

# Affordable Housing in Partnership

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## Scheme Guidelines

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**Government of India**

**Ministry of Housing and Urban Poverty Alleviation**

## PREFACE

India's Urban Population has grown over the past 3-4 decades from 109 million in 1971 to 377 million in 2011 and is expected to grow to almost 600 million by 2030. While rapid urbanization and growing cities provide various opportunities, there are fallout in terms of proliferation of slums, high prices of land and building materials which render houses unaffordable for the segment at the bottom of the pyramid. Further Census 2011 has estimated 65 million slum population in the 4041 statutory towns. The technical committee constituted by this Ministry has estimated housing shortage at 18.78 million during the 12<sup>th</sup> FYP period of which over 95% of this housing shortage is estimated in the Economically Weaker Sections (EWS) and Low Income Group (LIG) categories. Accordingly, to address this shortage intensive efforts are required to substantially increase affordable housing stock.

In this direction, Ministry has been implementing Jawaharlal Nehru National Urban Renewal Mission (JNNURM) and Rajiv Awas Yojana as supply side interventions to tackle the problem of slums.

The scheme of Affordable Housing in Partnership aims to encourage private sector participation in creation of affordable housing stock recognising that mere efforts of Government would be insufficient to address the housing shortage. It was earlier introduced in 2009 as part of BSUP component of JNNURM and subsequently, Affordable Housing in Partnership was dovetailed with Rajiv Awas Yojana (RAY) in 2011.

Central Government has now approved implementation of RAY for the period of 2013-2022. Affordable Housing in Partnership Scheme (AHP) will also continue as part of RAY with suitable amendments.

RAY envisions a "Slum Free India" with inclusive and equitable cities in which every citizen has access to basic civic infrastructure, social amenities and decent shelter. It aims to encourage States/Union Territories (UTs) to tackle slums in a definitive manner, by focusing on:

- Bringing all existing slums, notified or non-notified (including recognised and identified) within the formal system and enabling them to avail the basic amenities that is available for the rest of the city/UA;

- Redressing the failures of the formal system that lie behind the creation of slums by planning for affordable housing stock for the urban poor and initiating crucial policy changes required for facilitating the same.

The implementation strategy of RAY involves two-steps i.e. preparation of Slum free City Plan of Action (SFCPoA) and preparation of projects for prioritized slum. The SFCPoAs are to be in two parts: a) Curative Strategy for slum redevelopment of all existing slums; and b) Preventive Strategy for containment of growth of future slums. AHP is envisaged as a part of preventative strategy of RAY. AHP scheme would also encourage creation of rental housing stock and dormitories for the new migrants. This is necessitated by the estimation of Census 2011 that about 27.5% of the urban population is living in rented accommodations.

These are AHP scheme guidelines which broadly describe the Scope, Coverage, Implementation Approach, Financial Assistance, Administrative & Implementation structure and Monitoring mechanisms under the scheme.

These guidelines supersede Affordable Housing in Partnership Guidelines issued by this Ministry in 2009. The Ministry of Housing & Urban Poverty Alleviation may modify these Guidelines as required from time to time with the approval of Hon'ble Minister (HUPA).

## 1. OBJECTIVE

The objectives of the AHP scheme are:

- 1.1. Institutionalizing mechanisms for prevention of slums including creation of affordable housing stock.
- 1.2. Address the Housing shortage through Public Private Partnership (PPP).
- 1.3. Provide necessary fillip to the activities of the Housing Boards and Development Authorities and
- 1.4. Encourage State Governments/ Union Territories to provide incentives to facilitate accelerated creation of affordable housing stock.

## 2. SCOPE:

Central government will assist in construction of houses for EWS/LIG as part of group housing schemes of the States/UTs. These housing schemes will be implemented by the States/UTs through partnership with private sector or public sector including Parastatal. For purposes of this scheme, the main parameters are defined as under:

- 2.1. **Affordable Houses:** Dwelling Units (DUs) with Carpet Area shall be between 21 to 27 Sqm. for Economically Weaker Section (EWS) category and 28 to 60 Sqm. for Lower Income Group (LIG) category (LIG-A: 28-40 sq. m. and LIG-B 41-60 Sq.m.). The sale price of these houses would be determined by States/UTs with due consideration to affordability of targeted segment.
- 2.2. **Affordable Housing Project:** Projects using at least 60 percent of the FAR/ FSI for dwelling units of Carpet Area not more than 60 sqm. will be considered as Affordable housing projects. In addition, 35 percent of the total number of dwelling units constructed should be of carpet area 21-27 sqm for EWS category. Such projects can have a mix of EWS/LIG/Higher Category DUs and commercial units. Provision of servant's quarters along with the main dwelling unit will not be counted as dwelling units for EWS/LIG under Affordable Housing (AH) project.
- 2.3. **Economic Criteria of the Beneficiaries:** The intended allottees of EWS/LIG houses constructed under AH project will be classified as under:

- EWS - having an annual household income up to ` 1 lakh.
- LIG - having an annual household income between ` 1 to 2 lakhs.

The income ceilings are subject to revision by Ministry of HUPA from time to time.

### **3. DURATION**

The scheme is for the period 2013-2022.

### **4. COVERAGE**

The scheme is applicable to all cities/UAs under RAY.

### **5. CENTRAL FINANCIAL ASSISTANCE**

5.1. Central financial Assistance under the scheme will be at ` 75,000 per DU for housing and internal development components.

5.2. This subsidy will be available only for dwelling units proposed for EWS and LIG with carpet area of 21- 40 Sq.m. in the project.

### **6. IMPLEMENTATION APPROACH:**

This scheme shall be implemented in the following manner:

6.1. Projects with atleast 250 DUs would be eligible under the scheme. Dwelling units can be a mix of EWS/LIG/MIG and others as enunciated in para 2.2.

6.2. Projects under the scheme can be implemented by any of the following agencies in partnership with States/UTs :

6.2.1. ULBs

6.2.2. Parastatals including all Development Authorities

6.2.3. Housing Boards

6.2.4. Improvement trusts

6.2.5. Private Agency/Developer

6.3. It is envisaged that AHP projects would be undertaken by combining resources of public sector and private sector. These resources can be shared in manner such as:

6.3.1. Projects can be undertaken on land owned by the Central Govt./States/UTs/ULB/Parastatals and executed by State, ULB, Parastatals.

6.3.2. Projects can be undertaken in PPP mode where the States/UTs/ULBs/Parastatals provide land and/or other facilities/incentives and private sector conceive and execute the project using its financial and technical resources.

6.3.3. Projects can be undertaken on private land implemented by developers/promoters wherein States/UTs/ULBs/Parastatals offer incentives/facilities like extra TDR/FAR/FSI and/or other concessions.

In cases of partnership with private sector, private partners should be selected through an open and transparent procedure as mandated by States/UTs/ULBs.

6.4. Affordable houses for EWS/LIG created under AHP projects can be allotted on any of the following basis:

6.4.1. Ownership through Free-hold or long term, mortgageable, renewable and inheritable lease hold

6.4.2. Rental

6.5. Sale price of the EWS/LIG units constructed as part of affordable housing projects should be fixed considering the various concessions granted and purchasing power of targeted allottees. Sale price should be fixed in terms of Rupees per square feet of the carpet area as follows:

6.5.1. In case projects are implemented by States/UTs/ULBs/Parastatals where private sector is not involved, then sale price for allotment of EWS/LIG houses to the eligible allottees will be determined by States/UTs on no profit-no loss basis factoring in the incentives provided by Centre/State/ULB under the scheme.

- 6.5.2. In projects implemented in partnership with private sector where housing stock is first transferred to the States/UTs/ULBs/Parastatals for allotment, then sale price should be determined on no profit-no loss basis factoring in the incentives provided by Centre/State/ULB under the scheme.
- 6.5.3. In PPP projects where private partner is authorised to sell the EWS/LIG houses directly to the eligible allottees, then sale price should be determined through open and transparent process by States/UTs factoring in the incentives provided by Centre/State/ULB under the scheme.
- 6.5.4. In projects for rental housing and dormitories, rent would also be fixed in the similar manner by States/UTs either on no profit-no loss basis or through open and transparent procedure, as the case may be. Principles for fixing the same would be proposed as part of the project proposal submitted for consideration of CSMC.
- 6.6. For projects involving rental housing units and dormitories under the scheme, the following aspects are specified:
- 6.6.1. The stipulation of at least 250 units shall not be applicable. Also, smaller projects having a mix of rental as well as ownership housing units can be considered at the discretion of the CSMC.
- 6.6.2. Management of rental housing and dormitories including collection of rent shall be with ULBs/Parastatals as designated by them.
- 6.6.3. Carpet area restrictions shall not be applicable for projects involving rental housing and dormitories. The mix of the EWS/LIG in case of rental housing/dormitories can be designed based on actual needs. Admissibility will be decided by the CSMC on recommendations of the SLSMC.
- 6.7. EWS/LIG allottees of AHP projects will remain eligible to access subsidised loans under the Rajiv Rinn Yojana (RRY).
- 6.8. Detailed Project Reports (DPRs) will be prepared by the urban local bodies/ urban development agencies/ housing boards / improvement trusts /other

designated agencies or the private partners as the case may be. Projects shall be posed by through State Level Nodal Agency (SLNA).

6.9. Each DPR would be submitted to the Central Sanctioning-cum-Monitoring Committee (CSMC) of RAY for consideration/approval through SLNA with the approval of SLSMC.

## **7. IDENTIFICATION OF ALLOTTEES:**

7.1. Selection of Allottees will be done by the States/UTs and mechanisms for such selection will be outlined in the project proposal. Selection of Allottees and allotments should be made following a transparent procedure e.g. through draw of lottery preferably computerised based on detailed guidelines approved by the SLSMC. Preference in allotment may be given to Physically Handicapped (PH), Scheduled Castes (SC), Scheduled Tribes (ST), senior citizens, other backward classes, minorities, single woman and other weaker and vulnerable sections of the society. While making the allotments, the physically handicapped persons and senior citizens shall be allotted preferably on the ground floors.

7.2. As far as possible, beneficiaries would be selected in advance before beginning of construction. Selected allottees should be facilitated to avail bank finance and benefits under RRY.

7.3. Title to the EWS/LIG houses would be given as far as possible in the name of the woman.

## **8. STATE SPECIFIC POLICY FRAMEWORK TO ENCOURAGE AFFORDABLE HOUSING**

Such projects shall be made commercially viable by planning layouts which are mix of EWS/LIG/MIG with HIG houses and commercial spaces and allowing cross-subsidy through the premium earned on the sale of MIG/HIG and commercial spaces. Further many States e.g. Rajasthan, Odisha, Haryana have taken policy steps to encourage creation of affordable housing. Based on these, following intensive mechanisms are suggested for the States/UTs to adopt:

- 8.1. Land costs would be intermediated by States/UTs and Development Authorities/Urban Local Bodies, by providing land at nominal, predetermined or institutional rates, where possible, for such affordable housing projects.
- 8.2. Costs of land can also be intermediated by attracting private developers to build on their land, by granting zoning-related incentives such as land use conversion, extra/Compensatory FAR and TDR/liberal density for the construction of affordable houses (wherever infrastructure permits densification) etc.
- 8.3. State and cities should make a full inventory of their land holdings in each city and constitute a land bank and prepare an asset management plan, targeting to create Affordable Housing stock through effective management of available land.
- 8.4. States may liberalise development control norms/regulations for Affordable Housing projects for EWS/LIG by:
  - 8.4.1. Increasing FAR/FSI allowed to create more housing stock to accommodate as much of the low income segment as possible.
  - 8.4.2. Allowing increased ground coverage for such projects
  - 8.4.3. Allowing densification
  - 8.4.4. Liberal parking norms.
- 8.5. Innovative, low-cost construction technologies can be adopted to drive down cost of houses making them affordable.
- 8.6. States and Cities may streamline processes of giving clearances and approvals of affordable housing projects and ensure that such approvals are given within a stipulated maximum time, say 60 days.
- 8.7. States may consider giving concessions in Development related charges to encourage Affordable Housing projects.
- 8.8. States may adopt a policy of having nominal Stamp duty for EWS and LIG category e.g. some States have a practice of levying ` 100 as stamp duty for EWS housing.

## **9. RELEASE OF CENTRAL ASSISTANCE**

- 9.1. Central funds would be released in three instalments in the ratio of 40:40:20. The first instalment of 40% will be released to State/UT upon approval of the

project proposal by CSMC. Subsequent instalments would be released on receipt of Utilisation Certificate for at least 70% of the earlier Central release and SLNA's certification of upto 50% physical progress and identification of allottees. Last installment of 20% will be released after ascertaining the completion of construction.

9.2. A&OE funds under RAY will also be utilised for meeting Administrative and IEC expenses, including monitoring, evaluation and capacity building activities at various levels for this Scheme.

## **10. ADMINISTRATIVE AND IMPLEMENTATION STRUCTURE**

10.1. The structure and functioning of the State Level Sanctioning and Monitoring Committee (SLSMC), State Level Nodal Agency (SLNA), Central Sanctioning and Monitoring Committee (CSMC) and the Mission Directorate etc. as prescribed in the RAY guidelines will be adopted for the purposes of the scheme.

## **11. MONITORING & EVALUATION**

Supervision of quality and timeliness of construction would need to be undertaken by States/UTs. Monitoring of quality of projects may also be done through Third Party Inspection and Monitoring Agency (TPIMA) as envisaged under RAY.

11.1. States may use the services of TPIMA appointed under RAY to monitor the quality and progress of the projects. Central Government will not extend any assistance for such quality monitoring.

11.2. CSMC, at its discretion, may carry out quality inspection of the projects on random basis. In such cases it will be expected to comply with the observation of such quality inspections at the time of claiming second instalment.

