

“Affordable Housing: A Present Need in Housing Sector”

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Abstract— Affordable housing is very hot topic in India, even more in news after the launch of housing for all by 2022 by the government of India. Due to rapid urbanization there is huge gap created in demand and supply of affordable housing. After 68th years of independence also there is 95% shortage for lower income group houses. There are also many achievements and initiatives by the government, but the rate of constructing affordable housing is low due to government laws and policies of housing infrastructure. The paper describes challenges, issues for the development of affordable housing and also it explains various strategies to be implemented. There is also need of innovative faster construction technology so the cost of construction will reduce and economically weaker section, lower income group will get their own house at affordable cost.

Index Terms—affordable housing, construction, cost, development, government, income group, infrastructure, lower technology, socio-economic, urbanization

I. INTRODUCTION

With rapid urbanization and rising population, shortage of land is major problem in urban India. Growing urbanization has led to pressure on the availability of land and infrastructure in city, there is deterioration of housing conditions of the weaker sections of society, there is increased number of slums and squatter settlements all around. It is expected that India's urban population to reach about 81 crore by 2050. Housing is a basic need for humans and is an important sector for any economy as it has inter-linkages with nearly 269 other industries. Housing industry in India gives second largest employment, next to the agriculture sector and is ranked fourth in terms of multiplier effects, ahead of agriculture and transport. The development of housing sector has direct impact on employment generation, GDP growth of country and consumption pattern in the economy.

It is true that economic growth leads to rise in income but this has led to even faster rise in property prices leaving it unaffordable for majority of population. The government of India acknowledges the importance of housing issue in the Country and has launched a massive campaign which promises to provide housing to all its citizens by the year 2022. As per studies conducted by the Ministry of Rural Development and the Ministry of Housing and Urban Poverty Alleviation, the vision would require development of about 11cr houses with investments of over USD 2 trillion. It is

estimated that almost a quarter of Indian households lack adequate housing facility.

The concept of affordable housing seems to be a simple solution to current housing scenario. Most of the housing development may need to be done for economically weaker section or low income households (in both rural and urban areas) whose income is less than 2-3 lakh per annum. Affordable housing may be a good strategy to this home-buyers dilemma and can help ensure housing across different sections of society.

II. MOTIVATION

The three basic necessities of life food, clothing, and shelter are day by day becoming a luxury and no longer looked upon as an affordable expenditure. Luxury items such as televisions, mobile phones, refrigerators, etc. are becoming affordable due to the Demand created in the Market. Even after Economic progress of the Nation, we can find auto-rickshaw driver holding a smart phone in his pocket but still he dwells in a slum area. It is true that economic growth leads to rise in income but it has led to high growth rate of property prices leaving it unaffordable for majority of population in the country. Many lower income households live in poor conditions and are not satisfied with their housing condition, their search for affordable housing have been a failed attempt. People are ready to pay but they have no assurance of affordable house of their own. Hence, affordable housing in India is the need of the era.

III. AFFORDABLE HOUSING MEANING

Affordability as a concept is very generic and has different meanings for different people. Affordable housing is housing that meets some form of affordability criterion. Defining affordable housing in India is a difficult task because at every square kilometer of the country, the dynamics of the country are different. Affordability means people get basic amenities such as sanitation, adequate water supply, power and healthcare facilities. Affordability also means project should be located within reasonable distances from workplaces and should be connected adequately through public transport. As overall the citizens are divided into four main groups on their annual income levels as Economically weaker section (EWS), Lower income group (LIG), Middle income group (MIG), and Higher income group (HIG). The major demand in housing is for EWS, LIG and MIG home buyers. So, using three parameters size of dwelling unit, income level and affordability/EMI following table is given.

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| | Income level | Size of dwelling unit | Affordability/EMI |
|-----|------------------------------|-------------------------|--------------------------------------|
| EWS | Less than 1.5 lacs per annum | Up to 300 sq. ft | 30% of gross monthly income of buyer |
| LIG | Between 1.5-3 lacs per annum | Between 300-600 sq. ft | 35% of gross monthly income of buyer |
| MIG | Between 3-10 lacs per annum | Between 600-1200 sq. ft | 40% of gross monthly income of buyer |

IV. PRESENT SCENARIO OF HOUSING IN COUNTRY

Housing shortage is going up because of increased urbanization and migration. As per estimates, housing shortage is 18.78 million in 2012. More than 95% shortage is for EWS/LIG houses. As per census 2011, slum households are 13.75 million, up from 10.2 million in 2001. Growth in 10 years of slum households is 36.5% and of slum population is 25.1%, whereas of urban households is 44.9% and urban population is 32%. Housing shortage is gigantic and more pronounced in certain states and big metro cities. By 2026, 46% population will live in urban areas. Hence different strategies should be apply to meet the needs of different groups.

V. CHALLENGES, SUGGESTIONS AND GOVERNMENT WORK IN DEVELOPMENT OF AFFORDABLE HOUSING

Developing affordable housing in Indian cities faces significant challenges due to several economic, regulatory and urban issues.

- a) Lack of availability of land within the city limits
- b) Excessive control on development of land creates artificial shortage
- c) Higher cost of construction
- d) Cost overrun and project delays
- e) Lack of access to home finance for lower income groups
- f) Lengthy approval and land use conversion process
- g) Lack of clarity in building bylaws and their guidelines

Housing and urban development is a state responsibility. State should consider the following suggestions for affordable housing development.

- a) Grant infrastructure status to the affordable housing sector
- b) Streamlining the approval process through a single window clearance mechanism
- c) Developing Public private partnership (PPP) framework to encourage private participation
- d) Channelizing long term funding in urban housing, emergence of microfinance institutions
- e) Smart transit oriented development
- f) Enhancing supply of urban land
- g) Extra floor space index (FSI) for affordable housing wherever possible
- h) Relaxation of density norms
- i) Improvement in construction technology

Government initiatives approach for development of affordable housing.

- a) After the decision of state government to resuscitate the Shivshahi Punarvasan Prakash Ltd (SPPL), about 30 top developers have submitted proposals to build low cost affordable houses in the Mumbai Metropolitan Region.
- b) Housing and Urban Poverty Alleviation Ministry today approved construction of 2,28,204 houses for the urban poor in five states for which the Centre will provide an assistance of Rs 3,231 crore. The minister for Central Sanctioning and Monitoring Committee (CSMC) chaired by HUPA Secretary Nandita Chatterjee approved the housing projects.
- c) MHADA has identified land parcels spread over 1100 acres across Mumbai Metropolitan Region (MMR) for developing affordable housing projects.
- d) The government relaxed foreign direct investment (FDI) norms in construction sector by removing two major conditions related to minimum built up area as well as capital requirement. Real estate industry today hailed the government's decision to relax FDI norms for construction sector saying the move would boost foreign investment particularly into the affordable segment.
- e) The Central government keeping discussions on fast track mode with the state governments about measures being taken to promote affordable housing projects for the Economically Weaker Sections (EWS) and Low Income Groups (LIG).
- f) The Reserve bank of India (RBI) has made new announcement that banks can provide home loans up to 90% on the property that cost up to Rs. 30 lakh. Earlier, it was 90% on the property which cost Rs. 20 lakh.

VI. CONCLUSION

Development of housing sector is very important for the growth of the country. Government should focus on policies and make them easy for public private partnership. There should be some relaxations in policies to construct houses at affordable price. New technologies and innovations like (precast elements) should emerge to reduce construction cost. To make affordable housing work in India, it would require “will” from all the private stakeholders and government officials by slightly adjusting their interests towards wider socio-economic development.

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