

## CHAPTER-VII

### THE WAY AHEAD : POLICY AND PROGRAMME INTERVENTIONS FOR SUSTAINABLE HOUSING DEVELOPMENT IN URBAN AREAS

#### 7.0 Emerging Reforms Framework

The Economic Survey 2006-07 released by the Finance Ministry indicates that Indian economy is projected to grow at 8.1% in 2005-06. The survey envisages modest inflation and faster development of physical infrastructure. The industry and services is expected to propel overall growth of the economy through industrial resurgence driven by manufacturing and construction sectors. Broad-based Services sector growth and continued reduction in the incidence of poverty is projected. The survey projects virtuous cycle of growth and savings to continue for some years to come and as such the survey recommends speedy provision of quality infrastructure through appropriate policy stimulus.

The ongoing reform framework initiated a decade earlier has given boost to the growth of the economy and the Economic Survey quoted above indicates the future directions. Considerable emphasis is laid on housing and construction sector to contribute to the economy as a whole. The Housing and Habitat Policy 1998 which is under revision is structured in this framework.

A number of initiatives have been identified below that would promote increased housing delivery in urban areas, as well as promote the sector as an instrument of urban poverty alleviation/eradication.

#### 7.1 Initiatives to Increase Supply of Developed Urban Land

Inadequate availability of serviced land in urban areas is a major constraining factor to take up housing projects especially for the poor. Some of the possible interventions are discussed below:

- (i) Streamlining Land Acquisition Procedures: Public agencies would continue to undertake land acquisition for housing and urban services along with more feasible alternatives like land sharing and land pooling arrangements, particularly in the urban fringes, through public and private initiatives with appropriate statutory support. Statutory cover to land acquisition for private builders for housing and urban infrastructure may also be considered subject to guidelines. Special courts may be set up to deal with Land Acquisition disputes expeditiously. The methodology of land acquisition should be reworked to ensure equitable compensation in cash or kind to the original land owner including giving part of land, giving of Transferable Development Rights (TDRs) which can be sold, besides rehabilitation measures. In this context, it is also pertinent to evolve and popularize a uniform or common unit of measuring land (example : Square Meters) to facilitate easy computation throughout the country.
- (ii) Land banking: Reservation of land in larger layouts and in higher income group colonies for weaker sections housing and service population that cater to the needs of the higher income families would generate land availability for undertaking weaker sections housing. Earmarking such parcels of land in the housing estates developed by private developers would obviate the development of future slums in the vicinity of such neighbourhoods. The National Urban Housing and Habitat Policy 2006 suggests earmarking 10-15% of land in housing colonies both public/private, whereby nearly 20-25% of dwelling units could be constructed for EWS/LIG category. This is likely to check the fresh growth of slums in and around cities.

In the above framework, a suitable model of cross subsidization should be adopted to make the shelter for EWS and LIG affordable. As far as possible, houses for the EWS/LIG should be in the shape of a property planned colony with individual attached toilets and consisting of at least two rooms, and the EWS/LIG sections should be given land tenure rights on the shelter. The houses created for EWS/LIG by cross subsidy from MIG/HIG by the private sector could

be given, if need be to the government to be sold to the poor in a transparent manner and at controlled prices so that they reach the target population. Some restrictions on resale of plots/houses are to be suitably incorporated to avoid resale and speculation, and the plots/houses going into the hands of non-EWS/LIG which would otherwise revert the problem to square one.

(iii) Land pooling and Land readjustment schemes implemented as part of Town Planning Schemes in the States of Gujarat and Maharashtra could be considered for wider replication and adoption to obviate the need for long drawn acquisition procedures.

(iv) Re-densification and Re-assignment of land in central city areas within the framework of overall City Development Plan needs to be pursued to augment supply of serviced land for housing in general and for EWS/LIG housing in particular. It is felt that in many cities, vast areas of land is leased out on long term basis which could be considered for re-densification and re-assignment. Additional FAR in core areas of the city could achieve urban renewal & beautification by building skywards & leaving vast tracts of greens in between.

In the light of above, it is important to mention that development of urban land in all cities and towns should be rationalized for achieving optimum densities in keeping in mind the trend of urbanization and increasing pressure on urban land.

## **7.2 Viability Gap Funding**

Considering the huge shortfalls in housing and basic infrastructure specially in the case of economically weaker sections and low income groups, special financing and funding arrangements are to be evolved to support such housing and infrastructure projects. In this context, the concept of 'Viability Gap Funding' by government funds is proposed to make such housing and infrastructure projects that serve the EWS and LIG groups financially viable and affordable to the beneficiaries in order to bridge the gap between affordable levels of charges and repayments vis-à-vis financially viable/required charges and repayments. The projects that could be covered under this type of funding may

include social housing schemes, sewerage, drainage and water supply schemes/projects. The duration for such funding is to be restricted till user charges are enhanced or till such time the projects become financially viable on their own feet.

The concept of `Viability Gap Funding' is well justified considering that cities as a whole generate economic growth & employment and contribute substantially to the GDP of the country. Contributors to this process include unorganised urban poor employed in informal sector and indirectly employed by the formal sector. Thus, this concept needs to be articulated through project proposals that are considered under various schemes and programmes being taken up during the 11<sup>th</sup> Plan period. The guidelines of Ministry of Finance on Viability Gap Funding may require amendment to include these sectors.

### **7.3 Rental Housing Initiatives**

Development of **rental housing in urban areas** needs to be promoted through enabling legislative and administrative measures to serve a wide cross section of population in need of such housing during their stay in cities. Working women, students, professionals, workers in industries and trades and others require affordable rental housing. Modulating extreme interests of owners and tenants through legislative measures would enhance rental housing construction activity. In this regard, Model Rent Control Act needs to be advocated extensively by various States with suitable variations to suit local requirements. Public Housing Institutions, Corporate Bodies, Religious Bodies, Educational Institutions and Private Sector agencies could be encouraged through fiscal incentives and soft loans to take up rental housing of specific groups coming under their coverage and focus. Rental housing has also to be made commercially viable either by fiscal incentives or otherwise in order to encourage this sector to develop, as at present, investment for the rental purpose does not give adequate returns.

### **7.4 Integrated City Planning and Development Norms**

There is a felt need to rationalize city planning and development approaches as also development norms to keep pace with the fast changing demand for quality housing and

infrastructure in line with changes in city's economy and livelihood potential. There is need to promote integrated housing and work areas with support facilities to reduce travel time and expenses. Self-contained and integrated high-density townships with rapid transport connections to the existing core areas and other institutional, commercial, recreational and other areas is considered as one of the options in the rapidly changing urban scenario of many cities. There is a need to integrate affordable housing in considerable portions of land in such new developments. Development of such townships offers wide scope for implementing innovative projects with varying institutional framework of public private participation, cost effective design and technology adoption for building and infrastructure that are put to various uses.

### **7.5 Legislative initiatives and fiscal incentives**

Rationalization of stamp duty and computerization of registration of property transfer which has been debated and recommended in earlier policy documents needs to be implemented on priority to facilitate transparency and speed in transactions relating to housing. This would also facilitate proper and accurate documentation of ownership records, which in due course would also facilitate resource mobilisation through taxes and other charges. The reduction in stamp duty will lead to larger number of transactions getting recorded and also housing stock becoming more of a liquid asset which is transferable at lesser cost.

### **7.6 Popularizing Sustainable Resource Management Practices**

Increasingly, access to basic resources such as potable water, clean air and pollution free environment are being recognized as essential ingredients for improved quality of life and living. Measures such as rain water harvesting, aquifer recharging and waste water recycling at city and neighbourhood level promote sustainable resource management. Use of solar energy for domestic water heating and installation of passive solar system that reduces consumption of electrical power are other important resource conservation

measures. For incorporating these measures, housing units require suitable modifications and new developments should be planned by taking these measures into consideration.

Chennai City has taken initiatives in this regard by prescribing technical parameters for rain water harvesting and has made it mandatory for obtaining building permission. Similar initiatives are also being taken up in Delhi. These measures should be strengthened and promoted further.

### **7.7 Promoting Housing Safety Measures**

Development of Disaster Resistant housing is increasingly recognized as an important concern in the light of periodic natural disasters such as earthquake, floods, Tsunami, etc. occurring in different parts of the country in recent times. A number of cities are incorporating the new Building Codes as part of their existing regulations and building bye-laws enforced by Local Bodies and other Planning Agencies.

Towards ensuring disaster resistant housing, a strong techno-financing regime needs to be put in place through which only the construction projects that incorporate disaster resistant construction practices would be facilitated with access to funds from HFIs. The Vulnerability Atlas of India prepared by the Ministry of Housing and Urban Poverty Alleviation through the BMTPC has already identified the disaster prone areas with the nature and intensity of the effects in various States. The Atlas presents details at the district level. Utilizing the same, it is necessary to evolve an operation strategy and a programme for strengthening and retrofitting of housing stock in vulnerable stock in vulnerable areas threatened by natural disasters.

### **7.8 Enhanced role for housing cooperatives during 11<sup>th</sup> Plan Period 2007-2012**

To encourage the housing efforts by the cooperatives during the 11<sup>th</sup> Five Year Plan augmenting financial flows to cooperative sector, preference for land allotment to cooperatives, permitting the Cooperative Housing Federations to acquire land, recommending the State Government to adopt model law on housing cooperatives prepared by NCHF and enhancing the share capital contributions to apex housing

federations by Financial Institutions and State Governments and further reducing the interest rates on loans extended to housing cooperatives would facilitate and promote housing cooperative movement in the country.

**Table : Loan Requirements and Construction targets for Housing Cooperatives during the 11<sup>th</sup> Plan**

Year	Loan requirement from Govt. Agencies	Contribution by Housing Coops.	No. of houses to be Constructed/ Financed
2007-08	850	850	85,000
2008-09	925	925	92,500
2009-10	1000	1000	1,00,000
2010-11	1075	1075	1,07,500
2011-12	1150	1150	1,15,000
Total :	5000	5000	5,00,000

Thus the total house construction by the housing cooperatives would be involving an amount to the tune of around Rs 10,000 crore during the 11<sup>th</sup> Five Year Plan period. At a modest estimate of providing an average loan of say Rs 1,00,000 per unit, it will be possible for housing cooperatives to construct/finance about 5 lakh houses in different parts of the country.

In order to meet these targets, the financial institutions like LIC, NHB and HUDCO should have to suitably enhance their allocation to housing cooperatives.