

# **Valuing Affordable Housing in Human & National Context**

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*1.Introction; Housing and humanity remain closely and positively connected. Quality of life, identity, safety and security has remained elusive to human beings, having no access to permanent and appropriate shelter. Besides being relevant to human living, housing has major connotations in generating employment, promoting industrialization, promoting economies and empowering communities and nations. Considering multiple connotations, UNO, has mandated all the nations to accept, housing as a basic human right. UNO, has also called upon all the citizens of this planet to ask, as a matter of right, their governments to provide them with appropriate quality of shelter and create an enabling environment for empowering them to source shelter for their families. Despite having physical, social. economic and environmental connotations, housing remains elusive to large proportion of humanity, both in urban and rural areas. Globally, 828 million urbanites are living in in slums and in India, every sixth urbanite is housed in slums. Number of slum dwellers are rising with rise of urbanization and migration of people from rural to urban. In the process, cities are getting stretched and stressed under the pressure of growing urbanization and massive migration. Slums have genesis in the inability of state and local authorities to provide appropriate shelter through formal channels of growth, development and management of cities. As per UNO, only 13% of the 195 countries are able to effectively meet the challenges of housing. Looking at the entire context, role and importance, of housing it becomes important that issues and roadblocks related to*

*housing are appropriately and effectively considered, understood, analysed, evaluated, appreciated and addressed.*

**2. Relevance;** *Housing remains relevant, important, vital ,critical for and basic to human and community living because it involves and constitutes;*

Ø *One of three basic human necessity*

Ø *Providing space for- Security, safety, credibility, identity*

Ø *determinant of quality of life, liberty, dignity, productivity of human living.*

Ø *central /valuable to development of -- individuals, communities, societies, states, nations & planet.*

Ø *Promoter of large employment-*

Ø *promoter of industrialization – 290 industries*

Ø *Promoter of national/ local economy*

Ø *Significant Contribution to GDP*

Ø *Tool for Monetary Policy*

Ø *Builder of Wealth*

Ø *Equitable Distributor of Wealth*

Ø *Promoter of Non-Housing-Related Expenditures*

**Housing—-- Remains both cost/time-intensive activity**

Ø *Ensures Market Efficiency, Stability/ Liquidity*

Ø *Support Economic Flexibility and Responsiveness*

Ø *Makes valuable Contribution to Local Government Finance*

Ø *Helps Labor-Intensive Domestic Production*

Ø *Creates Stimulation for Small Business*

Ø *Promotes Home-Based Income Opportunities*

Ø *Promotes Development of Land / Real Estate Systems*

Ø *Helps creation of Community-Led Finance for Infrastructure*

**3. Cumulatively – Housing is known to have:**

Ø *Physical, Social , economic & environmental connotations.*

Ø *Considering multiple implications—*

Ø *Inadequate shelter- deprives benefits of many rights/programs - provided by state.*

Ø providing housing to all -- emerges priority for communities/ society/state/ nation.

**4. Considering role, importance & context of housing** - UN called for accepting Shelter as a basic human Right— under ;

Ø UN Vancouver Declaration on Human Settlements (1976),

Ø The Habitat Agenda 21 (1992), Agenda 1996

UN Global Strategy for Shelter to the Year 2000 (1988)--- describes;

**5. Right to adequate housing** is universally recognized by community of nations All nations without exception,

Ø -- have some form of obligation in shelter sector

Ø --exemplified by their --creation of ministries

Ø -- Creating housing agencies,--- allocating funds to housing sector,

Ø ---by their policies, programs and projects

**6.All citizens of all States** -- how poor as they may be

Ø -- have a right to expect their governments

Ø -- to be concerned about their shelter needs, and

Ø -- to accept a fundamental obligation to

Ø -- protect and improve houses and neighborhoods,

Ø --rather than damage or destroy them.

**7. Housing Status; UNHS finds** , Globally, 13% world's cities(195) have affordable housing-- 2014

**McKinsey estimated;** 330 million urban households-- living in substandard housing ; financially stretched by housing costs; number likely rise to 440 mhh ;1.6 billion people, by 2025 and 2.5 billion people by 2050.; Africa-- over 50% population live in sub-standard conditions; India/China-- nearly a quarter of population live in informal settlements

**8.Indian Context;** Housing problem-- an interplay of factors involving-- **Population, Urbanization, Migration, Poverty.**

**Dynamics of Indian Population;**

- 250 million in 1919
- 500 million in 1966 (47 yrs. Later)
- 1000 million in 2000 ( 34 yrs. Later)

- 1027 million in 2001 (1yr Later)
- 1210 million in 2011 (10 yrs. Later)
- 2020– Indian Population -1380 M (35% )- 483 million\_
- 2050- Indian population- 1600 mil. -- 50% in Urban India.
- **Metropolitan Centers** -5 (1951)- -53 (2011)-68(2031)
- **Mega Cities; 10 m plus**- nil (1951)- 3 (2011) -7 (2031)-9 (2051)
- **Urban India** --first time added more persons(91m) than Rural India (90m) in last decade
- **During last 100 years, India witnessed—**
- -Urbanization level going up by 3 times
- --Urban settlements growing merely 4 times
- --Total Population multiplying 5 times
- -Urban population increasing 15 times and
- -Rural population increasing 3.5 times;

### **9 Increasing Housing deprivation In India;**

- Housing perpetually in shortage with;
- Demand always chasing Supply
- Housing demand always evolving and always delevling- never static and never finite

### **Technical Group set up MHUPA--, estimated**

- Urban housing shortage at 24.71 mdu; at the end of 10<sup>th</sup> Five Year Plan for 66.30 million urban HHs

### **Group estimated :**

- 88% shortage - EWS category
- 11% in LIG whereas
- MIG/HIG shortage -- merely 0.04 million dwelling units. ---

### **Housing shortage in different categories :**

- 99.9% of total EWS,
- 10.5% in LIG
- 0.2% in MIG/HIG categories

## **10. Slums in India;**

- *In year 2001, India had 523.7 lakh slum dwellers*
- *In year 2011, India had 654.9 lakh slum dwellers*
- *25.1 percent decadal growth rate of slum dwellers*

## **11. Affordability defined; .**

- *Affordable Housing, as a concept/ opportunity attracting attention of Providers / Developers*
- *Affordability difficult to define precisely*
- *Embedded with large variables involving—*
  - *Cost,*
  - *Quality &*
  - *size of dwelling unit ,*
  - *Cost of living,*
  - family income,*
  - *family Savings,*
  - *Equated Monthly Instalment(EMI)*
  - *location*
  - Time/cost of travel to workplace,*
  - *Volume*
  - *support services,*
  - *Infrastructure,*
  - O&M expenditure*

## **12 Affordability in Housing Defined;**

**i. U N HABITAT;** *Affordable housing as “housing which is adequate in quality and location and does not cost so much that it prohibits its occupants from meeting other basic living costs or threatens their enjoyment of basic human rights”*

**ii. RICS;** *Report on Making Urban Housing Work in India’ , defines affordability as:-provision of ‘adequate shelter’ on sustainable basis, ensuring security of tenure within means of common urban households. Affordable Housing -which is provided to those -whose needs are not met by open market*

*iii. KPMG Report on Affordable Housing; A key Growth Driver in the Real Estate Sector; **income ; size of dwelling unit and affordability***

*iv US Department of Housing and Urban Development; Expenditure of household on housing, as proportion of annual income; should not exceed 30% of total income.*

*Iv Task Force on Affordable Housing ; Ministry of Housing and Poverty Alleviation, 2008, ; defined in terms of; **size of dwelling and household income***

*vii. Jn NURM Mission; defined in terms of factors involving; **size of dwelling units ; super built up area/carpet area ; EMI/Rent--** not exceeding 30-40% of gross monthly income of buyer.*

*vii. PMAY; An all- weather single unit / a unit in a multi-storeyed super structure; having carpet area of up to 30 sq. m; with adequate basic civic services/ infrastructure services like toilet, water, electricity etc.*

*States -- to determine area of EWS with ceiling of 30/60 sq.m of carpet area as the limit for EWS/LIG category housing under PMAY - Annual Income not to exceed 3lakh for EWS and 6 lakhs for LIG*

*viii.. Jones Lang LaSalle defined affordable housing in terms of; volume of habitation instead of area; provision of basic amenities; cost of the house ( including purchase cost and maintenance cost) and location of shelter.*

***This definition enlarged scope / dimensions of affordable housing by ::***

*Adopting volume based approach instead of area-- to providing more flexibility in designing; Adopting minimum physical/ social infrastructure -- ensure quality of life; Making cost of shelter broad based by including; operational /maintenance cost for a reasonable period; to actual cost of house; Making project attractive/affordable by limiting cost and travel time between place of work and place of living*

***13. Challenges; Challenges in making provision of adequate affordable number of houses can be enumerated in terms of;***

- **Rising Housing Cost-** costs rising disproportionately to incomes, adversely impacting lower income households
- **Increasing Housing Shortage--**Ever widening gap between demand/supply
- **Sourcing adequate appropriate Land at affordable cost,--** Scarcity of land
- **Demographic challenges--** due to
  - Reduced Household size
  - Rapid Population growth
  - Ageing population,
  - Rapid Urbanisation
  - Rural-- Urban Migration
  - Poverty

**14, Issues;** Broadly issues creating road blocks in affordable housing for all a reality- can be classified as;

- Low availability of developed land
- Rising Threshold Cost of Construction
- High degree of Government charges
- Rigid Land Use Planning
- Irrational Building Bye-Laws
- Delayed Project approvals
- Inadequate Access to Cheaper Housing Finance
- Multiplicity of Agencies involved
- Outdated Legal Framework
- Marginalized Private Sector
- Outdated Construction Technologies
- Poor project Management
- One Solution Fit All Approach
- Focus on Creating ownership
- Lack of understanding the housing needs of beneficiaries
- Lack of Research and Development
- Absence of Reliable data about Housing stock- Qualitative/quantitative

- *Absence of Reliable data about Beneficiaries*
- *Large Stock of Vacant Houses*
- *Ignoring Rental Market*
- *Unskilled Manpower*
- *Uncontrolled Urban Sprawl*
- *Less remunerative in financial return*
- *Low quality in construction*
- *High cost of maintenance and upkeep*

**15. Cost of building includes:**

*i Cost of land*

*ii Cost of construction*

*iii Cost of maintenance*

*iv Cost of operations*

- *Building cost must be viewed in both--- long term and short term*
- *Building cost also evaluated -- Initial Cost and Life Time Cost*
- **Short Time cost includes;** *Initial Cost of construction of building*
- **Long Term cost component** *includes --- whole life cost.*

**Whole life cost of building includes:**

- *the initial design cost*
- *construction cost,*
- *on-going operations and maintenance cost ,*
- *parts replacement cost*
- *disposal cost or salvage value, and*
- *useful life of the system or building*

**17. To promote economy in building–** *Life cycle cost of building will be critical. Housing can be made cost-effective by:*

- **Sourcing land** *at most competitive price*
- **Adopting optimum Design solutions-** *architecturally, structurally, Services etc.,*



- **Using cost-effective local materials-** pre-cast, pre- fabricated , re-cycled materials , materials requiring minimum maintenance, having longer
- **Optimising resources /minimising waste**
- **Using state of art technology in construction -- save on time , labour, space materials and money**
- **Managing construction in most professional manner- Project management**
- **Using minimum Time** for construction / completion of building/project
- **Designing Green Buildings –to reduce operational cost of buildings; electricity/water and generating its own energy**
- **Keeping cost of money minimum-** based on rates and time
- **Rationalizing** profit margins of Builders, Contractor margins; Reducing Government levies and fees

#### **18 Options and tools for Sourcing Land;**

- Land Pooling
- Negotiated Settlement
- Formal Acquisition
- Leveraging Zoning
- Densification and Intensification
- Transit Oriented Development
- Inclusionary Zoning
- Mixed Use Development
- Green Field Development
- Brown Field Development

#### **19. Way Forward;**

- Reviewing, Revising and Redefining National Urban Housing Policy
- Understanding the Future Urban Context
- Prioritizing Regional Planning
- Registering Migrants,
- Minimizing Multiple Ownerships

- *Including Housing in Corporate Social Responsibility*
- *Adopting Project Based Approach*
- *Promoting Strong Project Cost-Management*
- *Putting in place Single Window Clearance*
- *Creating Land Bank; Innovative Architectural Design*
- *Promoting rental housing schemes*
- *Promoting Affordable living*
- *Creating Building Components*
- *Reviewing Planning Norms*
- *Changing Housing Typology*
- *Optimum Utilization of Vacant Government Lands*
- *Creating Land Development Agency*
- *Careful Siting of the affordable housing projects*
- *Converting Unused urban land for housing*
- *Using Cost/Energy Efficient Building Technologies- Green Housing*
- *Inventing new Building Materials- Agro /industrial waste based*
- *Adopting Co-operative Based Approach*
- *Migrating from Ownership to providing Shelter*
- *Creating Housing/Rental Housing/Build to Rent*
- *Rational Siting; Using Peri-Urban Land*
- *Using PPP Model/Creating Revolving Fund*
- *Shifting from Construction to Manufacturing*
- *Making Housing- Beneficiary- led Program*
- *Bringing Vacant Houses into market*
- *Skilling Manpower/ Promoting R& D*
- *Promoting Start-ups*
- *Rationalizing Government Charges*
- *Empowering ULBs*

### **19 Addressing Demand/Supply side Challenges;**

- *Treating Affordable Housing a volume Game and not a profit game*
- *Separating 'Right to Shelter from Right to Ownership of Shelter*

*Developers believe that-- if Government removes roadblocks- segment would move to fast track. Possible to have a profitable proposition in affordable housing if:*

- i. Making Project and cost management- Professional*
- ii. Using- Improved/ state of art technologies*
- iii Reducing Timeframe for construction*
- iv Using Economies of scale*
- iv Designing Dwelling units with care*
- v. Standardising Housing units/components*
- vi. Developing standard product*
- vii. Rationalising Government policies*
- viii Making available- Off the table developed Land- all with approvals.*

**20. Making affordable housing a reality** /to ensure adequate supply on large scale, following approach is suggested:

- **Making the land market more efficient**, -for making available land for housing at lower cost
- **Permitting construction** of houses on periphery /peri-urban area -with provision of services, infrastructures and transport.
- Providing a '**Single Window Clearance**' of the projects on time bound basis.
- **Granting additional FAR**
- **Rationalizing the building bye-laws**; zoning regulations to ensure optimum utilization of land /construction of more affordable houses
- **Creating Land Bank**; for constructing affordable housing and making available land at competitive price

- **Promoting strong Project/ Cost Management;** to increase speed of construction and Reduced cost of construction /Eliminate cost over-runs.
- **Promoting Standardization of building components** --based on effective design to promote prefabrication and mass production of components.
- **Bringing new state of art construction technologies** -using cost effective locally produced building materials --based on industrial waste --to lower down cost of construction and make buildings green and sustainable.
- **Long term tie for supply of** conventional building materials -- including steel, cement ,tiles etc-- to minimize variations in price/ to ensure assured supply of materials during project life cycle
- **Promoting large scale projects** -Taking up large housing projects with number of units ranging from 1000-1500 for promoting and achieving economy of scale.
- **Rationalising /Reducing Government levies/ charges** --to minimize their impact on the housing cost. In all cases involving affordable housing;
  - no land use conversion and licensing charges should be levied,
  - building scrutiny fee should be charged @25% of prescribed rates
  - whereas EDC should be charged @50% for EWS and@ 75% for other categories.
- **Adopting project based approach;** --For cross-subsidy /cost – reduction--project based approach adopted for creating mass housing --Housing project to be invariably mix of all categories -HIG, MIG besides EWS and LIG-- to make project viable /self-sustaining. -- Addition of commercial component to help in making project profitable/ attractive /viable.
- **Adopting Single Window Clearance;** For early completion of project; avoiding cost escalation; to approve projects on time bound basis/ prescribed time frame--not exceeding three months
- **Green Buildings;** Designing affordable housing as Green Building

*reduces operational cost of house over entire life cycle --due to reduced energy / water consumption-- lower generation of waste – making dwellings really cost-effective / Affordable.*

- ***Evolving Innovative and state of art architectural designs*** involving :
  - *providing high building efficiency,*
  - *optimum utilization of land resource*
  - *optimum structural design,*
  - cost-effective building technologies/services,*
- ***use of large prefabricated components***
- ***Minimising maintenance and upkeep.***
- ***Using locally available building materials*** --for promoting cost-effectiveness and utilizing waste. --government to encourage research /development and promote industries producing materials from industrial and agricultural waste -- to increase cost-effective materials/ reduce depletion of non-renewable resources.
- ***Adopting co-operative- based approach--*** Creating co-operative societies of beneficiaries for involving stakeholders
- ***Sourcing their support /resources for--*** creating adequate housing stock, minimising transfer of units /procuring easy loans from financial institutions
- ***Treating Affordable Housing a volume Game*** and not a profit game
- ***Creating large housing stock ;***with minimum cost, ;within a short span of 18-24 months ; disposing off entire stock within the time span of project.
- ***Taking large housing projects*** with units ranging from 1000-1500 for promoting economy of scale-- have proved highly successful
- ***Separating 'Right to Shelter from Right to Ownership of Shelter;*** Concept to help in:-- promoting optimum utilization of available housing stock-- minimising speculation -- eliminating transfer of affordable housing to non-beneficiaries/ higher strata of society
- ***Creating Multiple Options for Shelter;*** Creating Multiple options for affordable shelter needs consideration based on;

- *Understanding the housing needs of the beneficiaries*
  - *affordability,*
  - *family size,*
  - *shelter requirements,*
  - *marital status,*
  - *type of avocation-- skill, tenure etc.*
- **Creating Night shelters, mobile housing, bachelor/single accommodation** , rental housing, transit accommodation, hostels etc, to be used as options for augmenting shelter/ minimizing quantum of formal and expensive housing
- **Creating Built up Houses for EWS** in Private Colonies/Townships on land reserved in private colonies transferred to Housing Board/ Development Authority, -- mandated to construct affordable houses for identified beneficiaries- increasing Proportion of affordable housing - Reservation made irrespective of size of colony / group housing. Using PMAY norms - EWS housing placed at 35% , minimum project size under PPP model to be 250 house, carpet area limited to 30 sqm, needs to be adopted / made integral part of state / local legal framework for colonies.
- **Creating JV or PPP** with the government agencies for land where approvals are already in place; **Shortening period of construction limited** to 12-18 months --phasing project; **Lowering the cost of construction below Rs.1000/- per sq. ft;** Lowering ticket size ; ensuring 100% sale within a short span
- **Bringing enablers, providers and executor** to work in a united /single platform
- **Eliminating speculator investors**
- **Streamlining land records** – to improve urban planning / optimization of land utilization.
- **Making land market more effective and efficient** by - computerization of land records- creating a urban land data base using GIS- making data base of all urban lands - creating efficient and effective dispute redressal mechanism – proper formulation and implementation of master plan.

- **Defining/including mass housing / affordable housing zones--** in city plans- develop them on a time bound basis.
- **Promoting rental housing schemes** in urban areas.
- **Reducing cost of house** through; design intervention promoting high degree of design/space efficiency; using high efficiency structural system; using cost effective building materials; using pre-cast / pre-fabricated building components; combining/ minimizing public health services;-avoiding use of lifts; using local materials etc

## **21.Conclusion;**

- **Accepting Right to Shelter—But Separating ‘Right to Shelter from Right to Ownership of Shelter-** with focus on providing shelter and not creating ownership
- **Graduating to affordable living from affordable housing**
- **Looking at life-cycle cost of housing** instead of initial cost
- **Treating Affordable Housing--** a volume Game & not profit game
- **Identifying Right beneficiaries**
- **Registering Migrants**
- **Moving from construction to manufacturing of shelter**
- **Creating Multiple Options for Shelter**
- **Promoting principle of limited land- unlimited space**
- **Promoting Multiple use of land- 24x7**
- **Adopting volume instead area-** to define dwelling size
- **Providing more flexibility in designing**
- **Adopting project based approach**
- **Promoting Regional Poverty; Empowering Rural India**

## **22 Affordable Housing can be effectively leveraged for;**

- **Creating/ expanding large job market for unskilled/ semi-skilled rural migrants;**
- **revitalizing Indian industry**

- *promoting economy;*
  - *achieving higher growth rate and*
  - *marginalizing poverty in urban India.*
  - *Affordable Housing has enormous capacity to make our urban / rural centers;*
    - Smart, -- healthier,*
    - more productive -- more effective, efficient, livable ,*
    - more sustainable, inclusive, Resilient safe*
    - better planned -- slum free, with assured quality of life.*
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