatorily contributes 20% of income to Central Provident Fund (CPF) which is redirected as mortgage loan repayment
- **U.K.:** A combination of mandates and incentives are used to provide affordable housing

# Global Innovations

- **China:**

Construction Bank provides cheaper and long tenure loans

Housing Provident Fund- a compulsory savings scheme to provide self-funded housing credit for housing finance since 1999 (5% contribution each by employer & employee)

Govt. extended multiple incentives to developers:

(i) free land allocation; (ii) provision of basic infrastructure; and (iii) tax exemptions

- **South Africa**

Specialized Bank: Human Settlements Development Bank (2019) for public and private sector housing financing

By merging NHFC, RHLF, NURCHA; will leverage both

Using Pension Funds to finance Housing

Blended Finance: a development finance model that combines concessional loans or grants, usually provided by the public sector, with private investment

# Global Innovations

- **Canada:**
  - Canadian Mortgage & Housing Corporations provide Mortgage Insurance for lenders
- **Indonesia**
  - Integration of housing finance system with capital market;  
- Sarana Multigriya Finansial (Persero) (“SMF”),
    - established in 2005, as a Secondary Mortgage Corporation – wholly owned by the Government
- **Australia**
  - Housing Affordability Fund envisages to invest upto \$512 million over 5 years to lower the cost of building new homes;
  - National Rental Affordability scheme (NRAS) to help increase the supply of affordable rental dwellings.
- **Thailand**
  - Urban Community Development Office to lend to community groups for upgrading and individual housing with contributions from Govt. and Federation’s savings

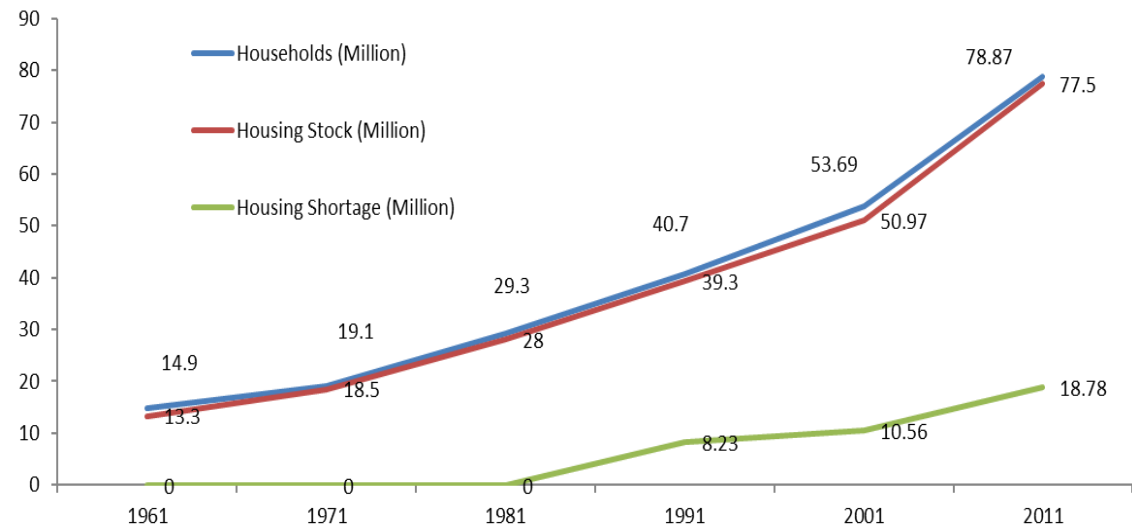
## Development of Housing and Land Sector

- 1977 ULC&RA(Urban Land Ceiling and Regulation Act) –failed to achieve objectives to make land available for housing
- The act was repealed by states ,NHHP 1998 and India's first NUHHP 2007
- Hudco to NHB -1977 and 1986,Hire Purchase to Direct Lending
- NHBs regulator role given to RBI (2020) but it retains Refinancing role
- Growing private sector participation in land development and housing
- PMAY (20 m by 2022)– pioneering programme on housing for all

# The Urban Housing Dilemma

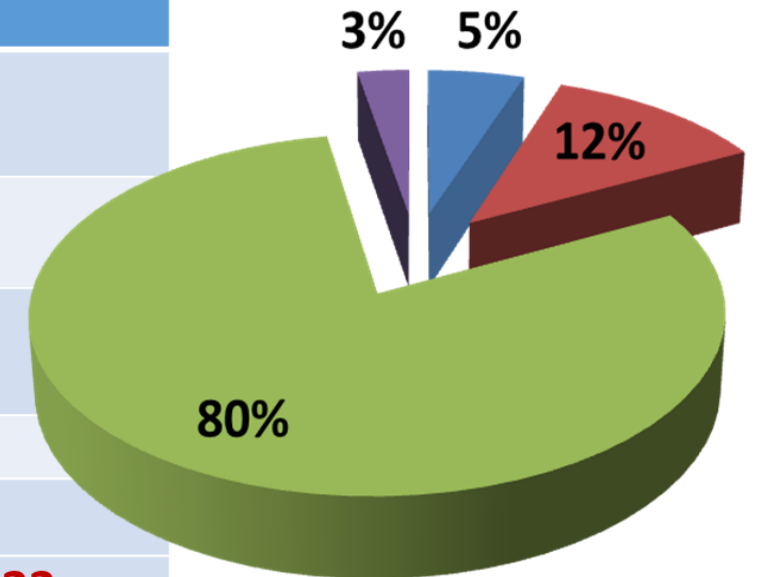
(Source HSMI)

Year	Households (Million)	Housing Stock (Million)	Houseless Households	Housing Shortage (Million)
1961	14.90	13.30	1.60	-
1971	19.10	18.50	0.60	-
1981	29.30	28.00	1.30	-
1991	40.70	39.30	1.40	8.23
2001	53.69	50.97	2.72	10.56
2011	78.87	77.50	1.37	18.78 (2012)
CAGR	3.4%	3.6%		5.2%



# The Urban Housing Dilemma

Types	2012 estimate (in million)
Household living in non-serviceable Kutcha houses	0.99
Households living in obsolescent houses	2.27
Household living in congested houses requiring new houses	14.99
Households in homeless condition	0.53
<b>Total Shortage at 2012</b>	<b>18.78</b>
PMAY-HfA(U) Estimation (2015)	<b>20 mn by 2022</b>
PMAY-HfA(U) Estimation (Revised)	<b>11.2 mn by 2022</b>
Annual increase in Urban Housing Requirement	<b>2 million</b>



- **Disconnect between what is produced and what is demanded** – a complex situation which underscore the need to create conditions for its elimination.
- **Vacant houses: 11.09 million in 2011**



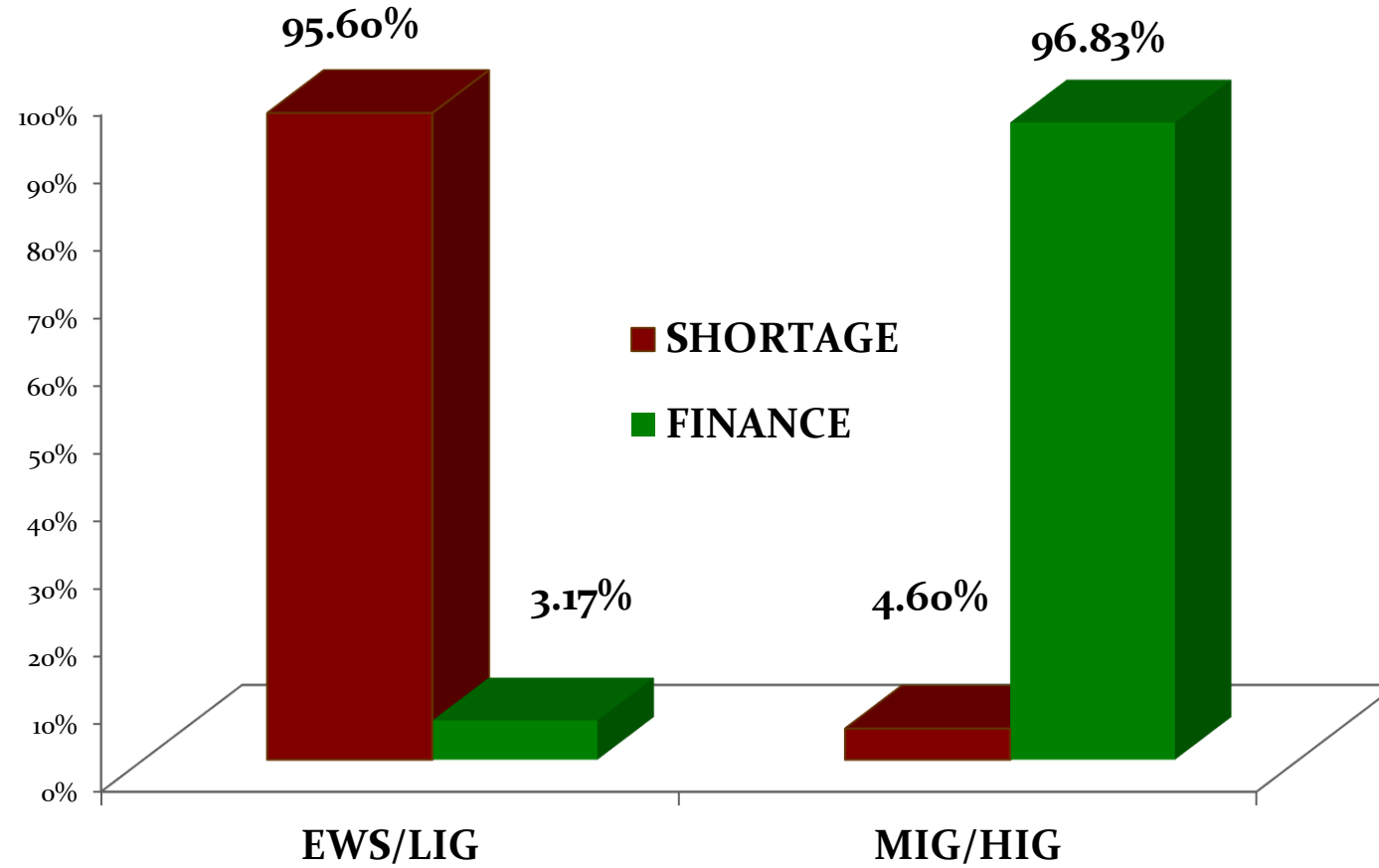
A red speech bubble graphic with a white outline, containing the text 'Funds availability mis-match'. The bubble has a tail pointing downwards and to the right.

## Funds availability mis-match

- **Funds Requirement:** in the range of Rs. 10 lakh crore to Rs. 22 lakh crore.
- **Low affordability levels-** Around 40% of urban households not able to purchase an suitable housing unit .
- **High cost of urban lands and construction.**
- **Skewed flow of Funds to the Affordable Housing Sector**
- **Lack of Rental /Employee Housing**

# Skewed Flow of Finance in Housing Sector

(source :HSMI/Hudco)



2017-18

# PMAY- Affordable Housing Options

## "In situ" Slum Redevelopment

- Using land as a resource
- With private participation
- Extra FSI/TDR/FAR if required to make projects financially viable
- GoI grant Rs. 1 lakh per house

## Affordable Housing through Credit Linked Subsidy

- Interest subvention subsidy for EWS and LIG for new house or incremental housing
- Upfront subsidy @ 6.5% for EWS/LIG and 4%/3% for MIG-I/II respectively, calculated at NPV basis

## Affordable Housing in Partnership

- With private sector or public sector including Parastatal agencies
- Central Assistance of Rs. 1.5 lakh per EWS house in projects with 250 houses where 35% houses for EWS category

## Beneficiary-led Indl. house construction

- For individuals of EWS category for new house or enhancement
- Cities to prepare a separate integrated project for such beneficiaries
- Central assistance of Rs.1.5 lakh per beneficiary.

***Beneficiary can take advantage under one component only!***

# Pradhan Mantri Avas Yojana

- 1.05 Trillion Houses Sanctioned
- Rs.724180 million Released
- Rs.6.4 Trillion Investment commitment
- 6.6 million Grounded
- 3.5 million constructed
- Big support for Affordable Housing
- Public-Private, Community partnership

# Pradhan Mantri Avas Yojana

- **Still Half way to go**
- **New Focus on Rental Housing(Rent to Own)**
- **Slum development –Key Issue**
- **In-situ or New Sites**
- **Incremental Housing within norms and standards**
- **Urban Renewal –the best options**

# RERA

- Establishment of Real Estate Regulator and RE Appellate Tribunal
- Registration of Real Estate Projects and Agents
- Disclosures
- Standardisation of Definitions
- Ring-fencing of project receivables
- Insurance
- Project sanctity ,Rights and duties of Allottees
- Model agreement ,Defects liability
- Legal recourse ,Penalties

# COVID Impact

- **Low Income Housing-Space and Water**
- **Real Estate-Adverse Effect**
- **Migration of Construction workers**
- **Rs.2.8 Trillion are held up**
- **35% drop in Demand**
- **50% drop in sale of Residential segment**

## Post Covid Initiatives

- Focus on New Normal –decongestion and space for health and hygiene
- HFC given Liquidity Support along with focus on Rental Housing
- Repo rate linked loan products –ease to borrowers
- VGF through HUDCO to states/ULBs
- Reservation of Land for Low Income Housing
- Tax free Bonds ,Tax Incentives to Builders on Affordable Housing
- Incentives on additional FAR/FSI and TDR and TOD



## Post Covid Initiatives

- Revival of Housing Industry
- Bringing back Construction Labourers
- States initiatives-Punjab sending Buses
- Developers getting back from Source
- Welfare measures for workers
- Rental Housing initiatives

## Emerging PPP Models

- **Five Models**
- **Mandatory Provision for EWS/LIG**
- **Private Developer on Private Land (52% for affordable housing)**
- **Private Developer on Acquired Land (52% for Affordable Housing) Pay Acquisition and Administrative charges**
- **Private Developer on Govt. Land at least 50% for EWS**
- **Slum Housing on PPP (FAR 4)**

## Road Ahead

- **Minimise Speculative Housing**
- **Encourage rental and employee housing**
- **Utilise scope of expansion of current dwelling**
- **Focus on Tier II and III cities**
- **Also cover Census towns**
- **Convergence of PMAY with SBM and NULM**

## Road Ahead

- Land Availability to ULBs
- Computer database of properties and use of GIS;
- Granting maximum possible Floor Space Index (FSI) at a price.
- Grant of Transferable Development Rights (TDRs)
- Using Land as a Resource for financing affordable housing & city-Infrastructure
  - Property tax
  - Vacant land tax
  - Land Transfer Tax
  - Land Gains Tax
  - Purchasable/Transferable Development Right
  - Surcharge on Stamp Duty
  - Development charges; Betterment charges; and Impact fee
  - Additional FSI
  - TDR

## Road Ahead

- **Unused welfare cess for construction workers –Rs.30000 Crores**
- **Arrange welfare measures**
- **Rental and Employee Housing**
- **Role of ULB as per** (Building and other Construction Workers Regulation of Employment and Conditions of Service Act of 1996)
- **Partnership with Real Estate Developers for amenities and facilities**
- **Utilise Rent to Own scheme of GoI**

Thanks!

