

HANDBOOK ON URBAN LAWS AND POLICIES THAT IMPACT HOUSING VOL- II




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Praja is a non-partisan organisation working towards enabling accountable governance. We conduct data driven research and provide information on civic issues to citizens, media, and government administration and work with Elected Representatives to identify and address inefficiencies in their work processes, bridge the information gaps, and aid them in taking corrective measures.

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Abbreviations

AHP	Affordable Housing in Partnership
BSUP	Basic Services for Urban Poor
DCR	Development Control Regulations
EWS	Economically Weaker Sections
FAR	Floor Area Ratio
FSI	Floor Space Index
HIG	High-income Groups
IHSUP	Interest Subsidy Scheme for Housing Urban Poor
JNNURM	Jawaharlal Nehru National Urban Renewal Mission
LIG	Low-income Groups
MHUPA	Ministry of Housing & Urban Poverty Alleviation
MIG	Middle-income Groups
NHB	National Housing Bank
RAY	Rajiv Awas Yojana
TDR	Transferable Development Rights
ULCRA	Urban Land Ceiling & Regulation Act
ULB	Urban Local Body
PLI	Primary Lending Institution
HFC	Housing Finance Companies
UDA	Urban Development Authority
PPP	Public Private Partnership
DDC	District Planning Committee
MDC	Metropolitan Planning Committee
FDI	Foreign Direct Investment

Foreword

This Handbook is in the nature of a reference work, which describes in brief the various Acts in Maharashtra that impact urban housing, as well as the various policies and schemes, both Central and State, that affect what kind of urban housing is built, and for whom.

To put this in context, it may be worthwhile to step back for a moment and reflect on why we are where we are.

First, the caste system is very much alive and flourishing in India, with Government more responsive to the attitudes it nurtures than it was at the time of Independence nearly 70 years ago. To some extent the hierarchies of birth have now been replaced by the hierarchies of wealth, but the fundamental attitudes remain. These encourage segregation by class into gated communities of the well off and ghettos of the poor, or of minorities. The disadvantaged and poor are to be relegated to oblivion. They might as well not exist. Compassion and concern for them find no place whatsoever in the mind space of the better off. The political leadership is voter bound to make sympathetic noises, but the determination to bring about any real change is absent for want of any genuine depth of feeling. The attitudes of politicians and bureaucrats can hardly be different from those of the general population.

Localities are increasingly segregated by religion, and the State does nothing to discourage this. Contrast this with Singapore, where the Finance Minister ascribes his country's economic success to its "intrusive" housing policies. 85% of the population lives in public housing estates, where maximum proportions are set for different ethnic groups, who are forced to share the same apartment blocks and whose children go to the same schools.

Second, the World War II Rent Control Act has had a devastating effect on the construction of housing for rental. In Greater Mumbai for example 90% of the housing was on rental in 1961. For the prosperous individual, savings were divided more or less equally between three forms: gold or jewellery, stocks and bonds, and housing for rental. Rental housing was an attractive investment, because the capital value for resale would keep pace with inflation, or do better, and the monthly return on original investment would go on increasing with time. But the Rent Act froze rents, for all time, at levels well below even maintenance costs. It could be applied to new construction, with rents frozen forever at the rate of first letting. So investment in rental housing stopped completely. Today in Greater Mumbai the absolute numbers of houses on rent is the same as it was in 1961. All new construction in the last nearly 70 years has been for ownership, with perhaps the occasional lease and licence letting for convenience, but virtually never as investment for earning rentals.

Since the majority of the poor, all over the world, occupy rental housing, it is they who have suffered the most from Maharashtra's continuing Rent Act. Its existence continues to discourage investment in housing for rental. It would be a simple matter to declare that the Rent Act will not apply hereafter to premises being let for the first time. The hornets' nest of existing tenants would not be disturbed by such a declaration. And it would open up, at last, the possibility of investors wanting to put some of their funds into rental housing for the same reasons that they did this 70 years ago. They would need no incentives or special subsidy to them as investors; ownership for rental would be a financially viable proposition. Subsidies for lower income groups to make rentals affordable would be on a family-by-family basis, along the lines of housing vouchers in the US, which can be used only to pay towards rental.

The third reason for the acuteness of housing shortages is that the Government has not grasped the pioneering role that transport systems can play in opening up new land for development. In Mumbai the Thane Creek road bridge in the 1970s opened up the possibility of Navi Mumbai, and the railway bridge that followed greatly expanded that capacity. But there has been nothing since, either in the same or in other directions. The Worli-Bandra Sea Link may be a boon to the tiny percentage of the population that is motorists who use that route. But it opens up no new land and does nothing for the rest of the city. The Mumbai Trans-Harbour Link would further simplify access to new lands across the harbour. But it continues to languish, while energy and funds are expended on metro lines and the promised Western Coastal Road, all of which, at considerable cost, give access to no new land. Enlarging the land area that can be reached by rapid transit is the single most important contribution Government can make to address Mumbai's housing problems.

And finally, we also need to recognise that there is a powerful driving force that decides not only what is to be built, but also what policies should be in place in regard to housing and urban development generally. This is the builders' lobby. In Mumbai, particularly over the last quarter century, it has spurred (or diluted, as the need may be) virtually every single policy that affects housing or the way the city develops. The trouble now is that it has got used to rewarding itself with extortionate profits—normal construction contractor's profits are no longer good enough.

Of these policies, the most damaging is the one that promises free housing to slum dwellers—in effect it puts slum dwellers into pucca housing in a corner of the plot they currently occupy, so that the remaining land, used for profit-earning development, is thus procured for the construction cost of rehousing: which is often a fraction of the value of the underlying land, particularly in high-value localities.

Promising free housing to slum dwellers has to be extended, by force of logic, to old-rent tenants, who unlike slum dwellers can at least claim legitimacy of residence. So the free housing policy must extend to them too, where it is given the label of "cluster redevelopment".

In both cases, there are two problems: one is that there is necessarily an addition of population (from the free sale) sharing the same road space and the same amenities, something that is bound to degrade the quality of life in the locality; and the other is that free housing is only viable where the underlying land values are high enough to cover the cost of rehousing, plus provide profits, and this is not true for the majority of slums or old-rent places. The promise of free housing for all, with success on display for all to see in the few cases where it has happened, becomes an impossible mirage for the majority. The further problem is that now you can have no alternative policy, one that is more realistic, where the poor contribute something, however inadequate, towards their own housing, because who wants to give up the allure of housing that is totally free. In the minds of the poor, that particular promise is becoming converted into a right, an entitlement that comes with being an impoverished urban voter.

With such formidable constraints, what is the hope for affordable housing for the majority of urban dwellers? All around the world the provision of housing for the lower income groups is not expected from private initiative alone. Government intervention and regulation are recognised as being essential.

What could be our new policies and laws, assuming the Government had the will to enforce them? That question is beyond the scope of this Handbook. It calls for debate, and a separate publication.

Shirish Patel

Civil Engineer & Urban Planner

Preface

With over 11 lakh households still living in slums in Greater Mumbai¹, and others living in 15,000 sub-standard/unsafe dwellings, the housing issue poses an enormous governance challenge. Not only are the present initiatives grossly inadequate to cater to the needs of the existing unhoused population, but they also lack a long-term vision plan to cater to increasing migration and rising population. Moreover, most of the existing schemes are oriented towards Home ownership and are unlikely to solve the housing problem alone. Home ownership is not a viable option for migrant households or those engaged in the informal sector, such as construction workers, who have no option but to live in kuccha, sub-standard dwellings without basic amenities.

Thus, there is an urgent need for a policy environment that facilitates the creation of affordable housing and rental housing stock in the city by making it a viable business opportunity for developers and safeguarding the interests of buyers at the same time. A piece-meal approach can no longer cater to the housing needs of a diverse population. Thus, government initiatives need to focus on the entire housing continuum from emergency shelters to ownership housing.

Housing Continuum



In Volume Iⁱⁱ of our series on Housing, we touched upon the concepts of affordable, incremental and rental housing. We also looked at urban planning concepts such as Floor Space Index (FSI) and tools available to planners for the planning and urban development of Mumbai. The last five decades have been marked by several landmark decisions by the Central Government and the Government of Maharashtra, in the context of land acquisition, housing and urban development. To get a better understanding of the practical working of the housing and real estate markets in the city, it is also important to familiarise oneself with the policy and regulatory environment shaping these markets.

With this aim, we bring you the second Handbook on Housing. This Handbook introduces the reader to key regulations, policies and schemes that have shaped Mumbai's housing sector and have influenced demand, supply and ownership patterns over time.

In this book we have tried to highlight the main features of each act along with their amendments and suggestions, views and counter views of Experts to highlight the arguments of both the sides of the debate. We hope that such presentation would act as start for various intellectual and policy debates leading to formulation of a better policy. Moreover, we have tried to give an overview of some specific topics so that the reader gets an understanding of the concepts involved and gets a grasp over the issue before going into the details of a particular Act. We do believe that by just looking at different policies of Centre and State would be a half done job without the necessary comparison and so we have also provided the case studies and examples of other Indian states, wherever necessary, to give a comparative view of how Indian states deal with the issue of affordable housing. We have also gone beyond our territorial frontiers to look at international examples to learn lessons from their experience in dealing with the issue of housing.

We do not claim that our work is an academic exercise and have deliberately restricted ourselves to highlight the main points of each Act and schemes/policies, along with expert views for the simple reason that we hope that this book will act as a ready reckoner to provide a layman understanding of the Urban Laws and policies related to housing.

Our ultimate aim is to make these Acts and policy documents more accessible to Elected Representatives and Citizens, by providing a one-stop, unbiased, easy-to-understand resource on the issue of Housing in Mumbai.

For comments and suggestions, write in to info@praja.org or call us on +91-22- 65252729. We look forward to hearing from you!

FootNote

i: Census 2011 figures

ii: HANDBOOK ON HOUSING, FSI, CROWDING, AND DENSITIES

Vol. I, Praja Foundation

I. REGULATORY FRAMEWORK

In Section I of this Handbook, we discuss landmark Regulations – laws/rules that influence land acquisition and urban development in Maharashtra in general, and Mumbai in particular, since Independence.



- Bombay Rents, Hotel and Lodging House Rates Control Act, 1947



- Maharashtra Regional and Town Planning (MRTP) Act, 1966



- Maharashtra Apartment Ownership Act, 1970
- Maharashtra Slum Areas (Improvement, Clearance and Redevelopment) Act, 1971
- MMRDA Act, 1974
- Urban Land Ceiling & Regulation Act, 1976 (ULCRA)



- Development Control Regulations for Greater Mumbai, 1991
- Maharashtra Rent Control Act, 1999
- Urban Land (Ceiling & Regulation) Repeal Act, 1999



- Maharashtra Housing (Regulation & Development) Act, 2012
- Government of India's Real Estate (Regulation and Development) Bill, 2013
- The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013

1.1 Rent Control Acts and Rental Housing

Rent Control Laws were enforced in all major cities of the world after World War II but over time these laws were revised and reformed to bring about parity through “Second Generation Controls” wherein they reflect the current condition of the market. In Mumbai, the two laws of Mumbai Rent Act (1947) & Maharashtra Rent Control (1999) were enacted to restrict escalating rents but unfortunately the revised law of 1999 only changed things marginally and more or less carried the older act forward. The effects of these two acts are that there is a massive shortage of Rental Stock in the city, as there is no investment in rental houses and the current protected housing stock deteriorates due to a lack of incentive to maintain it for the landowners. In this situation one can look for reforms of rent control laws and lessons can be learnt from global examples, which will not only provide an insight but will also act as a valuable experience in urban planning.

Rental Housing is a feature of many cities but unfortunately it has seen a declining trend in India. There are various reasons associated with it, including the nature of rent control laws. It was these Rent control laws which have created a shortage of formal and affordable housing in Mumbai. This shortage mainly affects the lower middle class and the poor of the city giving rise in informal housing. Usually if the cost of owning a house is high, then people opt for rental housing but the existence of strict controls has caused rental housing to vanish.

In Mumbai, the stringent Rent control law may be recognised as one of the factors responsible for shortage of affordable housing and distortion in the land market. This Law allows for a cap on the rent for protected properties, which is fixed at the time of letting with restricted annual increase, which is well below the rate of inflation. These rent controls were imposed in response to rising inflation and cost of living after the Second World War, causing countries all over the world to have rent control laws to protect the tenants from eviction by the landowners demanding extremely high rents from the tenants. There has been universal consensus that rent controls of the kind seen in Mumbai, known as “First Generation Rent Control”, lead to degradation of the rental housing stock. Continuation of this kind of Rental control has damaged the housing market as ownership dwellings are constructed mainly for upper middle class while slums house the rest of the population. Further, the rent controls apply to new construction as well old construction. The standard rent neglects the inflation rate, thereby providing negligible returns to the landlords causing a halt on the investment in rental housing. It is these rent controls which have increased the problem of lack of affordable housing and produced a mismatch in the housing market. Rent controls of this kind have a catastrophic impact on the rental housing of the city, hence many cities the world over have either done away with rent controls completely or have adopted rational “Second Generation Controls” for regulating rents.

1.1.1 Types of rent controls

First Generation Controls: These were the rent controls established during the Second World War and were introduced in all major cities of the world to protect tenants from steep rise in rent due to the war. These controls are characterised by rent which remains the same once fixed, with increase allowed only in rare cases. With time these rent rates fall below the market rent rate creating a loss of incentive for the landowner to maintain the property as these rent controls also protect the tenant from eviction.

Second Generation controls: During the 1970s and the 1980s, North America and much of Western Europe adopted a milder and more rational versions of rent control. The rent control allows for an annual increment in the form of percentage increase over the previous year. It also provided for increase in rent when landlords needed compensation for an increase in the cost of maintenance or when the landlords faced financial hardship if the existing return is not sufficient. Further in some cities “Vacancy decontrol” has also been adopted which allows the unit to be decontrolled once it has been vacated by the tenant. Whereas some cities also allow “Rent Level Decontrol” where the rent is decontrolled when the rent of the unit reaches a certain level.

1.1.2 Rent Control in Mumbai



The city of Mumbai has a large population with a high density and high concentration of business and financial activity. Further, it also has a limited land for housing. Prior to independence, the city was able to

cope with housing requirements of its migrants, since housing was relatively inexpensive due to easily available affordable housing and housing arrangements being taken care of by the employers. However after independence, there was not enough supply of housing to match the growth of the city. This caused the poorer population to take residence in slums. Many factors were responsible for the existing situation of Mumbai, like the rules and policies regulating land supply and real estate development; rent control was one of them. Rent was controlled in Mumbai mainly through two main acts, Bombay Rent act and later by the Maharashtra Rent act. Both these acts played an important role in shaping the housing market of Mumbai through capping rents and protecting the tenants. The highlights of each act will be discussed below.

1.1.3 Bombay Rents, Hotel and Lodging House Rates Control Act, 1947

The said act was implemented to amend and consolidate the law relating to the control of rents and repairs of certain premises, of rates of hotels and lodging houses and of evictions.

The "Standard rent" defined in the act in relation to any premises means-

- a) Where the standard rent is fixed by the Court and the Controller, respectively, under the Bombay Rent Restriction Act, 1939, or the Bombay Rents, Hotel Rates and Lodging House Rates (Control) Act, 1944, such standard rent; or
- b) Where the standard rent is not so fixed - subject to the provisions of section 11 (relating to fixing of rents by courts in certain cases),
 - i) The rent at which the premises were let on the first day of September 1940, or
 - ii) In case, where they were not let on the first day of September 1940, the rent at which they were last let before that day, or
 - iii) Where they were first let after the first day of September 1940, the rent at which they were first let, or
 - iv) In any of the cases specified in section 11, the rent fixed by the Court

Highlights

The basic purpose of this act was to prevent the tenants from eviction by the landlords and provide for a stable and reasonable rent for the tenant and develop the rental stock of the city¹.

- It provided that Rent or licence fee or charge in excess of standard rent was illegal.
- Increase in rent was provided only on the account of improvements, special additions, etc. and special or heavy repairs of the property.
- The Court may fix standard rent and permitted increases in certain cases
- No ejection ordinarily to be made if tenant pays or is ready and willing to pay standard rent and permitted increases
- Members of armed forces of the Union, scientists or their successor-in-interest were entitled to recover possession of premises required for their occupation
- It entitled the landlord to recover possessions of terrace and structures for raising floor or floors.
- In absence of contract to the contrary, tenant not to sub-let or transfer or to give on licence.
- It also provided for recovery of the amount paid not in accordance with act.
- Landlord not to cut off or withhold essential supply or service.
- Conversion of residential into non-residential premises was prohibited according to the act.
- Later this act was replaced by the Maharashtra Rent Control act, 1999.

1.1.4 Maharashtra Rent Control, 1999

This is the second act for regulating rents which is basically derived from the earlier act of Bombay Rent Control, but unlike the previous act which was applicable to Mumbai alone, this act was applicable to the whole state of Maharashtra. The 1999 revision changed things only marginally, and more or less carried the same Act forward.

FootNote

1: http://www.mahim.com/rent_act.htm

It is 'An Act to unify, consolidate and amend the law relating to the control of rent and repairs of certain premises and of eviction and for encouraging the construction of new houses by assuring a fair return on the investment by landlords and to provide for the matters connected with the purposes aforesaid.²

Highlights³

- ⁴The main aim of this Act is to have a single law to deal with control of rent and repairs of certain premises
- This law also dealt with the conditions under which tenants could and could not be evicted
- Apart from the above, this law aims at encouraging the construction of new houses by assuring a fair return on the investment by landlords.
- This act unified, consolidated and amended all the three rent acts (Central Province and Berar Act and Hyderabad House Control Act) of Maharashtra into one and is applicable to the whole state of Maharashtra.
- The act was enacted for controlling rents so that they may not exceed beyond the standard rent or fair rate.
- This act was applicable to the premises let for the purposes of residence, education, business, trade or storage in the areas specified in the act
- Certain premises are exempted under this act; namely premises belonging to government or local authority or government as tenant, licensee.
- The definition of 'premises' in the act does not include land. Therefore tenancy or lease only of land will not include land. Therefore tenancy or lease only of land will not be governed by this Act.
- The Act does not make separate provisions for hotels and lodging houses.
- The premises to which the Act applies are buildings or structures or parts thereof and the land appurtenant thereto including garages and outhouses thereon
- From the commencement of the Act that is from 31st March, 2000 the landlord will be entitled to increase the rent by 4% per annum in respect of premises let for purposes of residence, education, business, trade or storage.

- The landlord can also increase rent reasonably for any improvement or structural alteration to premises carried out with the written consent of 70% of the tenants.
- The landlord is also entitled to increase the rent by amount not exceeding 15% per annum of the expenses incurred due to special alterations made or additional amenities provided.
- Agreement for grant of tenancy or licence is required to be in writing and registered under the Registration Act.
- Prohibition against receipt of Pagdi or premium for transfer or relinquishment of tenancy is removed and the same is legalized.
- Landlord can also charge fine, premium or deposit as consideration for grant or renewal of a lease of any premises or giving consent thereto.
- As per the act the court may fix a standard rent fixed and permitted increase in certain cases upon application made to it or in any suit or proceedings.
- Duty is cast upon the landlord to keep the premises in good repair. If the landlord neglects making the repairs then after a 15 days' notice, the interested tenant may make the same and deduct the expenses of such repairs from the rent.
- As per the act, a landlord is not entitled to the recovery or possession of any premises if tenant pays or is ready and willing to pay standard rent and permitted increases. Even landlord cannot file a suit for recovery of possession against his tenant on the ground of non payment of standard rent due until the expiration of ninety days next after notice in writing.
- The act allows the landlord to inspect the premises let or given on license at reasonable time after giving prior notice.

FootNote

2: Maharashtra Rent Control Act, 1999

3: <http://mja.gov.in/Site/Upload/GR/Civil%20Summary%20of%20Workshop%20dated%2022.3.2015%20in%20Chandrapur%20District.pdf>

4: <http://accommodationtimes.com/salient-features-of-the-maharashtra-rent-act-1999/comment-page-1/>

Proponents suggest that rent control laws provide for cheap housing for the poor, tenants have security against arbitrary increase in rents and evictions. For landlords, rent controls inhibit sharp rent decrease in recessionary periods.

Opponents are of the view that rent control kills incentive to invest in new rental housing, which reduces supply in the market, leading to scarcity of rental homes. Migrants to urban areas find it difficult to find cheap housing. There is steady deterioration of housing stock because land lords will not maintain buildings, tenants will not contribute for main-tenance and reconstruction is not possible because tenants cannot be evicted.

In terms of impact on the city, it is this deterioration in the quality of housing stock that is as important as the decline in provision of new rental housing. **Prof Assar Lindbeck of Sweden famously said: "next to bombing, rent control seems in many cases to be the most efficient technique so far known for destroying cities."**¹⁵

FootNote

5: Rent Control by Walter Block



Why is it important to reform the Rent Control Law?

- The virtual freezing of rent, with permitted annual increases much below even inflation, in effect means a diminishing return on original investment. Landlords have no incentive to maintain buildings, which quickly become derelict. The housing stock steadily deteriorates.
- All new construction for rental stops. Only ownership housing gets built. There is no investment in housing to be given out on rent. Those who suffer most are the poor, who are forced into slums, where they can rent accommodation at prices which landlords of pucca buildings would be happy to build for, but which they cannot receive because under the Rent Act they will be forced to accept a fraction of the rents paid inside slums.
- Because buildings are neglected, and begin to crumble, and some are in danger of collapse, builders are offered incentives to reconstruct with additional FSI which they can sell. This will pay for the reconstruction of tenanted building where tenants must be given back accommodation at throw-away rentals. This added FSI means more crowding and less open space and less road area per capita for everyone, old resident or new. The disintegrating housing stock is rebuilt, but living conditions outside the house are much worse. The city continues to degrade, now on another front.
- Rents have remained frozen for two-thirds of a century. In effect, some tenants pay one-thousandth of the market rent. Landlords heavily subsidise the tenants, while Government stands by, uninvolved and unaffected. Over this long period of time, some tenants have become much richer than their landlords, but continue to enjoy the rent subsidy
- Rental housing is vital, especially for the poor. In New York, and Switzerland, more than two-thirds of the housing stock is on rental. In Mumbai the absolute numbers have remained unchanged, because all the growth has been in ownership housing. So Mumbai's percentage of housing under rental has declined from over 50% post WW-II to 19% today.
- If we are serious about housing the poor in decent housing, we have to say at the very least that all new tenancies hereafter will be free of rent control. That will open a market for housing to be built for rental. We should remind ourselves that in France, 70% of the rental housing is single-family owned. So we can expect that investment in rental housing will come not only from big landlords but, more importantly, from individual families.
- The question of how to deal with existing rent controlled apartments is a separate issue. New York has used a means test to verify that a tenant does indeed have so low an income that he needs the rental subsidy—and as a result many apartments were freed of rent control.
- Reduced supply of rental housing in the “controlled” market segment leads to increased rents in the uncontrolled market segment.
- Ineffective implementation of the rent laws leads to emergence of a black market in rental housing and of unlawful practices like payment of “key money” (money paid to landlord who wishes to rent the property) at the point of entry in tenancy.
- Exclusion of lower income groups from the rental housing market, due to inability to pay high rents in the uncontrolled market and huge deposits, as ‘key money’, in the controlled market.
- Inefficient and wasteful use of scarce resource (rental housing) in the controlled market due to low rents.
- Negative impact on the value of tenanted properties with repercussions on the salability and/or mortgagability of the premises.
- Contentious relationship between the landlord and the tenant.
- Increased litigation and resort to criminal practices for getting repossession of the house by the landlord and consequent increased administration cost for resolution of disputes.
- Stagnation of revenue from property taxes, which is the major source of revenue of Urban Local Bodies (ULBs).

1.1.5 Expected Benefits of Rent Reform to Maharashtra, Municipal Corporation and Citizens

State	Municipal Corporation	Citizens
Increased investment in housing will have positive multiplier impact on State Domestic Product (SDP) and will generate additional employment	Increased revenue from property tax	Development of a healthy rental housing market
Increased supply of rental housing will lead to reduced rent levels and a decline in number of slums	Reduction in number of sub-standard housing units leading to improved quality of housing stock in the city	Increased accessibility and affordability of rental housing
Improved housing situation will reduce the need to allocate government funds for housing and release additional resources for financing other social objectives	Reduced burden on municipal finances on account of diminished need to allocate funds for upgradation of dilapidated housing, etc.	Improved security of tenure
More efficient allocation of existing housing stock will lead to increased productivity with beneficial impact on economy of the state		Reduction of black money deals on account of unlawful payments (e.g., 'key money') by landlords or tenants
Decline in number of court cases		Improved access to housing finance for owners of rented properties

One needs to understand that Rent Control is a form of enforced subsidy, by which the owner is forced to subsidise the tenant. If Government wants to subsidise the poor, the much more logical mechanism would be to give families direct Government subsidies if necessary, in the form of Rental Vouchers, which can only be spent on rent, given by tenants to landlords and encashable only by landlords. An important point is that rent control should apply not to the premise but to the occupant.

1.1.6 Task Force Report on Policy and Interventions to Spur Growth of Rental Housing in India

The report on policy interventions to spur growth and rental housing in India was prepared by a Task Force on rental housing headed by Chairman, Jaithirth Rao under Ministry of Housing and Urban Poverty Alleviation. The Task Force was mainly constituted to look at means of increasing the stock of Quality Rental Houses to be achieved by focussing on two key enabling areas, namely, creating a legal and regulatory framework that significantly reduces risk perceptions that would enable the Private Sector to confidently take up rental housing in a structured manner, on a mass scale and providing incentives by way of finances, tax breaks, etc. that would improve the financial attractiveness of the rental housing projects, making tenancy easy in individual house in smaller cities/towns.

At the outset, the Task Force analysed segments that most require some form of Rental Housing as opposed to House Ownership. The Task Force concluded that Rental Housing is particularly apt and even a necessity for a significantly large segment of households and individuals. Rental Housing satisfies the needs of this demand segment in ways which cannot be satisfied through House Ownership. It suits the needs of the Migrant population perfectly as they come for short durations of stay on account of employment or education and do not wish to make the long term financial commitment given the temporary nature of stay. Rental Housing forms the only sustainable option for housing for the LIG and EWS households, which have annual income less than Rs. 1 lakh and between Rs. 1 lakh and Rs. 2 lakhs respectively. At such income levels, it becomes impossible for such households to purchase a house without compromising quality of life. Government subsidies are also not a sustainable option. Hostels and Dormitories allow individual students to move across the country to get educated in their field of specialisation by providing rental accommodation that suits them in this transitory period of their lives. Individual migrant workers also would prefer Hostels/Dormitories.

The Task Force looked at both the Demand and Supply side of the Rental Housing segment to

understand the industry better and thereby offer specific and implementable solutions.

Recommendations

- Rent Control is only necessary for those houses that are targeted at the EWS/LIG segment. There is no need for Rent Control to be applied across the spectrum of Rental Housing.
- If required, vouchers could be issued by the government using UIDs (Unique Identification Number) and bank transfers to maintain transparency. Private developers should be encouraged to participate in rental housing by incentivising and by giving additional FSI.
- It highlighted the need for tax incentives to promote rental housing. Further the deposits of banks should be channelized for investing in rental housing by incentivising with proper security and good returns.
- Even for houses under the purview of Rent Control, the mechanism for Price Fixing has to be market determined, that is, an outcome of Demand-Supply rather than stipulated by a Controller. Standard Prices that are regulated by a Rent Controller/Court should be replaced by a Rent Price based on a contractual agreement between the Renter and the Landlord. The Rent Price would reflect the prevailing market rates. Subsidised Rental Vouchers would take care of this, paid for by Government and gifted to needy tenants.
- There has to be a bifurcation between the Rent Control Laws for applicable Commercial properties and Residential properties. The Commercial interest group which inhibits Rental reforms for commercial spaces may not operate for Residential Rentals. Towards this, a separate law referred here as the Residential Rental Housing Act should be created, that specifically focuses on the housing segment. The Model Residential Tenancy Act 2011 provides a good starting point for the same.
- The focus of the Rental Housing Act should be on creating Affordable Rental housing. Hence, all regulations under Residential Rental

Housing Act, as well as benefits from a Residential Rental Housing Policy, should have greater emphasis on those properties where the area is less than 60 sq. metres (653 sq. ft.) of carpet area. For Hostels, the definition should be restricted to all Hostel and Dormitories where the monthly Rental (including accommodation, food and all other charges) is less than Rs. 10,000 per month per bed at current prices, as suitably modified from time to time. This is to prevent luxury hotels from reclassifying their Hotels as Hostels.

- Increase in the Rent Price in case of continuation of the contract should also be determined on the basis of contractual agreement.
- The registration of Lease Agreements should be simplified so as to reduce the transaction cost and increase transaction ease, so that the informal segment of Rental Housing is reduced. For instance, it should be possible to pay stamp duty and register lease agreements online. Eviction of tenants who overstay should be enforceable with the support of the State police, provided the lease agreement has been registered. This assurance will eliminate all informal leasing (where no stamp duty is paid) because landlords will want the enforcement support that the State provides.
- Real Estate Investment Trusts (REITs) focused on Rental Housing and with more than 75% of their income accruing from Rental Income should be enabled so that new players enter this market. REITs would also allow smaller investors to participate in the Rental Housing market. SEBI's draft law on REIT could be amended in this regard.
- Employers wanting to offer Rental Housing / Rent-To-Own facilities to their employees could be given specific grants / financial assistance by way of lower interest rates on funds borrowed for Rental Housing projects.
- Rental Management Companies (RMC) should be given tax benefits so that they are able to provide the important bridge between the Landlords and the Tenant and can facilitate smooth transactions between the two parties.

RMC could significantly reduce the risk perception and facilitate the entry of Institutional Landlords. In addition, for such RMC companies, provision of "eviction" powers should also be explored.

- Eviction Laws and Procedures should be simplified. In the event of disputes with respect to rent price, rent price increase and evictions, a special fast track Rental Housing Tribunal should be formed so as to ensure speedy resolution. The purpose of the Tribunal is to remove the Rental related dispute cases from the Small Causes Court, which is currently bogged down in endless delays. Affordable Rental Housing (defined above as flats less than 60 sq. m), including Affordable Hostels and Dormitories (total charges less than Rs. 10000 per month per bed at current prices) and Captive Employee Housing, should get cost benefits so as to improve Yields/Margins. This can be done in the following ways:
 - a) Rental Housing should be categorised as Residential, thereby ensuring that all Taxation and other charges, including utilities such as Water and Power Supply, be calculated at Residential rates.
 - b) To facilitate rental registration stamp duty should be minimised like in the case of Rajasthan.
 - c) Service tax to be exempted to such properties and property tax to be exempted for next 10 years period.
 - d) For Institutional Landlords creating mass Rental Housing, Income Tax should be exempt for such properties. As Building of mass rental housing either for employees or for others, be considered as one of the clauses of the Corporate Social Responsibility Policy, thereby allowing a deduction of more than 100% of the capital expenditure incurred by the Corporates.
 - e) Section 24 (a) of the Income - tax Act, 1961 provides a deduction of 30% of the annual value from the rental income of the house property of the owner. In order to promote rental housing such deduction should be increased to 50% of annual value.

- f) For Institutional Landlords creating mass Rental Housing, income Tax should be exempt for such properties.
- g) The Companies Act 1956 stipulates depreciation at 25.88% for hotels & boarding business whereas the rate applicable to other businesses is 18.1%. A separate category of depreciation should be created for affordable Hostels & Dormitories / Affordable Rental Housing with a rate lower than hotels

1.1.7 Model Residential Tenancy Act, 2011 and Draft Model Tenancy Act, 2015

The **Model Residential Tenancy Act (MRTA)**, 2011 prepared by the housing ministry is intended to replace archaic rent control legislation that capped rentals, resulting in landlords getting a pittance for properties in prime localities in metros. Though rent control is a state subject, the Centre is seeking adoption of the model law by mandating that only states that enact this law would be eligible for funding under the flagship Rajiv Awas Yojana (RAY) that has a budgetary allocation of over Rs 800 crore in 2011-12 and comes with other benefits, such as interest relief.

One of the issues with this act is that in Mumbai, where thousands of old properties are still rented out under the longstanding “Pagdi System”, (under this practice, the tenant pays a big non-refundable lump sum at market rate at the beginning with the understanding that the landlord will charge only a minimal rent) if the new law goes through then these tenants will have to pay rents at nearer to market rates or will probably be at the mercy of the landlords⁶. But recently the Government has come up with Draft Model Tenancy Act, 2015 as the earlier MRTA 2011 was left incomplete. The new draft act of 2015 takes into account the concerns of both the Landowners and tenants.

The features of Draft Model Tenancy Act, 2015 are as follows

- The new draft will ensure that landlords are able to charge market rates for their residential or commercial properties, get the rents revised

periodically and also get their premises vacated easily without getting into long-drawn legal proceedings.

- Rent ceiling will be fixed in consultation with the state government to avoid arbitrary hikes. Besides this, landlords won't be able to evict tenants as per their whims and fancies, as there will be a written agreement.
- The security deposit charged from the tenant will be capped at three times the monthly rent, which is currently charged more or less on an ad hoc basis.
- Tenants can claim a reduction in rent if the quality of services available to them deteriorates in any way.
- The new Act safeguards the interests of both the parties in a special court of law, so there is no reason to believe that it will fail to have an impact. Landlords can expect rent that their property deserves and tenants will be saved from unexpected rental raise and surprise evictions.

1.1.8 International Experience of Rent controls

While most countries have abandoned first-generation controls, many still retain some form of rent regulation, which ranges from being very restrictive to being well aware of market realities. This section provides a review of rent control practices in cities from developing and developed countries.

a) New York City, USA

Rent control regulations were introduced in the city during the World War II, just like other cities of the world at that time due to rising inflation, to protect the tenants from galloping inflation. However, there was a phased decontrol between 1964 and 1968 during which around 7,000 units were decontrolled.

Reversing this, in 1969, the Rent Stabilization law was passed due to increased economic troubles and rising rents in the unregulated sector. About 400,000

FootNote

6: <http://www.commonfloor.com/news/mumbai-tenant-associations-criticized-model-residential-tenancy-act-2011-4547>



apartments in New York City were newly brought under this rent stabilization. To ensure that rents were also fair to landlords, a Maximum Base Rent (MBR) was set up based on various factors such as real estate taxes, water and sewerage charges, operating and maintenance cost, return on capital value, and vacancy and collection loss allowance. MBR is revised biennially depending upon conditions in the housing market, whereas Rents of older rent controlled properties are revised upwards till they reach the MBR. However, in order to prevent wanton hike, the growth rate of rents falling below MBR has a ceiling of 7.5% (when inflation is 1.1%) and given the low levels of inflations the ceiling has not been an issue and still continues till today.

The next generation rent decontrol was introduced by the Rent Regulation Reform Act of 1993, wherein particularly, currently vacant apartments and those that became vacant thereafter were decontrolled. The Act also sought to decontrol, upon application by the owner, apartments that were occupied by high-income households, and incomes were verified from the New York State Department of Taxation and Finance. This was the first attempt in New York to apply a means test to determine eligibility of the tenant household for rent protection. The latest in the list of fiddling with rent laws is the Rent Act of 2011, which, among other things, limits rent increases on vacancy to once a year and increases the threshold for deregulating high rent and high household income apartments.

⁷Today, New York City is predominantly a rental market with around 68 percent rental units of which 1% are rent controlled, 31% are rent stabilized, 27% are at market rents and 9% are other rental units.

b) Zurich, Switzerland

Zurich has Rent Control even today in the form of Second generation controls. These regulations allow for rent increases to cover maintenance costs and to account for inflation and also normal profits for the owners. There is no vacancy decontrol but courts can provide respite to tenants for arbitrary rents.

Zurich has a high proportion of rented apartments - about 66% in 1998 - the reasons being expensive ownership of housing and heavy taxation of owner occupied houses. The rent control laws have been able to disallow exorbitant rents and at the same time provide for profits. Consistent low levels of inflation have been the main reason why rental markets are functioning effectively despite rent regulations.



c) Georgetown, Malaysia

Georgetown, Malaysia is a port city known for its heritage. Here, rent control has existed since World War II, but the main law applicable was the Control of Rent act in 1966. Rentals were extremely low and many rental properties were occupied by low income groups. Further, illegal practices of subletting and transferring tenancies through "key money", divided between the owners and tenants were prevalent.

In 2000, the rent control law was abruptly and completely repealed without any consideration for the tenant population. This resulted in rapid

FootNote

7: Furman Center for Real Estate and Policy 2011

escalation of rents and eviction. Over the years, many of the poorer tenants left the city. The redevelopment that was to happen after the repeal did not take place due to a downturn in the economy, so today much of the inner city has commercial establishments. The experience of this city brings out the damaging effect a sudden repeal of rents can have on the city. This is almost exactly what the Government of India is recommending to the states through its Model Rent Act.



1.1.9 Rent Reform - The Way Forward

The Ministry of Housing and Urban Poverty Alleviation (MHUPA)'s ongoing programmes in the housing domain (JNNURM, ISHUP and RAY) are oriented towards home ownership and are unlikely to solve the urban housing problem. There is a growing recognition that the housing shortage cannot be solved through incentives for Ownership alone and unless tackled creatively, will lead to a higher cost of living with an accompanying lower quality of living in our cities. It is this scenario that the

Ministry of Housing and Urban Poverty Alleviation constituted a Task Force on Rental Housing. The Task Force was mainly constituted to look at means of increasing the stock of quality rental houses to be mainly achieved by focusing on two key enabling areas, namely:

- Creating a legal and regulatory framework that significantly reduces risk perceptions that would enable Private Sector to confidently take up rental housing in a structured manner and on a mass scale and
- Providing incentives by way of finances, tax breaks, etc. that would improve the financial attractiveness of the rental housing projects making tenancy easy in individual houses in smaller cities/towns.

Related points from Draft Maharashtra Housing Policy:

- Rental Housing (RH) will be developed by MMRDA through a PPP model and within listed ULB Maharashtra.

Solution & Suggestion:

- Reform of Rent Control Acts to reflect the current market condition
- Laws to increase and encourage Rental Housing Stock in the City rather than Ownership Housing
- Learn from Global experiences and examples for better insights to tackle Rent control and provide Rental Housing.

1.2 Acts and policies related to Regional Planning, Development and Building Regulations

Planning and Development can make or break a city and for a city like Mumbai Planning is done through a Development Plan, which plans for the development of the whole city lasting for next 20 years. Further there are Development Control Regulations (DCR) to control Development /Redevelopment through various means like FSI

regulations. Building regulations and bylaws is one of the ways to control building activity and “Form Based Codes” would be more suited to Mumbai rather than FSI. “Form Based Codes” would be easier to monitor and can also bring down the price of houses, making them more affordable, which the FSI model has failed to do in Mumbai. Form based codes like Hyderabad can be an example to emulate.

This section discusses those acts which are related to regional planning and which have, in a way, also impacted Housing through the Development Regulations. Moreover, it will also discuss building regulations and the main models of buildings regulations, FSI and Form based and benefits and disadvantages of each model along with a case study of Hyderabad City’s Form based building regulations development.

1.2.1 Maharashtra Regional and Town Planning Act (MRTP), 1966



The MRTP Act makes provision for planning the development and use of land in regions established for that purpose and for the constitution of Regional Planning Boards, therefore to make better provisions for the preparation of Development plans with a view to ensuring that town planning schemes are made in a proper manner and their execution effective; to provide for the creation of new towns by means of Development Authorities; to make provisions for the compulsory acquisition of land required for the public purposes in respect of the plans; and for purposes connected with the matters aforesaid.

Highlights

- The State Government may establish any area in the State, by defining its limits, to be a region for the purposes of this Act
- The State Government may - alter the limits of a Region or amalgamate two or more Regions so as to form one Region; or split up any Region into two or more Regions or declare that the whole or part of the area comprising a Region shall cease to be a Region or part thereof.
- For the purpose of planning the development and use of land in the Region, the State Government shall constitute a Regional Planning Board for the Region. The duty of a Regional Board is:
 - to carry out a survey of the Region, and prepare reports on the surveys so carried out;
 - to prepare an existing-land-use map and such other maps as may be necessary, for the purpose of preparing a Regional Plan;
 - to prepare a Regional plan;
- Every Planning Authority shall carry out a survey, prepare an existing land-use map and prepare a draft development plan for the area within its jurisdiction, in accordance with the provisions of a Regional plan.
- A Development plan shall generally indicate the manner in which the use of land in the area of the Planning Authority shall be regulated, and also indicate the manner in which the development of land therein shall be carried out.

- At least once in twenty years from the date on which a Development plan has come into operation, and where a Development plan is sanctioned in parts, a Planning Authority may and shall at any time when so directed by the State Government, revise the Development plan either wholly, or the parts separately.

1.2.2 Development Control Regulations for Greater Mumbai, 1991



Development Control Regulations (DCR) was framed to control development/ redevelopment in Greater Mumbai. Presently the 1991 DCR in force & DCR is in draft stage. The most crucial regulation under the DCR is the specification of Floor Space Index (FSI) for construction projects in Greater Mumbai. The FSI is determined depending on the location and type of construction projects. E.g. The FSI allowed in Mumbai City is 1.33 for all types of construction. However, for a cessed building, the FSI can vary between 2.5 to 3. For MHADA layouts, the FSI is 2.5 and for Slum Rehabilitation projects the FSI is 4.

Important Provisions under DCR:

- Higher FSI for urban renewal schemes, redevelopment of old and dilapidated cessed buildings, and rehabilitation of slum dwellers

- Granting permission for development of land reserved for public housing/rehabilitation by introducing higher tenement density for the areas located for these reservations
- Insisting upon the developer for providing basic amenities in case of development of large chunks of land measuring more than two hectares
- Permitting higher FSI for reconstruction or redevelopment of old buildings constructed prior to 1940
- Permitting residential/commercial development in industrial zone lands with the provision of providing proportionate amenity spaces for additional population
- Permitting redevelopment of land of cotton textile mills for open spaces and public housing
- Preservation of buildings and precincts of historical, aesthetical and cultural value

Development Plan (DP)

Development Plan (DP) of Mumbai provides a spatial framework towards building an inclusive and sustainable city. The MRTP act of 1966 stipulates revision of regional development plans at least once in twenty years. The first DP was sanctioned in 1967 and was revised subsequently and sanctioned in parts from 1991 to 1994. Currently the DP for the period 2014-34 is being revised by the government.

1.2.3 Note on Relation between MRTP Act 1966, Development Plan (DP), Development Control Regulations (DCR) and Housing

The MRTP Act 1966 provides for the preparation of a Development Plan (DP) whereas the spatial growth and development of Mumbai is guided and managed by two main tools i.e. Development Plan and Development Control Regulations (DCR).

Essentially DP prepares a 20 years Land Use Plan for the city, which is described as Spatial Plan. Being in the nature of a long term plan (20 years), this plan has to be in the nature of a framework and not as a projected action plan for 20 years because it is not possible to plan for 20 years and this is the point which is often missed.

Usually a lot of criticism is based on not understanding how the DP works. The important thing in the formation of DP are the questions related to land - what should be the use of land - normally called zoning, where should industries, offices, parks etc. be located.

The land in a way divides the city into two zones

a) Public domain: where the state exercises the right and takes over the land (property)

b) Private domain: for the private domain you have regulations which are commonly called DCR (Development Control Regulations)

The things which needs to be done and its intensity are the two critical points in the plan along with parking and others which makes the content of the plan.

The Maharashtra Regional & Town Planning (MRTP) Act, 1966 allows provision for infrastructure; particularly with Mumbai, the sectoral plans have acquired importance. Sectoral plans include the plans of all the sectors or departments of Mumbai, like Water Supply, Transportation etc. Presently, the DP does not include the plans of other departments failing to make it a comprehensive plan. Ideally each department should share its plans with other departments and make them available in the public domain.

As per the process the Existing Land Use (ELU) plan is prepared first, following which, according to the law, necessary studies are carried out to come up with the DCR. In fact, the DCR is an intrinsic part of the plan though it is always talked about as separate from the DP.

After Draft DP is published?

Once the Draft DP is published, the act provides for Suggestions and Objections to be filed. In the past, essentially the people whose lands were affected directly by the DP used to object if they were not satisfied. However, now, with increased awareness, citizens, NGOs, activists and academic institutions also send suggestions/objections. The act allows for constituting a committee to give hearing to individuals who have filed suggestions/objections and accordingly their objections are duly noted.

The said committee comprises of 7 members - 3 from the corporation and 4 expert members appointed by the government, which performs the quasi judicial, quasi-technical, quasi-political activity till the time draft plan as envisaged by the act is published.

The current plan of 2014-34 did not provide for publishing of preparatory studies, but the government went ahead and published it; which in itself is a new and different practice, one that can surely be incorporated in the act through amendments. Steps like this are needed to make the plan more participatory in nature and more citizen-focussed.

What about DP in other countries?

Outside India plans such as the DP are no longer made, partly because the population growth in those cities is very moderate and the most of the infrastructure expansion is also complete. Moreover, form based codes, design oriented activity has become more prominent in those cities/countries.

England still prepares a plan like DP but provides for participation, consultation and hearing, suggestions and objections. These are the distinct ways of making plan, though people use these terms interchangeably. The problem with our DP is that there is a lack of actual participation making it even more complex. Moreover, given the expectation of the people along with the plan, which lasts for 20 years, one cannot have a meaningful participation for 'x' amount of population. Plans need to be actually followed with Local Area Plan (LAP). LAP is important because at that stage one can have more meaningful participation. It should also be noted here that, the cluster development policy is not a LAP in the sense of participation as cluster area is only an incentive through DCR essentially saying that, "if one assembles a larger number of land holdings, one will get more incentive"

Options other than LAP?

MRTP act provides for Town Planning Schemes, but that requires land owners' participation and sharing of land, which is not possible in Mumbai. However, Section 33 of the Act allows one to come up with a Comprehensive Plan for Development, in which a smaller area within the city is selected and a

Comprehensive Plan is prepared, but that has never been used (Section 33 of the act). So one can either come up with a town planning scheme or Section 33.

The Housing connection?

Housing does not come directly in the whole process of planning partly because of institutional reasons. The DP is prepared by the Urban Development Department, whereas there is a separate Housing Department, which initiates Housing Policy and programmes on Housing. Their instrument is the DP because of which many of their plans get translated into the Development Plan. Therefore, DCR is seen to be an independent activity.

When the First DP was made in 1967, chawl areas in Kalbadevi and surrounds were assigned an FSI of 1.6, but by then the actual buildings were already constructed, so, in 1969 when the Repair Board was set up, they were given an concession to build at 2.4 times of/by the then DCR.

Housing is seen as a tool to intervene in DCR for which Slum Rehabilitation Authority (SRA) and redevelopment of cessed buildings were undertaken in 1997 and 1999. Even SRA operates through DCR but they also have the authority of being a regulatory agency, which also grants permissions.

What has happened with Mumbai?

In Mumbai FSI has been seen as a tool to contain growth and density so Mumbai always opted for less FSI. That is why Ballard Estate was built for FSI 3.5/4, Marine Drive at 2.5 and Kalbadevi, Mandvi, Bhuleshwar at 3 or more. In areas of Kalbadevi, almost the whole plot was covered but planners of the times thought that FSI of 2 can be controlled and people will rebuild those buildings, even ones which were rent controlled. Instead of FSI being rationalised over the years it has become worse, the 1967 plan said that Ballard Estate, Colaba and rest of congested areas could have a FSI of 1.66 and Malabar Hill and Dadar Hindu Colony a FSI of 1.33. Finally, FSI issue was closed with the 1991 DCR where the suburbs and city were granted a FSI of 1 and 1.33 respectively.

Following the 1991 DCR, a scarcity was created by the FSI regime to achieve all kinds of social benefits/

social goods. Now to use scarcity created through regulation and a public innovation is something that no city would have tried or done. All its problems apparently acted as a solution on a fringe in providing affordable housing. Even the achievements of SRA and cessed buildings are on the fringe and are based on sustaining high prices instead of a solution which will bring down prices through supply side interventions. The view to squeeze the supply to cause price rise and use that same high prices to help poor itself is a strange logic. Planners did not realise what they were planning is an intervention in the large market and undertaking a wrong intervention in the market, can be fatal as, a) prices will go up, leading to b) illegal constructions and c) increase in corrupt practices

Another aspect to Mumbai was that it also saw a basic trade off between travel time and house space, people were either staying in a relatively bigger house far away from the city or a smaller house within the city. People who used to stay in chawls in the city (Fort area) moved to Shivaji Park based on this trade off. This trade-off between near and far away housing cannot be controlled by planning; planners think that they can control this trade off and thereby also control the density. DCR of 1991 designated certain areas as high density, usually density benchmarks are prepared with parameters of maximum that one can go up to, whereas, in Mumbai it was exactly opposite; it provided for minimum parameters to ensure that smaller houses were built. The problem with this is that one usually cannot get developers to build small houses and stop the construction as and when they reach a particular density foregoing the remaining FSI. Now if there were no density regulations some developers could build smaller units without losing FSI.

What can be done?

The Urban local body is large enough to wholly take on the responsibility of preparing the Development Plan as it can bring the planning process proactively closer to citizens. Moreover, one can have multi sectoral plans including the plans of various sectors like Health, Education, Fire etc. for five years or so, but not for 20 years at a

stretch. One can also have Investment Oriented or Capital Intensive Plans with citizens' participation. The good thing being that citizens will know how and where they will raise money and how they will pay for that.

Using FSI to fund infrastructure projects will put unnecessary burden on present home buyers as it essentially causes burden on the present home buyers for the infrastructure which will be used for the next 50-100 years. Moreover, such large projects can also be funded by external borrowings from World Bank, External Commercial Borrowings etc. Capital Intensive Plan can be used to fund such infrastructure projects, recently JNNURM also tried to use the capital intensive plan and if given priority then it can also be used in budget. Further the Capital Intensive Plan can be added to either MRTTP or Municipal Act, but can be more effective if inserted in the Municipal Act.

Budgeting under the plan would be much more participatory than the present one; moreover, it will also improve the process of participation and consultations with the citizens. Brazil follows a participatory budget where the entire budget is prepared through this process. This can also be incorporated in the Municipal Budget and accounts.

Preparation of DP should be subject to government approval or should be the responsibility of the local government. Moreover, the Town Planning Act says that every local authority is ipso facto the planning authority. The state of West Bengal did just that, as a follow up of 74th Amendment, by empowering the local government where there is a limitation on the period of approval by the government, for e.g. in six months' time if the government does not have suggestions or objections then it will by default get passed. One of the biggest arguments against this is that local body is susceptible to outside influence but then it can also be said even the state government is susceptible to the same kind of influence. However, it is one way of making the councillors more responsible.

ELU done in the process of making DP can be safely replaced with the Existing Status of the city which will give a much clearer picture. Moreover, the use of technology such as satellites should also ensure that such activities are not carried over long years but are completed intermittently and quickly.

1.2.4 Building Regulations and Bye Laws

The basic purpose of building regulations is to limit the number of people who can reside in an area for the following reasons:

- a) Water supply and sewerage systems have limits to the number of people they can handle
- b) The road system's capacity is also limited. The locality's road area available for circulations gets further constrained if on street parking is allowed, or if there is arterial traffic running across the locality and taking up much of the load.
- c) To make sure that everyone gets sufficient light and air
- d) Buildings must not be so close to each other that fire can spread from one to the next.

Building Bylaws are the oldest form of public control over private construction activity. Building activity is regulated in the interest of:

- a) Public welfare
- b) Public safety
- c) Public health
- d) For abating congestion and over crowding
- e) For improving physical environment

The control of Building activity by the municipalities was a natural extension of their civic function. In the 1960s India saw a major town planning movement with large scale preparation of master plans for all its major cities. With the master plan came the concept of zoning regulations which regulated the land uses, building activities and also came the idea of density control, changing the whole dimension of building control activity and the basic instrument of Building Bylaws. Many parameters were introduced in the building bylaws like Floor Space Index (FSI), Plot Area ratio, Plot Coverage Restriction, Dwelling Unit Restriction, etc.

1.2.5 FSI Model

⁸FSI or Floor Space Index is the ratio of the built up area of a building to the ground area of the plot on which it is built. This is an idea that came from America post World War II. The FSI model was used in many states in India and also in Mumbai City to regulate floor space of the constructed entity and as a form of building regulation. Households in Mumbai consume on average of 2.9 sq.m of floor space per person; one of the lowest residential spaces in the world. The average FSI imposed on Mumbai residents is also the lowest in the world for a city of this size. However Mumbai has very high density compared to New York's FSI. Going by the FSI oriented development, there are two ways to increase the floor space per person:

- Increasing FSI
- Forcing people to stay outside the city, which is not possible in a democratic country like India.

So, going by FSI model, one can only increase the FSI over the years to provide an increase in the floor space per person. Before that one must look at the reasons that are responsible for very low space consumption of Mumbaiers

a. Exceptional Topography

Topographical constraints or shortage of land due to topography is serious for a city like Mumbai because it is a narrow peninsular island with high density. So, how does one overcome these constraints imposed by nature? It is difficult, but not impossible. The solutions are as follows:

- 1) Using land more intensively by reforming its land use policy
- 2) Using land more efficiently by clarifying property rights
- 3) Expanding the land area available by improving access to the hinterland by developing its infrastructure, building Rapid Transit roads, Bridges etc.

b. Draconian Land use policy

Cities where topography imposes a constraint usually find compensation made through higher FSI/Heights so, New York, Singapore and Hong Kong have Skyscrapers, but cities like Paris and London, which are on plains, do not have such buildings. In

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b. Draconian Land use policy

Cities where topography imposes a constraint usually find compensation made through higher FSI/Heights so, New York, Singapore and Hong Kong have Skyscrapers, but cities like Paris and London, which are on plains, do not have such buildings. In most large cities of the world as technology and infrastructure improve the FSI in Central Business District (CBD) tends to increase, while the population density tends to decrease. A decrease in density in correspondence to an increase in floor space is counterintuitive.

It happens in most modern cities because a general increase in FSI is always associated with an increase in floor space per person and per job. So, more floor space is built on the same unit of land but the people and enterprises consume more of it. Thus, population tends to decrease. Most cities of the world have a policy to increase FSI with time. In Mumbai, by contrast, the regulated FSI has constantly decreased; in 1964 FSI at Nariman Point was fixed at 4.5 and now it is 1.33 for the island city and 1 for the suburbs. As a result, the redevelopment of any old buildings would lead to loss of floor space and require relocation to different parts of the city.

FootNote

8: Alain Bertraud- "Mumbai FSI/FAR Conundrum" Should Mumbai FSI (FAR) be increased? who will benefit?

In later years, the government decided to tap the real estate's value of private real estate to finance its social programs. MCGM created an artificial shortage of floor space by restricting FSI and cashing in on it by issuing TDR. With this, MCGM became a monopolist; nothing can be built in Mumbai without additional FSI and MCGM controls the supply of FSI. Fixed FSI in Mumbai has created conditions of a "zero sum game" when it comes to floor space. As floor poor households have to face a constant reduction in their consumption because they cannot compete with the rich, the possible addition to the total floor space of Mumbai is densification of slums. Further there are also CRZ (Coastal Regulation Zone) regulations which limit new construction within 500 m. from the high tide zone. If CRZ were there then there would be no New York, Singapore, and Hong Kong etc.

c. Muddled Property Rights

Muddled Property Rights is one the important reasons why Mumbai continues to have very low floor space consumption. In addition, there are Rent control legislations which further limit the scope of housing and, also a muddling of property rights between tenants and landowners. These factors prevent new constructions and also redevelopment due to the limited FSI and further increase the scarcity of houses in a city like Mumbai.

d. Underdeveloped and deficient primary infrastructure

Mumbai does not have any rapid ring road or arterial road access to go from one part of the city to the other part of the city. Further, there is a lack of connectors and bridges to connect the hinterland with the city along with the neglect of water transport, like ferries for the island city. It is one of the reasons why new land is not opened up for housing.

1.2.6 Form Based Model

⁹A form-based code is a land development regulation that fosters predictable built results and a high-quality public realm by using physical form (rather than separation of uses) as the organizing principle for the code. A form-based code is a regulation, not a mere guideline, adopted into city, town, or county law. A form-based code offers a powerful alternative to conventional zoning regulations.

Form-based codes address the relationship between building facades and the public realm, the form and mass of buildings in relation to one another, and the scale and types of streets and blocks. The regulations and standards in form-based codes are presented in both words and clearly drawn diagrams and other visuals. They are keyed to a regulating plan that designates the appropriate form and scale (and therefore, character) of development, rather than only distinctions in land-use types.

This approach contrasts with conventional zoning's focus on the micromanagement and segregation of land uses, and the control of development intensity through abstract and uncoordinated parameters (e.g., FAR, dwellings per acre, setbacks, parking ratios, traffic LOS), to the neglect of an integrated built form. Not to be confused with design guidelines or general statements of policy, form-based codes are regulatory, not advisory. They are drafted to implement a community plan. They try to achieve a community vision based on time-tested forms of urbanism. Ultimately, a form-based code is a tool; the quality of development outcomes depends on the quality and objectives of the community plan that a code implements.

The five general elements of Form based codes are a Regulating Plan - with a plan or map of the regulated area designating the locations where different building form standards apply, Public standards - which specify elements in the public realm like sidewalk, travel lanes, on-street parking, etc., Building Standards - Regulations controlling the features, configurations, and functions of buildings, Administration and a clear Definition.

1.2.7 Case study of Hyderabad Model of Form based building codes & its Background

¹⁰Government of Andhra Pradesh through its G.O No. 86, Revised Common Building Rules, 2006 rationalised and simplified its building rules in Hyderabad and all cities of Andhra Pradesh; there is

FootNote

⁹:<http://formbasedcodes.org/definition>

¹⁰:AP Government G.O. No. 86 and Revised Common Building Rules, 2006 Notes from S. Vishwanath from Hyderabad

no FSI parameter in the common building Rules. There are minimum setbacks and height which regulate the built form. This implies that normal buildings have FSI ranging from 3 to 4, and High Rise buildings have unlimited FSI.

Another implication is that this has helped in bringing buoyancy in rates of housing units, increase in number of OC's (Occupancy Certificates) and finally, reputation of developers. Hyderabad and other similar cities across AP are the cheapest in terms of selling rates of flats/housing units, making them affordable, mainly because of the optimization goal of the revised building rules; a builder can get the highest built up area per sq yard of plot only in AP and nowhere else in similar city size across the country. For example, for the given amount of built area, a plot of about 1000 sq m would be sufficient in Hyderabad, whereas in Chennai one would require a plot of about 2000 sq m and in Mumbai one would require 3000 sq m to achieve the same built up area. The maximum setback required for high rise is 16 meters whereas one can achieve unlimited FSI in a larger plots (say 2 acres and above) it is possible to do in smaller lot (one acre) as well This has crucial implication in selling rates, since land is a critical component. Therefore the selling rate and mutual competition makes them peg the rates to affordable limits. In Hyderabad one can get flats at as low as Rs. 2000 psft, while the average rate is still around Rs. 3000 psft and Rs. 4000 psft in prominent city area. This is not the case with places like Chennai - where the average selling rate is more than Rs. 8000 psft in city proper, more than 12,000 psft in the core city like T Nagar or Royapettah, and an average Rs. 3500 psft in new suburbs like Sriperumbudur, or off OMR highway, etc.

During the Pre G.O 86 periods where FSI and coverage were important parameters it was found that these parameters were openly flouted by the builders even in the case of public buildings like high Court Annex Complex and GHMC Main Office Complex. If such is the case with stated public buildings then one can safely assume the FSI and plot coverage situations in Private buildings, i.e. majority of them, have violated the parameters and FSI is at least doubled if not more (if FSI of 1.3 is professed then an FSI of 3.0 is consumed). Since this is the

ground reality the basic principle of FSI as a form of built regulation goes for a toss. The story is same whether it is Mumbai or Chennai, FSI is always stolen with impunity.

The other aspect is of obtaining Occupancy certificate for buildings. In Hyderabad it was found that none of the above mentioned exemplary buildings have taken an occupancy certificate. The reason may be that taking an occupancy certificate is a research in itself because it can be issued only after verifying that all the parameters, including FSI and plot coverage, are within the rules.

The Preamble of G.O. 86 i.e. revised building rules 1986, much thought and effort has gone into bring out rationalised and simple path-breaking rules. Most prominent aspects of these building rules are:

- Only two tables with reference to setbacks, plots, road widths and height – one for non-high rise and other for high rise with rationalized values, so that these are understood even by the layman and the ordinary town planning supervisor.
- FSI and coverage are therefore only derivatives from the above
- Parking made a percentage of total built up area (easy to understand and calculate even by common man and the ordinary building supervisor)
- Heights given for different areas based on characteristics of the zones – Congested areas, developing areas, sensitive areas, etc. These effectively control the built form as against FSI and coverage which are indiscernible parameters and difficult to impose.
- Parameters for Occupancy Certificate made simple-only those that are measurable and discernible to the naked eye, and basically in public domain.
- Civic bodies get more revenue for infrastructure augmentation and improvements through levy of 'City level impact fees'. These City level Impact Fees are nothing but mopping up the benefits accrued from optimized built up area (which was not the case in earlier building rules)

The ground reality of Hyderabad has shown that FSI has failed to match the physical infrastructure. Before G.O. 86 was introduced FSI was very low in the various Zonal Development Plans of the 1980s. It is estimated that out of 100 buildings hardly 25 % were taking proper permissions, hardly 10% were being built as per sanctioned plan (FSI and Plot coverage compliance) – thus more than 75 % of buildings are either unauthorised or in violation. Zonal Development Plans on the other hand just gave low FSI values without calculating the infrastructure required. This raises the question, for whom do we plan; for the legal 25% sanctioned buildings or the 75% illegal ones? In fact, after the introduction of G.O. No. 86 there is much more compliance of the building rules, which actually shows that FSI has not been able to tackle the issue of infrastructure facilities augmentation.

The G.O. No.86 has made the civic authorities more focussed in augmenting facilities, since it is categorically stated that with reference to city impact fees that 50% would be spent on regional development, with the rest to be used for overall city development.

It is seen that with the G.O. No. 86 population and development has become more focussed and compact in the areas surrounding Hyderabad. Land owners and builders are optimizing use of land to come up with more compact developments.

The rationalization of building parameters have led to lower number of civil disputes, legal cases, etc. and there is no complaint received from any quarter against G.O. No. 86 which makes it a win-win for builder, owner, civic/ government, common man.

The new Building Rules are slowly and steadily changing the shape of AP's cities and towns by bringing in compact and sustainable development. Today, cities in AP are very competitive thanks to removal of FSI and simplification of the building rules. They have helped to achieve more functionality in design and location of buildings and more optimization of built form without compromising on planning norms and civic utilities.

Related points from Draft Maharashtra Housing Policy:

- Affordable housing scheme and inclusive housing in all housing projects (20%).
- Affordable Housing through Town Planning Scheme (TPS) /Special Townships (STS) on private lands by CIDCO
- Townships/Industrial Townships by Private Developer.
- MHADA Housing initiatives through redevelopment under DCR 33(5) will be balanced and will take care of all stakeholders i.e. Society/ Occupants, Developer and MHADA.
- Redevelopment of MHADA Transit Camp
- Redevelopment of Cessed Buildings
- Redevelopment of BDD chawls
- New policy of redevelopment of unsafe and dilapidated buildings in suburban Mumbai will be introduced by modification of DCR within 90 days from date of this policy

Solution and Suggestion

- Rather than doing an Existing Land Use Survey (ELU) one can have what can be known as "Status of the City" through use of GIS.
- DP can incorporate plans of multiple sectors of the city like the water supply Department's Plan, Sewage Department's plan etc or do a Multi-Sectoral planning making the DP a comprehensive plan for the whole city rather than just containing ELU and Zoning details.
- Inclusion of the cost of DP projects to be included in the budget of the Municipal Corporation.
- There can be a Capital Intensive Plan for the city to generate income for the city at the same time for its infrastructure projects.
- DP plans last for the next 20 years which is too long by any world standards, so why not have a 5 year plan rather than a 20 year plan?
- Limitation on the time period needed for approval of DP by the government or otherwise should/will be passed automatically by the Local-Self body or the corporation itself.

1.3 Acts and policies related to Slum Development

Slums are an urban reality in India, which cannot be ignored and need special attention through better Housing Schemes and Redevelopment. One can follow various models like Community Land Trust Schemes or In-Situ upgradation and redevelopment to achieve housing for slum dwellers.

1.3.1 Maharashtra Slum Areas (Improvement, Clearance and Redevelopment) Act, 1971



It is an Act to make better provision for the improvement and clearance of slum areas in the State and their redevelopment, and for the protection of occupiers from eviction and distress warrants. It also provides for the appointment of a Slum Rehabilitation Authority – to undertake rehabilitation of existing slum areas through Slum Rehabilitation Scheme

“A distress warrant is a court order requiring a court-appointed officer to demand payment or seize property of an individual who has failed to pay a debt, such as rent or taxes that have become delinquent. If payment is not made after receiving a distress warrant, then personal goods can be seized.”

Highlights

It provides for protection, relocation, and rehabilitation of protected occupiers (having photopass).

- The act also provides for regulations to be made by SRA consistent with this act.
- This act provides for allotments of tenements to occupants of any premises where the said premises are required for slum development scheme.
- It is the power of SRA to develop Slum Rehabilitation area. The powers, duties and functions of the Slum Rehabilitation Authority shall be¹¹:
 - (a) To survey and review existing position regarding slum areas;
 - (b) To formulate schemes for rehabilitation of slum areas;
 - (c) To get the Slum Rehabilitation Scheme implemented;
 - (d) To do all such other acts and things as may be necessary for achieving the objects of rehabilitation of slums.
- It provides powers to competent authority (as defined in the act) to demolish unauthorised or illegal dwelling structure of pre-2000 slums, which was revised from 1995 and also penal liability (as per Slum Protection Bill).
- This act provides for a competent authority to declare an area as “Slum” based on various parameters.
- Includes provision for in-situ rehabilitation schemes for protected occupiers in slum areas.
- It is in the power of the competent authority for execution of works of improvement and also requires vacating premises by occupiers.
- This act also provides for compensation for those who have an interest in the land.

Latest Amendments

- The act was amended to change the cut off date for regularising illegal slums in the state from January 1, 1995, to January 1, 2000.

FootNote

11:

http://www.sra.gov.in/data/Maharashtra_Slum_Areas_Improvement_Clearance.pdf

<http://timesofindia.indiatimes.com/india/Maharashtra-clears-bill-to-make-pre-2000-slums-legal/articleshow/31186880.cms>

<http://timesofindia.indiatimes.com/city/mumbai/Free-housing-for-slum-dwellers-till-2000/articleshow/11343835.cms>

1.3.2 Models

a) In-Situ Upgradation

In all urban slums, one comes across an area classified as slums with its own style of buildings and with better conditions as compared to other slums. These slums are already developed and therefore do not need to be demolished or redeveloped; all these slums need is upgradation; known as in-situ or onsite upgradation. In-situ upgradation involves modifying the layout of a settlement and improving the level of basic services-considered to be the most promising and least disruptive to residents.¹² This enables the locals to have houses with all the basic amenities in their own settlements without being uprooted to a government imposed resettlement colony in the outskirts of the city.¹³

This approach may be suitable for low density squatter settlement on low priced public land, especially in small and medium sized towns and cities, where land values are low and pressure on land is low. It would involve re-blocking to ensure optimum use of land and release of surplus land. Provision of basic physical and social infrastructure services is the most preferred option.

b) In-situ Redevelopment

This form of redevelopment is carried when the entire slum is demolished with all the existing built structures. Residents of In-situ redevelopment projects have the option of remaining where they are, close to their current sources of employment and social networks, but the whole settlement is cleared and rebuilt.

It is a process of redeveloping areas with current slum settlements where new mixed-use mixed-income communities can be created with a viable cross-subsidy model, which is a function of local land values, socio-economic needs and general context of the area. Therefore, a socio-economic study of local context is critical for decision making. In-situ Redevelopment may be applied to areas with Medium and high density (>250 du/ha)

c) Slum Resettlement

Resettlement of communities requires special efforts and support by NGOs/CBOs to prepare the communities for resettlement. The resettlement also involves rehabilitation of their livelihood opportunities. Resettlement should also ensure that prevalent social network of communities is not disrupted. Economic and financial analysis needs to be done for sites on which slum is to be relocated/resettled.¹⁴

Related points from Draft Maharashtra Housing Policy:

- Slum Redevelopment, upgradation and Rehabilitation
- Redevelopment of Dharavi, Police Housing Head quarters
- Housing of Conservancy Workers of all cities of Maharashtra by 2022

Solution and Suggestion

- Rethink the role and function of SRA
- Have a timeline or an expiry date by which SRA will provide housing for all the slums and remove informal housing altogether
- Relook at models where one can provide for construction cost to the builders for housing the slums or poor but not the cost of the land

FootNote

12: <http://www.cprindia.org/sites/default/files/policy-briefs/In-Situ-Upgradation.pdf>

13: <http://indiagovernance.gov.in/bestpractices.php?id=1224>

14: http://mhupa.gov.in/ray/planning_guidelines.pdf

1.4 Acts and Policies related Land Availability, Affordability and Acquisition

Land is an important factor for development; it needs to be acquired to provide for housing and industries. But the same land can also be provided for affordable housing if laws are flexible and lands are easier to acquire for social purposes. ULCRA was an act which tried to achieve this but its exemption clause made the act redundant. Fair compensation for the land through reformation of land laws is the need of the hour. There can be a policy of inclusionary housing which shifts the responsibility of housing from government to developer.

1.4.1 Urban Land Ceiling & Regulation Act, 1976 (ULCRA)

The Urban Land (Ceiling & Regulation) Act, 1976 provides for imposition of a ceiling on vacant land in urban agglomerations, for the acquisition of such land in excess of the ceiling limit, to regulate the construction of buildings on such land and for matters connected therewith, with a view to preventing the concentration of urban land in the hands of a few persons and speculation and profiteering therein and with a view to bringing about an equitable distribution of land in urban agglomerations to sub serve the common good.

The objective of the ULCRA was to facilitate the availability and affordability of urban land by increasing its supply in the market and by establishing an efficient land market.

The ULCRA provided for:

- Imposition of an area ceiling on both ownership and possession of vacant land;
- Acquisition of excess vacant land by the state government with powers to dispose of the land for the common good;
- Payment of compensation for the acquisition of the excess land; and
- Granting exceptions in respect of certain specific categories of vacant land

The ULCRA came into force in 1976 in 64 urban agglomerations spread over 17 states and three union territories (UTs) and covered towns with a population of more than two lakh as per the 1971 Census. While, in theory, it was a model Act which was supposed to free up land in the Mumbai Metropolitan Region for affordable housing purposes, the lack of transparency in its implementation drew strong criticism from all quarters.

Reasons for the failure of implementation of ULCRA and its later repeal by various states and Union Territories:

- a) Absence of clarity and too much discretionary powers given to the state governments for granting exemptions.
- b) Compensation provided for the acquired land was very little, which often led to lengthy litigation disputes. This made landowners reluctant to declare their vacant land as surplus.
- c) Absence of a mechanism to encourage the entry of the vacant urban land into the land market through appropriate fiscal measures. Land prices in cities reached astronomical heights due to artificial scarcity of land created by ULCRA.

Since the ULCRA failed to meet its objectives over time, the Government of India decided to repeal the Act with the passing of the Urban Land (Ceiling and Regulation) Repeal Act, 1999. Repeal of the ULCRA has been included as one of the mandatory reforms for receipt of Central assistance under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM).

The Act was repealed in Maharashtra in 2007

Arguments in Favour of the Act

Prevent the concentration of urban land in a few hands and to promote housing for the poor in cities.

To prevent speculation and profiteering and to ensure equitable distribution of land in urban agglomerations

More than 2,20,000 hectares of excess urban land was identified for acquisition by the government from private owners. Most of the land was to be used to build houses for the poor.

Vast tracts of land in cities are expected to be released for development, likely to bridge the gap between demand and supply in the real estate sector and give housing sector a boost.

New supply of land is expected to have a moderating effect on property prices.

ULCRA suffered because of various loopholes and poor implementation. However, the repeal of a well-meaning legislation merely on the ground that it was not implemented seriously defies logic.

Those who supported the Act say ambiguities in it ought to have been removed and an amended ULCRA put in place. A special law should have been created for Mumbai, given the fact that the city cannot grow 360 degrees, being restricted by the sea on all sides.

Despite the criticism there is proof that ULCRA was a workable Act. The government is said to have acquired over two thousand acres under ULCRA in Mumbai since 1976. With its removal, land is no longer a protected commodity. All that has happened after the repeal is that control has shifted from the government to private business.

Arguments in Favour of Repeal

Large blocks of urban land have stayed locked up, creating an artificial scarcity.

Absence of clarity and too much discretionary power given to the state governments for granting exemptions.

Compensation provided for the acquired land was very little, which often led to lengthy litigation disputes.

Absence of a mechanism to encourage the entry of the vacant urban land into the land market through appropriate fiscal measures.

Land prices in cities reached astronomical heights due to artificial scarcity of land created by ULCRA.

Sections 20 and 21 of the ULCRA empowered the State Governments to grant discretionary exemptions for a variety of reasons, prompting almost all landowners with excess land to claim such exemptions.

Twenty-two years after the enactment of the ULCRA, a small amount of the land that was identified as surplus has actually been acquired. Whereas in Mumbai only two plots were acquired for public housing, of which only one housing scheme was implemented at Dindoshi in Goregoan on 62 acres land known as Nagari Niwara Parishad.

Increased supply of land and investment in housing will have multiple effects in generating direct and indirect income and employment generation besides improving productivity levels and the overall social well-being.

The Act was repealed in Maharashtra in 2007

Arguments in Favour of the Act

In effect, the government has done two things – it has absolved itself of the responsibility of providing affordable housing and it has given an open field to property developers and speculators. Still many countries do have a policy of inclusionary housing.

The repeal of ULCRA is an admission by the state that it was unable to come up with a workable plan that would encourage builders to construct affordable housing and also make a profit via premium schemes.

Arguments in Favour of Repeal

It will ensure faster granting of building permissions and promote real estate developments in selected cities, shorten project execution time, and save on interest. These benefits can be passed on to consumers.

Increased housing supply will help in mobilizing property tax.

Reduced corruption and unlawful payments to get permission for development.

1.4.2 Inclusionary Housing

The responsibility of providing affordable housing has been absolved by government of many countries but in all those countries they have a policy of what is called “inclusionary housing”. With the notable exception of Singapore, most countries in the world have given up on providing public housing. This is because they have found public housing unmanageable. Instead they have a mandated policy of inclusionary housing. These countries include USA (where the practice first started), Canada, the UK, France, Italy, Spain and others.

Inclusive housing shifts the burden of building affordable housing on to developers. Inclusionary housing mandates that when you build anything, whether it is an office, a mall, a cinema or a high-value residential apartment, a certain specified fraction of the built floor space has to be set aside for inclusionary housing. In most countries this fraction is 25% whereas in Spain it is 50%. The cost of construction is reimbursed to the developer but not the cost of land. It is on the condition that he builds this inclusionary housing, without cost for the land, that he gets permission to develop the rest of the property.¹⁵ It is usually also mandated that the inclusionary housing is on the same plot as the rest of the development. This ensures that such housing is well distributed throughout the city and not flung out to the perimeter. And what is noteworthy is that inclusionary housing is not only for the very poor—normally it is expected to cover all those who

earn 80% or less of the median income, that is, the bottom 40% of the population. Finally, it is important that the inclusionary housing is not managed entirely within government. Three different aspects of it are carried out by three different agencies; each best equipped to do its particular job. Construction is handled by the developer, whose domain it is. Since he is reimbursed the cost of construction, he has no reason to cut corners, and in any case the specifications are drawn up and the work supervised by the second agency, which is going to own and manage the housing. This is often an NGO (a Housing Association in the UK), a non-profit organisation very closely regulated by Government, which manages the rent collection and the maintenance of the property. And the third aspect of managing affordable housing is the subsidy, and this is provided by Government on a family-by-family basis.

Inclusionary housing is a policy which is urgently needed, as to think that without it being mandatory builders will somehow construct affordable housing is wishful thinking. Naturally, no builder in the world likes his country's policy of inclusionary housing.

FootNote

15: *Housing, FSI, Crowding and Densities Handbook Vol.I*

1.4.3 Steps to bring Land into the Market

- Spell out clearly the provisions of the repeal act to address cases where the possession of excess vacant land had been taken, but not used or handed over to the state and local authorities for development purposes, or where land has been encroached upon and/or where possession has not been taken.
- Usage of the excess vacant land under possession of urban agglomerations in order to improve the housing stock, e.g., development of housing cooperative societies, etc.
- Deployment/transfer of staff of Urban Land Ceiling Department to other state departments.
- Constitution of 'Screening Committees' to decide on the land under possession of the state governments for which no schemes/projects have been prepared. To dispose of excess vacant land, state governments may formulate a policy to auction it and make use of the revenue for development of housing schemes for EWS/LIG.
- Moreover, the land which is acquired or taken possession by the Government under the Act and which is free from encroachment and other litigations can be allotted to other departments of the state and the balance land can be sold through tender-cum-auction, as mentioned above.

1.4.4 The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013

The Government of India's Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, enacted by Parliament in 2013, has come into force from January 2014. The new Act provides for land acquisition along with rehabilitation and resettlement and replaces the archaic Land Acquisition Act, 1894. This is the very first law that links land acquisition and the accompanying obligations for resettlement and rehabilitation and is widely believed to protect the interests of farmers and landowners as well as those of marginalized sections of society.

Highlights	
Process of land acquisition	Social Impact Assessment survey, preliminary notification stating the intent for acquisition, a declaration of acquisition, and compensation to be given by a certain time. All acquisitions require rehabilitation and resettlement to be provided to the people affected by the acquisition.
Compensation	Compensation for the owners of the acquired land shall be four times the market value in case of rural areas and twice in case of urban areas.
Market value of land to be acquired	The market value of the proposed land to be acquired, shall be set as the higher of: <ul style="list-style-type: none"> • The minimum land value, if any, specified in the Indian Stamp Act, 1899 for the registration of sale deeds in the area, where the land is situated; • Or the average of the sale price for similar type of land being acquired, ascertained from the highest fifty per cent of the sale deeds registered during the preceding three years in the nearest village or nearest vicinity of the land being acquired; • Or the consented amount in case the land is acquired for private companies or public-private partnership projects.

Highlights	
Consent	In case of acquisition of land for use by private companies or public private partnerships, consent of 70-80 per cent of the displaced people will be required. Purchase of large pieces of land by private companies will require provision of rehabilitation and resettlement.
Fertile/irrigated land	The Act forbids land acquisition when such acquisition would include multi-crop irrigated area. However, such acquisition may be permitted on demonstrable last resort, which will be subjected to an aggregated upper limit for all the projects in a District or State as notified by the State Government.
Additional benefits for land owners	<ul style="list-style-type: none"> • An additional subsistence allowance of Rs.36,000 for the first year • An additional entitlement of a job to the family member, or a payment of Rs.5,00,000 up front, or a monthly annuity totalling Rs.24,000 per year for 20 years with adjustment for inflation – the option from these three choices shall be the legal right of the affected land owner family, not the land acquirer • An additional upfront compensation of Rs.50,000 for transportation • An additional upfront resettlement allowance of Rs.50,000 • If the land owner loses a home in a rural area, then an additional entitlement of a house with no less than 50 square meters in plinth area • If the land is acquired for urbanization, 20% of the developed land will be reserved and offered to land owning families, in proportion to their land acquired and at a price equal to cost of acquisition plus cost of subsequent development • If acquired land is resold without development, 20% of the appreciated land value shall be mandatorily shared with the original owner whose land was acquired
Retrospective operation	To address historical injustice the Bill applies retrospectively to cases where no land acquisition award has been made. Also in cases where the land was acquired five years ago but no compensation has been paid or no possession has taken place then the land acquisition process will be started afresh in accordance with the provisions of this act.
Safeguards against displacement	The law provides that no one shall be dispossessed until and unless all payments are made and alternative sites for the resettlement and rehabilitation have been prepared. The Third Schedule even lists the infrastructural amenities that have to be provided to those that have been displaced.

Related points from Draft Maharashtra Housing Policy:

- Creation of land bank which will include all lands of all the state government agencies like MHADA, MIDC, MCGM, MMRDA etc., which will be pooled. MHADA will construct affordable housing on all such lands with compensation to the government entities at ready reckoner rate.
- A master plan for all the lands in the government bank will be prepared and any reservation for such plans shall stand deleted and be made for Affordable Housing (AH) unless it is not environment feasible.
- Encouragement of development of land owned by Central Government undertaking.
- Policies like compulsory LEED (Leadership in Energy and Environmental Design) certification of the US Green Building Council or any other equivalent certification to ensure that it is environmentally sustainable for all those projects, which avail additional FSI benefits to conserve water and environment.

Solution and Suggestion

- Reform of Land laws to make acquisition of land for social purposes much easier
- Policy of inclusionary housing to be adopted in cities
- Steps should be taken to bring more land into the market to bring down the scarcity and the prices to achieve the goal of affordable housing

1.5 Public Housing

Public Housing is a model in which the state provides for housing for its people by constructing affordable housing for its population. One can draw inspiration from the successful global models of Singapore Public Housing and replicate such models in India to achieve to provide affordable housing.

¹⁶Public housing was established to provide decent and safe rental housing for eligible low-income families, the elderly, and persons with disabilities. Public housing comes in all sizes and types, from scattered single family houses to high rise apartments for elderly families

1.5.1 Singapore Model

¹⁷Public housing in Singapore is uniquely different. Home to over 80% of Singapore's resident population, and with about 90% of these resident households owning their HDB (Housing and Development Board) flat, it is one of Singapore's national prides.

Singapore has implemented innovative urban policies and programs such as the Certificate of Entitlements (COE) which limits car ownership, the Electronic Road Pricing (ERP) and, in particular, the unique public housing model. Singapore's public housing model is known worldwide as a success story. Singapore's home ownership rate is now among the highest in the world and homelessness is almost unheard of in the City-state. Furthermore, the features of the built environment in public housing neighbourhoods have made Singapore one of the most transit-oriented cities in the world, with over 60% of daily trips made using public transportation.

The notion of public housing in Singapore differs from the one found in most countries in the Western World. First, the public housing stock is not limited to low-income households. About 82% of Singapore's population of all income levels lives in the public housing stock. Secondly, public housing is at the forefront of the city-making process in Singapore.

The government agency responsible for the production and the management of the public housing stock in Singapore is the Housing Development Board (HDB). The mission of HDB is to provide affordable housing based on the current and

FootNote

16: http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/ph

17: <http://www.geographyjobs.com/articles/public-housing-and-urban-development-in-singapore.html>

future needs of Singapore's population, to create vibrant and sustainable towns and to ensure vibrant, active and cohesive communities. Much more than a homebuilder, HDB plays a significant role in the urban development process in by creating liveable communities. HDB flats are located in master-planned towns which contain a wide array of amenities and services (schools, polyclinics, sport facilities, public market, shops, etc.). HDB towns are planned on the principle of self-sufficiency, ensuring that all essential proximity services are available locally. Each town is planned for between 4,000 and 6,000 flats and is composed of smaller neighbourhoods (600 to 800 units) distributed around a town centre where major facilities and shops are located.

Most HDB flats are located in high-density buildings. With the second highest population density in the world and increasing land scarcity, Singapore has no other choice but to grow upwards, and even to reclaim land over the sea. In fact, Singapore's land base has grown by about 130 km² (18%) since 1960 following several land reclamation projects, a large share of which were public housing projects. Land scarcity also drives innovation in the design of public housing projects. The Pinnacle@Duxton is perhaps the most illustrative example of creative design driven by limited land. The project won several international awards for the two "Sky gardens" built on the 25th and 50th floors. The Pinnacle is now known as the biggest public housing complex in the world.

The public housing system in Singapore operates based on a complex set of rules and regulations. The main principle that makes it so unique is the emphasis on ownership as opposed to rental. Though HDB flats are sold using a 99-year leasehold, flat resale is allowed at the market price, which provides households with the option of using their unit equity for long-term savings. Affordability is ensured through a set of modalities, including the provision of different unit sizes, progressive mortgage payments (based on income levels), low interest rates and government subsidies. Examples of subsidies include additional financial aid to low-income families, first-time buyers who locate near their parents' home and families with children.



*pinnacle@Duxton¹⁸

Public housing in Singapore has traditionally been of medium quality. But with the recent introduction of Executive Condominiums, buyers can now purchase apartments that are similar in nature and in quality as those offered in the private market, which is out of reach for a majority of Singaporeans.

In conclusion, public housing is one of the features that make Singapore a nation at the cutting-edge of urban development and sustainability. Though the model is facing growing criticism, including rising property prices and lack of rental housing options, Singapore's public housing has proven successful in housing most of the country's population as well as in creating liveable and sustainable communities in only half a century.

FootNote

18: Property of www.pinnacleduxton.com.sg

1.5.2 Vienna Model

¹⁹The Viennese model of affordable housing is distinguished, first, by its expanded definition of social housing. Where New York's public housing developments are islands of poverty in a sea of private-market housing, the majority of Vienna's residents (60%) live in subsidized apartments, including both city-owned flats and limited profit housing associations. In a chapter in *Social Housing in Europe*, Christoph Reinprecht summarises the Austrian approach to social housing as follows: "There is a general political consensus that society should be responsible for housing supply, and that housing is a basic human need that should not be subject to free market mechanisms; rather, society should ensure that a sufficient number of dwellings are available."

Between 1924 and 1933, the municipal government built 61,175 apartments in 42 housing developments, which were distributed throughout the city to encourage interaction among social classes, and were remarkable for their combination of social innovations and high-quality design. Though the fascist government dismantled the public housing program and intentionally damaged the existing settlements-it restarted almost immediately after World War II, and has since remained a municipal priority.

Public housing in Vienna is financed primarily by federal funds. The city receives approximately €450 million per year from earmarked portions of income and corporate taxes as well as housing contributions paid by all working Austrians. Municipal monies make up for any shortfall. Unlike in the United States, the vast majority of Austrian housing subsidies (92%) are object- rather than demand-side, meaning that they apply to housing construction rather than individuals. Four-fifths of all new housing built in Austria, both privately and publicly owned, is subsidized by public funds. Only second homes and the most expensive houses and apartments are ineligible for subsidy.

Vienna's public housing program modulates the private housing market. Because so much of the city's total housing stock is city-owned or subsidized,

private landlords compete with social housing for the same tenants, and cannot afford to inflate rents. At the same time, the fact that majority of the population lives in municipal or subsidized housing means that the social stigma attached to public housing does not apply.

Vienna's public housing program provides affordable homes to a majority of the city's population without sacrificing architectural quality. The city distributes housing subsidies for large-scale developments through a process known as *Bauträgerwettbewerb*, or developers' competition. A jury comprising representatives of the city as well as architects, builders, and specialists in housing law chooses designs based not just on economy, but also quality and ecological impact. The competitions have cut construction costs by roughly 20%, and encourage creative themes, such as the *Autofreie Mustersiedlung*, or car-free estate, or the *Frauen-Werk-Stadt*, a family-friendly community designed by women architects.

Solution and Suggestion

- Affordable Public Housing is a good alternative to provide shelter to a large part of the population as part of city building and town planning process.
- One can draw lesson from international experiences and replicate the same in our country.

FootNote

19: <http://www.shareable.net/blog/public-housing-works-lessons-from-vienna-and-singapore>

1.6 Cessed Buildings, Co-operative Society and Apartments

Cessed buildings are basically the buildings which pay a “cess” for their repairs. Co-operative housing society is a legal entity formed for managing house dwellings whereas apartments give complete ownership to individuals and are heritable and transferable.



1.6.1 Cessed Building

²⁰The Govt. of Maharashtra, with a view to deal with the problems of repairs and reconstructions of old dilapidated tenanted buildings in the Island City of Mumbai, whose rents were frozen at the year 1940 as per the provisions of the Rent Control Act, formed the Bedekar Committee in the year 1968. On recommendations of the said Committee, the Govt. of Maharashtra passed the Bombay Building Repairs and Reconstruction Act in the year 1969. Under the provisions of this Act, the Bombay Building Repairs and Reconstruction Board was formed in the year 1971. A repair cess was levied on old dilapidated tenanted buildings under the provisions of this Act. Thus, these buildings were called cessed buildings.

Mumbai (Bombay) Building Repair and Reconstruction Board has been assigned the duties of carrying out structural repairs of old cessed buildings and their reconstruction by following procedure laid down under chapter VIII and VIII 'A' of the MHADA Act 1976

1.6.2 Co-operative Societies

The Maharashtra Co-Operative Societies Act, 1960²¹

This is an act to consolidate and amend the law relating to co-operative societies in the State of Maharashtra with a view to providing for the orderly development of the co-operative movement in the State of Maharashtra in accordance with the relevant directive principles of State policy enunciated in the Constitution of India. This act governs all kind of co-operative societies and housing co-operative societies is just one of them.

Highlights

- Housing society “means a society, the object, of which is to provide its members with open plots for housing, dwelling houses or flats; or if open plots, the dwelling houses or flats are already acquired, to provide its members common amenities and services”.
- The share or interest of a member in the capital of a society, or in the loan stock issued by a housing society, or in the funds raised by a society from its members by way of savings deposit, shall not be liable to attachment or sale under any decree or order of a Court for or in respect of any debt or liability incurred by the member; and accordingly, neither the Official Assignee under the Presidency-towns Insolvency of Act, 1909,
- No amendment of the by-laws of a society shall be valid until registered under this Act. For the purpose of registration of an amendment of the by-laws, a copy of the amendment passed, in the manner prescribed, at a general meeting of the society, shall be forwarded to the Registrar. Every application for registration of an amendment of the by-laws shall be disposed of by the Registrar within a period of two months from the date of its receipt.

FootNote

20: https://mhada.maharashtra.gov.in/?q=board_mbrr

21: The Maharashtra Co-Operative Societies Act, 1960 bare act

1.6.3 Maharashtra Apartment Ownership Act, 1970



This is an Act to provide for the ownership of an individual apartment in a building and to make such apartment heritable and transferable property. The Act empowers apartment owners to fully own the apartment, including the proportional share in the undivided common areas and facilities, which is defined as the land on which buildings are located, foundation, gardens, cellars etc. It also makes the apartment transferable and heritable, enabling apartment owners to secure a mortgage on the apartment.

Highlights

- Flat owners become the owners of a particular apartment in the building along with a proportional share in the undivided common areas and facilities and land. They become independent owners of the flat, i.e., the complete physical structure, besides having all the rights of an owner.
- The said apartment also becomes heritable and transferable. Owner of the apartment has the right to transfer the apartment to anyone else as long as the transfer is accomplished as per the bylaws.
- All apartment owners willing to join the association need to come together at one place to complete the formalities.
- The eligibility for forming an association is that one or more buildings should have at least 5 apartments.
- Definitions – 3 (e) "building means a building containing five or more apartment or two or more buildings, each containing two or more apartments, with a total of five or more

apartments for all such, buildings, and comprising a part of the property"

- A Memorandum of Association, comprising details such as name, address, and occupation of all the members of the association and the name and objectives of the association.
- The rules and regulations of the association, called the byelaws, also need to be filed along with the Memorandum of Association.
- Common expenses need to be paid by every apartment owner. Each owner's share is proportional to the percentage of his or her undivided interest in common areas and facilities.
- As this act grants "complete ownership of the apartment" to the people. It gives them the power to come together with other apartment owners and form an association that frames bye laws for the upkeep of the whole apartment complex.
- There is sometimes a tendency for conflict to occur within the association such disputes come under the jurisdiction of Civil Court. Thus, every apartment owner is protected legally

Solution and Suggestion

- 1 The Rent Act needs a simple amendment to say that it will not apply to premises previously not under rent control, regardless of when the building was built. This circumvents the problem of displeasing existing tenants since they will remain unaffected and ensures that henceforth premises can be leased without danger of being brought under rent control. "Leave & Licence" have become increasingly popular, but has the disadvantage of occupants being forced to move out to escape rent control.
2. Introduction of Community Land Reserves, on the lines of what are called Community Land Trusts (CLTs) in the US, whose mission is to provide housing to their residents that remain affordable forever. They do this by not parting with ownership of their land. Residents own their own constructions, and on resale can realise the present day value of that construction, but not any share in the escalation in value of the underlying land. In this way new incumbents also get an affordable house, not just the original, first occupants.

1.7 Acts and Polices regulating Real Estate

Like all industries in the country, Real Estate should also be considered as an industry and should be regulated; unfortunately there were no laws to regulate real estate in India for nearly six decades after independence causing unnecessary litigation and loss especially to the middle or lower class. The central government did take a step in the right direction by bringing in a bill to regulate Real Estate and Maharashtra State brought an act in 2012.

There has been a clamour for regulation of the real estate industry in India in the last couple of years, with much attention being garnered by two regulations in particular:



1.7.1 Government of India's Real Estate (Regulation and Development) Bill, 2013

The Real Estate (Regulation and Development) Bill, 2013 was introduced in the Rajya Sabha on August 14, 2013. The Bill seeks to establish Real Estate Regulatory Authorities (RERAs) at the state level for the regulation and development of the real estate sector²². The Bill aims to provide for a uniform regulatory environment, to protect consumer interests, help speedy adjudication of disputes and ensure orderly growth of the real estate sector.

The Bill is applicable to residential real estate i.e. housing and any other independent use ancillary to housing.

Highlights	
Establishment of Real Estate Regulatory Authority (RERA)	Establishment of one or more 'Real Estate Regulatory Authority' in each State/UT, or one Authority for two or more States/UT, by the Appropriate Government, to exercise oversight of real estate transactions, to appoint adjudicating officers to settle disputes between parties, and to impose penalty and interest The Authority to act as the nodal agency to co-ordinate efforts regarding development of the real estate sector and render necessary advice to the appropriate Government
Registration of Real Estate Projects and Real Estate Agents	Mandatory registration of real estate projects and real estate agents who intend to sell any immovable property, with the Real Estate Regulatory Authority Mandatory registration and disclosure are applicable to residential projects only

FootNote

22: Bill Summary, PRS Legislative Research:
<http://www.prsindia.org/uploads/media/Real%20Estate/Bill%20summary-Real%20Estate%20bill.pdf>

<p>Highlights</p> <p>Mandatory Public Disclosure of all Project details</p>	<p>Mandatory public disclosure norms for all registered projects, including details of the promoters, project, layout plan, plan of development works, land status, carpet area and number of the apartments booked, status of the statutory approvals and disclosure of proforma agreements, names and addresses of the real estate agents, contractors, architect, structural engineer etc.</p>
<p>Compulsory deposit</p>	<p>Provision to compulsorily deposit 70 percent or such lesser percent as notified by the Appropriate Government, of the amounts realized for the real estate project from the allottees, from time to time, shall be deposited in a separate account to be maintained in a scheduled bank within a period of fifteen days of its realization to cover the cost of construction and shall be used only for that purpose.</p>
<p>Functions of Real Estate Agents</p>	<p>Real estate agents not to facilitate the sale of immovable property which are not registered with the Authority required under the provisions of the Act, obligation to keep, maintain and preserve books of accounts, records and documents, obligation to not involve in any unfair trade practices, obligation to facilitate the possession of documents to allottees as entitled at the time of booking, and to comply with such other functions as specified by Rules made in that regard</p>
<p>Fast Track Dispute Settlement Mechanism</p>	<p>Establishment of fast track dispute resolution mechanisms for settlement of disputes, through adjudicating officers (an officer not below the rank of Joint Secretary to the State Government) to be appointed by the Authority, and establishment of an Appellate Tribunal to hear appeals from the orders of the Authority and the adjudicating officer;</p>
<p>Establishment of Central Advisory Council</p>	<p>Establishment of Central Advisory Council to advise the Central Government on matters concerning implementation of the Act, with a mandate to make recommendations on major questions of policy, protection of consumer interest and to foster growth and development of the real estate sector.</p>
<p>Establishment of Real Estate Appellate Tribunal</p>	<p>Establishment of Real Estate Appellate Tribunal to hear appeals from the orders or decisions or directions of the Authority and the adjudicating officer.</p>
<p>Punitive Provisions</p>	<p>Punitive provisions including de-registration of the project and penalties in case of contravention of the provisions of the Bill or the orders of the Authority or the Tribunal</p>
<p>Scope of Projects</p>	<p>No registration is required where the area of land proposed to be developed does not exceed one thousand square metres or the number of apartments proposed to be developed does not exceed twelve, or where the promoter has received all requisite approvals before the commencement of this act.</p>

1.7.2 Global Example – DUBAI’S Real Estate Regulatory Agency (RERA)

²³In 2007, Dubai created Real Estate Regulatory Agency (RERA) an agency to regulate the real estate sector, which forms, regulates and authorises the real estate sector in Dubai.

<p>Highlights</p> <p>Establishment of RERA in 2007</p>	<p>To regulate the relationship between companies managing properties and residential buildings, as well as regulating the work of real estate brokers and owners associations. The department sets legislations to regulate the relationship between all contracting parties and to organise the exchange process of properties.</p>
<p>Functions</p>	<p>Regulating the work of real estate brokers, conducting real estate studies, managing and regulating real estate development escrow accounts also supervising owners association</p>
<p>Primary Goals</p>	<p>RERA was established to provide strong legal framework to buyers, sellers and renters and enable them to make all kind of asset deals in effective manner. Its major aim is to make the whole process extremely transparent with an attempt to eliminate any type of property frauds. RERA acts like an arm of Dubai Land Development Department. It helps this industry to develop strategies and regulating activities for property management organizations, property consultants, brokers and owner associations that are taking part in selling, renting and purchasing of residential assets in Dubai. Real estate regulatory authority is the legal organization that also issues rules and regulations to set standards for brokerage activities, registration of lease contract and certifications. Moreover, it also issues license for real estate development professionals.</p>
<p>Role of RERA in Dubai property market</p>	<p>RERA closely inspect Dubai property market in order to carryout whole process of property sale, purchase and renting according to rules and regulations implemented by RERA. Property buyers and sellers have to consider few important things when going to make any asset deal in the city. Buyers must check that the real estate developer is certified by RERA and must possess a registration number. Moreover, they also consider making payments via escrow accounts in RERA certified banks. Last but not the least, property dealer you are working should hold RERA certification and display his/her Identity card to its clients.</p> <p>Real Estate Regulatory Authority is carefully implementing laws and regulations to provide safe property deals in a way to cope up slowdown of current property boom in Dubai.</p>

FootNote

23: <https://www.dubailand.gov.ae/English/rules/realestatelegislation#/130>

1.7.3 Latest Amendments proposed: (to the bill Pending in Rajya Sabha)

- a. Applicability of the Bill: The proposed initial Bill was applicable for residential real estate. It is now proposed to cover both residential and commercial real estate;
- b. Establishment of Real Estate Regulatory Authority: Establishment of one or more 'Real Estate Regulatory Authority' in each State/ Union Territory (UT), or one Authority for two or more States/UT, by the Appropriate Government for oversight of real estate transactions, To appoint one or more adjudicating officers to settle disputes and impose compensation and interest;
- c. Registration of Real Estate Projects and Registration of Real Estate Agents: Mandatory registration of real estate projects and real estate agents who intend to sell any plot, apartment or building, with the Real Estate Regulatory Authority;
- d. Mandatory Public Disclosure of all project details: Mandatory public disclosure norms for all registered projects such as details of promoters, project, layout plan, plan of development works, land status, status of statutory approvals and disclosure of proforma agreements, names and addresses of real estate agents, contractors, architect, structural engineer etc.;
- e. Disclosure of all relevant information of project;
 - Adherence to approved plans and project specifications;
 - Obligations regarding veracity of the advertisement for sale or prospectus;
 - Rectify structural defects;
 - Refund money in cases of default;
- f. Compulsory deposit of 50 percent: To compulsorily deposit 50 percent (or such lesser percent as notified by the Appropriate Government) of the amounts realized for the real estate project from the allottees in a separate account in a scheduled bank within a period of fifteen days to cover the cost of construction to be used for that purpose;
- g. Adherence to declared plans: To bar the promoter from altering plans, structural designs and specifications of the plot, apartment or building without the consent of two-third allottees after disclosure; However, minor additions or alterations permissible due to architectural and structural reasons;
- h. Functions of Real Estate Agents:
 - Real estate agents to sell properties registered with the Authority;
 - Maintain books of accounts, records and documents;
 - Not to involve in any unfair trade practices;
- i. Rights and Duties of Allottees:
 - Right to obtain stage-wise time schedule of project;
 - Claim possession as per promoter declaration;
 - Refund with interest and compensation for default by the promoter;
 - Allottees to make payments and fulfil responsibilities as per agreement;
- j. Functions of Real Estate Regulatory Authority: The Authority to act as the nodal agency to coordinate efforts regarding development of the real estate sector and render necessary advice to the appropriate Government to ensure the growth and promotion of a transparent, efficient and competitive real estate sector;
- k. Fast Track Dispute Settlement Mechanism:
 - Fast track dispute resolution through adjudicating officers (District Judge);
 - Appellate Tribunal to hear appeals;
- l. Establishment of Central Advisory Council: To advise the Central Government on implementation of the Act, recommend policy, protection of consumer interest and to foster growth and development of the real estate sector;
- m. Establishment of Real Estate Appellate Tribunal: Real Estate Appellate Tribunal to hear appeals from orders of the Authority and the adjudicating officer. The Appellate Tribunal is to be headed by a sitting or retired Judge of the High Court, with one judicial and one administrative/technical member;
- n. Punitive Provisions: Punitive provisions including de-registration of the project and penalties in case of contravention of provisions of the Bill or the orders of the Authority or Tribunal;
- o. Bar of Jurisdiction Courts: Provision for barring jurisdiction of court and any authority from entertaining complaints in respect of matters covered under the Bill;
- p. Power to make Rules and Regulations:
 - Appropriate Government to have powers to make rules over subjects specified in the Bill;
 - Regulatory Authority to have powers to make regulations;

1.7.4 Maharashtra Housing (Regulation & Development) Act 2012

The act was passed by the Maharashtra Legislature in 2012 and received presidential assent in February 2014. It is expected to come into force this year²⁴. The Act aims to regulate and promote the construction, sale, management and transfer of flats on ownership basis by setting up of a Housing Regulatory Authority.

It is an Act to provide for the ownership of an individual apartment in a building and to make such apartment heritable and transferable property. The main provisions under the Act cater to ownership of apartments, common areas and facilities, prohibitions of certain works, and so on.

The Act will replace the Maharashtra Ownership Flats (Regulation of the promotion of construction, sale, management and transfer) Act, 1963 (MOFA).

Highlights Establishment of A regulatory authority	Formation of a 'Housing Regulatory Authority' (HRA) to ensure compliance of the Act. The HRA would have advisory, judicial and administrative responsibilities.
Registration of Projects	<ul style="list-style-type: none">• Promoter of the project to make an application to the HRA for registration of the project and for displaying the project on the website of the HRA.• Details regarding the project need to be furnished which includes details on land titles, plans and specifications of the projects, approvals, details of common areas, contractors appointed, layout plan, carpet area, building-wise time schedule of completion, nature of fittings, and specification of the date by which possession shall be handed over and many others. Advertisement and sale of the project is possible only after registration of the project is complete.
Advance payment of >20% necessitates an 'agreement'	Builder cannot accept more than 20% advance without entering into an agreement which should specify all details regarding the flat, allotted parking space, common areas, recreation grounds, approvals by local authorities etc.
Possession only post Occupation Certificate (OC)	Possession can be given only post the receipt of the OC and the purchaser shall not take possession without an OC or completion certificate.
Provision of essential Services	It is the responsibility of the builder to provide all supply and services as per the agreement. However, if the purchaser fails to pay the outgoing for a period of more than three months, the builder after giving notice of seven days may cut-off such supplies and services.

FootNote

24: http://www.business-standard.com/article/economy-policy/maharashtra-to-set-up-housing-regulatory-authority-by-june-114022300354_1.html

Highlights	
No alteration in plans, defects to be rectified	Post approval of plans by the local authorities and post disclosure of plans to the purchaser, alterations are not permitted without the consent of the purchaser. Besides, any defects within five years brought to the notice of the builder have to be rectified.
Refund of amount paid for failure to deliver on time	<ul style="list-style-type: none"> • In case of failure to give possession on the date specified and grace period of three months, the • Builder/promoter is liable to refund the amount received along with interest of up to 15%.
Appeal Procedure	The state government shall establish a tribunal known as the 'Housing Appellate Tribunal' for appeals against the direction of the HRA, post which, an appeal can be filed to the High Court followed by the Supreme Court.
Punitive Action	The Act levies penalties for non-compliance under its various sections.
Scope of projects	The Act includes under its ambit all residential, commercial, or retail projects.

Table 1: Comparing Maharashtra Housing (Regulation & Development) Act 2012 With Centre's Real Estate (Regulation and Development) Bill, 2013²⁵

Maharashtra's Act	Central Bill
Doesn't require developers/real estate agents to register with Real Estate Authority. Individual Projects need to be registered and face the threat of deregistration in case of illegality	Requires developers/agents to first register with the Authority in addition to project
In case of an increase in FSI post-conveyance, benefits are shared proportionately between promoters and residents	No such provision as phenomenon of arbitrary FSI changes is unique to Mumbai
Safeguards do not extend to a resident whose building is taken up for Redevelopment. Also does not apply to projects executed by SRA, MHADA, CIDCO, tenements constructed by public bodies for project-affected people and rental housing projects	Covers all public and private projects

FootNote

25: S. Nair, *Indian Express*, March 5 (2014), *Nothing much to write home about*

Maharashtra's Act	Central Bill
No provision to ensure developers do not channelize proceeds from sale towards buying more land	70% of sale proceeds have to be kept in an escrow account so that it is utilized only for construction
Act includes projects under-construction that are yet to receive occupation certificate	Excludes projects that have received commencement certificate at the time of enactment of the new law
Applicable to projects on plot sizes of over 250 sq m and having more than five apartments	Applicable to projects that exceed 1,000 m of plot area or where the number of apartments is more than 12

Source: S. Nair, Indian Express, March 5 (2014), Nothing much to write home about

Solution and Suggestion

- Real Estate like all other industries needs to be regulated
- A powerful Real Estate Regulator should be established to keep tabs on the real estate industry
- One can draw lessons from the much appreciated Dubai's RERA and bring about proper amendments in the proposed act and pass the bill.

II. POLICIES & SCHEMES

In this section we outline Central and State Government initiatives for urban housing introduced in the last decade or so. Since Housing is a state subject, many State Governments have taken a proactive lead in formulating policies and schemes to address housing shortages in the economically weaker and low-income segments. These may be implemented with or without support from the Central Government.

Central and State Government housing initiatives

A. Central Government Initiatives

National Urban Housing & Habitat Policy, 2007

Jawaharlal Nehru National Urban Renewal Mission (JNNURM) 2005 - 2012

- Basic Services for Urban Poor (BSUP)
- Integrated Housing and Slum Development Program (IHSDP)
- Affordable Housing in Partnership
- Rajiv Awas Yojana

Interest Subsidy Schemes

- Interest Subsidy for Housing the Urban Poor (ISHUP)
- Rajiv Rinn Yojana

Model state affordable housing policy for urban areas, MHUPA, 2013

Housing for All (Urban) Mission/Pradhan Mantri Awas Yojana (PMAY)

Atal Mission for Rejuvenation and Urban Transformation (AMRUT)

Smart Cities Mission

B. Maharashtra State Government Initiatives

Maharashtra's Draft Housing Policy, 2015

Maharashtra's Affordable Housing Scheme, 2013

Cluster Redevelopment Policy – Mumbai/Maharashtra

A. Central Government Initiatives

2.1 National Urban Housing & Habitat Policy 2007 (NUHHP)

This policy seeks to use the perspective of Regional Planning as brought out in the 74th Amendment Act, in terms of preparation of District Plans by DPCs and Metropolitan Plans by MPCs as a vital determinant of systematic urban planning. The core focus of this Policy is provision of "Affordable Housing for All" with special emphasis on vulnerable sections of society such as Scheduled Castes/Scheduled Tribes, Backward Classes, Minorities and the urban poor.

Some of the salient features of NUHHP:

- Encouraging State Governments, Urban Local Bodies, and Development Authorities to periodically update their Master Plans and Zoning Plans and provide for housing and basic services for the urban poor.
- Accelerating the pace of development of housing and related infrastructure.
- Using technology for modernizing the housing sector in order to enhance energy and cost efficiency, productivity and quality.
- Promoting larger flow of funds from governmental and private sources for fulfilling housing and infrastructure needs by designing innovative financial instruments.
- Forging strong partnerships between public, private and cooperative sectors for accelerated growth in the Housing Sector and sustainable development of habitat.
- The Central Government in collaboration with governments in States/UTs and parastatal agencies will endeavour to implement the aims of the NUHHP through action-oriented initiatives at all levels of Government.
- R&D, Standardization and Technology Transfer Organisations would undertake research to respond to different climatic conditions with a focus on transition from conventional to innovative, cost effective and environment friendly technologies.
- Efforts would be made to encourage FDI
- The ultimate goal of the NUHHP is its special emphasis on provision of social housing for the EWS/LIG categories so that they are fully

integrated into the mainstream of ecologically well-balanced urban development.

2.2 Model State Affordable Housing Policy for Urban Areas, MHUPA, 2013²⁶

This the model law provided by the central government and state government can insert provisions mad make their modifications. This policy will be applicable to all the municipal areas and as notified by the government of states in the state gazette from time to time.

I. Aim of the State Affordable Housing Policy for Urban Areas

The aim of this policy is to create an enabling environment for providing “affordable housing for all” with special emphasis on EWS and LIG and other vulnerable sections of society such as Scheduled castes/Scheduled Tribes, Backward Classes, Minorities and senior citizens, physically challenged persons in the State and to ensure that no individual is left shelter less. The Policy further aims to promote Public Private People Participation (PPPP) for addressing the shortage of adequate and affordable housing.

II. Target Groups

The target group for this policy are urban poor classified by MoHUPA, Government of India as persons belonging to the Economically Weaker Sections (EWS) and Lower Income Groups (LIG) etc. based on income criteria.

III. The models provided in the MHUPA:

- a) Ownership housing
- b) Incremental Housing: The policy will focus on incremental housing, which will allow for pacing of construction as per the convenience of the owner and also allow additions and extensions to existing dwelling units.
- c) Rental housing: For workers with ownership housing elsewhere or not preferring ownership housing or those who cannot afford ownership housing; the state shall endeavour to facilitate rental housing.
- d) Shelters and other forms of housing: The State shall endeavour that no person is left homeless in the state and to this effect it will provide transit home, dorms and hostels. Further, the State shall

endeavour to cater to the housing needs of other categories of citizens such as the senior citizens, women, students, physically and mentally challenged, SC/ST/OBC and Minorities, etc

2.3 Affordable Housing in Partnership Scheme, (AHP)

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 (Basic Services for Urban Poor) component of JNNURM and subsequently, Affordable Housing in Partnership was dovetailed with Rajiv Awas Yojana (RAY) in 2011. Affordable Housing in Partnership Scheme (AHP) will continue as part of RAY with suitable amendments. AHP is envisaged as a part of a strategy to prevent further growth of slums and encourage creation of rental housing stock and dormitories for the new migrants

The objectives of the AHP scheme are:

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

Features

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

FootNote

26: http://mhupa.gov.in/W_new/Model_State_Affordable_Housing_Policy_Draft.pdf

27: http://mhupa.gov.in/W_new/Model_State_Affordable_Housing_Policy_Draft.pdf

including parastatal. For purposes of this scheme, the main parameters are defined as under:

- Projects using at least 60 percent of the FAR/ FSI for dwelling units of Carpet Area not more than 60 sq m will be considered as Affordable housing projects.
- The intended allottees of EWS/LIG houses constructed under AH project will be classified as under: EWS - having an annual household income up to Rs. 1 lakh; LIG - having an annual household income between 1 to 2 lakhs rupees
- Central financial Assistance under the scheme will be at Rs. 75,000 per unit for housing and internal development components, only for dwelling units proposed for EWS and LIG with carpet area of 21-40 sq. m. in the project.
- Projects with at least 250 DUs (Dwelling Units) would be eligible under the scheme.
- Projects under the scheme can be implemented by any of the following agencies in partnership with States/UTs- ULBs, Parastatals including all Development Authorities, Housing Boards, Improvement trusts, Private Agency/Developer
- It is envisaged that AHP projects would be undertaken by combining resources of public sector and private sector.
- Affordable houses for EWS/LIG created under AHP projects can be allotted for - ownership through Free-hold or long term, mortgageable, renewable and inheritable lease hold and rental purposes
- 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.
- Such projects shall be made commercially viable by planning layouts which are mix of EWS/LIG/MIG with HIG houses and commercial spaces; allowing cross-subsidy through the premium earned on the sale of MIG/HIG and commercial spaces.
- 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; subsequent instalments would be released on receipt of Utilisation Certificate for at least 70% of

the earlier Central release and SLNA's (State Level Nodal Agency) certification of upto 50% physical progress and identification of allottees. Last instalment of 20% will be released after ascertaining the completion of construction.

- 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. States may use the services of TPIMA appointed under RAY to monitor the quality and progress of the projects.

2.4 Jawaharlal Nehru National Urban Renewal Mission (JNNURM)²⁸



JNNURM was started in the backdrop of the need for urban sector development and for investment requirements in the urban sector. The rationale for JNNURM was national common minimum programme of the Government of India, commitment to achieve Millennium Development Goals and a need for a mission-led initiative. The mission of JNNURM is "to encourage reforms and fast track planned development of identified cities. Focus is to be on efficiency in urban infrastructure and service delivery mechanisms, community participation, and accountability of ULBs/parastatal agencies towards citizens."²⁹

FootNote

28: <http://mhupa.gov.in/PQAS/jnnurm.pdf>

29: <http://urban.bih.nic.in/docs/model-dpr-ihsdp.pdf>

Objectives

The objectives of the JNNURM are to ensure that the following are achieved in the urban sector;

- a) Focused attention to integrated development of infrastructure services in cities covered under the Mission;
- b) Establishment of linkages between asset-creation and asset-management through a slew of reforms for long-term project sustainability;
- c) Ensuring adequate funds to meet the deficiencies in urban infrastructural services;
- d) Planned development of identified cities including peri-urban areas, outgrowths and urban corridors leading to dispersed urbanization;
- e) Scale-up delivery of civic amenities and provision of utilities with emphasis on universal access to the urban poor;
- f) Special focus on urban renewal programme for the old city areas to reduce congestion; and
- g) Provision of basic services to the urban poor, including security of tenure at affordable prices, improved housing, water supply and sanitation, and ensuring delivery of other existing universal services of the government for education, health and social security.

³⁰Scope of the Mission

The mission will comprise two sub-missions, namely:

- **Sub-Mission for Urban Infrastructure and Governance (UIG):** This will be administered by the Ministry of Urban Development through the Sub-Mission Directorate for Urban Infrastructure and Governance. The main thrust of the Sub-Mission will be on infrastructure projects relating to water supply and sanitation, sewerage, solid waste management, road network, urban transport and redevelopment of old city areas with a view to upgrading infrastructure therein, shifting industrial and commercial establishments to conforming areas, etc.

In addition there are two other components,

a) Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT)

The Mission is the single largest initiative of the Government of India for planned development of

cities and towns. Urban Infrastructure Development Scheme for Small & Medium Towns (UIDSSMT) subsumed the existing schemes of Integrated Development of Small and Medium Towns (IDSMT) and Accelerated Urban Water Supply Programme (AUWSP).

The objectives of the schemes are:

- Improve infrastructural facilities and help create durable public assets and quality oriented services in cities&towns
- Enhance public-private-partnership in infrastructural development and
- Promote planned integrated development of towns and cities

b) Integrated Housing and Slum Development Programmes (IHSDP)

The scheme "Integrated Housing and Slum Development Programmes (IHSDP)" has been introduced by the Government of India for improvement of slums in the cities/towns not covered under JNNURM in the country. Strategies like making land available to the poor at affordable prices through reservation of land for EWS housing and ensuring the provision of housing, urban infrastructure, and transport services on the fringes of the cities, can provide alternatives that would restrict the formation of new slums.

Sub-Mission for Basic Services to the Urban Poor

(BSUP): This will be administered by the Ministry of Urban Employment and Poverty Alleviation through the Sub-Mission Directorate for Basic Services to the Urban Poor. The main thrust of the Sub-Mission will be on integrated development of slums through projects for providing shelter, basic services and other related civic amenities with a view to providing utilities to the urban poor.

FootNote

30: <http://mhupa.gov.in/PQAS/jnnurm.pdf>

Strategy of the Mission

The objectives of the Mission shall be met through the adoption of the following strategy:

- **Preparing City Development Plan:** Every city will be expected to formulate a City Development Plan (CDP) indicating policies, programmes and strategies, and financing plans.
- **Preparing Projects:** The CDP would facilitate identification of projects. The Urban Local Bodies (ULBs) / parastatal agencies will be required to prepare Detailed Project Reports (DPRs) for undertaking projects in the identified spheres. A revolving fund would be created to meet the O&M requirements of assets created, over the planning horizon. In order to seek JNNURM assistance, projects would need to be developed in a manner that would ensure and demonstrate optimization of the life-cycle costs over the planning horizon of the project.
- **Release and Leveraging of Funds:** It is expected that the JNNURM assistance would serve to catalyze the flow of investment into the urban infrastructure sector across the country. Funds from the Central and State Government will flow directly to the nodal agency designated by the State, as grants-in-aid. The funds for identified projects across cities would be disbursed to the ULB/Parastatal agency through the designated State Level Nodal Agency (SLNA) as soft loan or grant-cum-loan or grant. The SLNA / ULBs in turn would leverage additional resources from other sources.
- **Incorporating Private Sector Efficiencies:** In order to optimize the life-cycle costs over the planning horizon, private sector efficiencies can be inducted in development, management, implementation and financing of projects, through Public Private Partnership (PPP) arrangements.

Duration of the Mission

The duration of the Mission would be seven years beginning from the year 2005-06. Atal Mission for Rejuvenation and Urban transformation (AMRUT) is said to be the successor of the JNNURM mission.

Mandatory Reforms

Mandatory reforms need to be undertaken at the level of ULD, Parastatal Agencies and the state. Some reforms needed to be undertaken at the level of ULB are modern double entry accounting, using IT application, e-governance, GIS (Geographical Information System) and MIS (Management Information System), Reform of property Tax etc. At the state level, there is a need for implementation of 74th Constitutional Amendment Act, Repeal of ULCRA, enactment of public disclosure law etc.

2.5 Interest Subsidy Schemes for Housing

a) Scheme of Interest Subsidy for Housing the Urban Poor (ISHUP)

An initiative launched for provision of housing for the Economically Weaker Sections (EWS) and Low Income Groups (LIG) through the Jawaharlal Nehru National Urban Renewal Mission (JNNURM). The Ministry of Housing and Urban Poverty Alleviation (MH&UPA) designed an Interest Subsidy Scheme as an additional instrument to address the housing needs of the EWS/LIG segments in urban areas. The Scheme envisages the provision of interest subsidy to EWS and LIG segments to enable them to buy or construct houses.

Purpose

The Scheme provided home loan with Central Government subsidy to EWS/LIG persons for acquisition of house and also for construction of house to such beneficiary, who does not own a house in his/her name or in the name of his/her spouse or any dependent child. Such beneficiaries who own land in any urban area but do not have any pucca house in their name or in the name of their spouse or any dependent child will also be covered under the Scheme.

Highlights

- The economic parameter of EWS is defined as households having an average monthly income up to Rs.3,300 and the economic parameter of LIG is defined as households having an average monthly income between

Rs.3,301 up to Rs.7,300. This will be subject to revision by the Steering Committee of the Scheme from time to time.

- The scheme provided a subsidized loan for 15 – 20 years for a maximum amount of Rs.1,00,000 for an EWS individual for a house at least of 25 sq.mts. The maximum loan amount of Rs.1,60,000 for a LIG individual for a house at least of 40 sq.mts will be admissible. However, subsidy will be given for loan amount upto Rs. 1 lakh only. Additional loans for any category would be at unsubsidized rates.
- The subsidy will be 5% p.a. on interest charged on the admissible loan amount for EWS and LIG, over the full period of the loan for construction or acquisition of a new house.
- The Net Present Value (NPV) of this subsidy will be arrived at on the basis of notional discount rate of 9% p.a., (equivalent to Government Security rate) for the period of the loan and on the interest chargeable at the time the loan is contracted.
- The Nodal agencies for the scheme will be the National Housing Bank (NHB) and Housing & Urban Development Corporation Ltd. (HUDCO). The nodal agencies will not lend directly to the borrower but through banks or Housing Finance Companies (HFCs) who agree to be part of the Scheme as the lenders.
- The NPV of the subsidy will be given by the Government to the lenders through its nodal agencies on upfront and quarterly basis. It will be passed on by the lender to the borrower by deducting the subsidy amount from the principal loan amount of the borrower and charging interest on the net amount of loan at the agreed rate of interest.
- Beneficiary borrowers may choose fixed or floating rates (the consequences clearly explained to the borrowers by Primary Lending Institutions-PLI). An additional 1% p.a maximum will be permitted to be charged by banks/Hosing Finance Corporation (HFCs), if fixed rate loans are extended which will be subject to reset after a minimum period of 5 years.

- Mortgage of the dwelling unit may be accepted as primary security. However, there would be no collateral security/third party guarantee for loans up to and inclusive of Rs.1 lakh. No levy of prepayment charges would be permitted.
- The borrowers under the scheme must belong to the EWS or LIG, and must have a plot of land for the construction or have identified a purchasable house.
- Identification of the beneficiaries will, therefore, be undertaken by ULB or the local nodal agency identified by the State for the purpose with the aim of assisting them in paperwork and procedure of the bank loan.
- The Preference under the Scheme (subject being from EWS/LIG segments) should be given to the following in accordance with their proportion in the total population of City / urban agglomerate during the 2001 Census-Scheduled caste, Scheduled Tribe, Minorities, person with disabilities and women.
- The Scheme closed in 2012, the last year of the 11th Five Year Plan Period (2007-12) and later was followed by Rajiv Rinn Yojana.

b) Rajiv Rinn Yojana (RRY)

Scheme to create an enabling and supportive environment for expanding credit flow to the housing sector and increasing home ownership in the country. An initiative for provision of housing for the Economically Weaker Sections (EWS) and Low Income Groups (LIG) through the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) and Rajiv Awas Yojana (RAY).³¹

FootNote

31: http://mhupa.gov.in/w_new/ishupguidelines.pdf

After the tenure of ISHUP expired on September 30, 2013, Ministry of Housing and Urban Poverty Alleviation (MHUPA) started Revised Interest Subsidy Scheme - renamed as Rajiv Rinn Yojana (or Rajiv Loan Scheme), as an additional instrument for addressing the housing needs of the EWS/LIG segments in urban areas. The Scheme envisages the provision of a fixed interest subsidy of 5% (500 basis points) on interest charged on the admissible loan amount to EWS and LIG segments to enable them to buy or construct a new house or for carrying out addition (of a room / kitchen / toilet / bathroom) to the existing building.

Purpose

The Scheme will provide home loan with Central Government interest subsidy to EWS/LIG persons for acquisition/ construction of house to such beneficiary, who does not own a house in his/her name or in the name of his/her spouse or any dependent child. Assistance would also be available to such of the EWS/LIG beneficiaries with less than 40 Sq. m who intend to make additions to the living areas of existing dwelling units by extending the same. Such beneficiaries who own land in any urban area but do not have any pucca house in their name or in the name of their spouse or any dependent child will also be covered under the Scheme. Presently RRY is discontinued and all its liabilities are subsumed under the new mission "Housing for all by 2022"

Highlights³²

- The economic parameter of EWS is defined as households having an average annual income up to Rs. 1,00,000/- and the economic parameter of LIG is defined as households having an average annual income between Rs. 1,00,001/- up to Rs. 2,00,000/- (subject to revision by steering committee).
- The scheme will provide an interest subsidy for a maximum amount of Rs. 5,00,000 for an EWS individual for a house at least of 21 sq.mts. There should be a provision for toilet wherever new construction of house is contemplated. Additional loans, if needed would be at unsubsidized rates. The loan tenure can be between 15 – 20 years.

- A maximum loan amount of Rs. 8,00,000 for a LIG individual will be admissible. A beneficiary can build or purchase a house with a minimum carpet area of 28 Sq. mts as per his/her convenience.
- The Scheduled Commercial Banks and Housing Finance Companies (Primary Lending Institutions or PLI) will sign a MOU with any of the Central Nodal Agencies (namely HUDCO and NHB) based on the agreed target number of beneficiaries that the Bank/ HFI would be servicing.
- The PLIs will deduct the interest subsidy amount from the Equated Monthly Instalment (EMI) of the borrower and debit the net EMI.
- After sanctioning and disbursing the eligible loans, the PLI will claim reimbursement of subsidy from the Central Nodal Agencies (namely HUDCO and NHB) by submitting their claims.
- State Government are allowed to dovetail their state housing schemes with RRY.
- Preference of beneficiaries is same as the ISHUP. Like women, SC/ST, etc.
- Detail review of the scheme will be carried out by external institution every 2 years and mid-course correction/adjustments would be taken.
- Supervision of the quality and timeliness of the construction may be taken by quality control mechanism put in place by states/UTs
- The scheme will be monitored and concurrently evaluated independently at the end of the 12th Plan i.e. in 2017.

FootNote

32: http://mhupa.gov.in/RRY/RRY%20Scheme%20Guidelines_English.pdf

2.6 Rajiv Awas Yojana (RAY)

Rajiv Awas Yojana is a central programme for the slum dwellers and the urban poor. The schemes for affordable housing through partnership and the scheme for interest subsidy for urban housing would be dovetailed into the Rajiv Awas Yojana which would extend support under JNNURM to States that are willing to assign property rights to people living in slum areas. RAY for the slum dwellers and the urban poor envisages a 'Slum-free India' through encouraging States/Union Territories to tackle the problem of slums in a definitive manner by which every citizen has access to basic civic and social services and decent shelter³³.

It calls for a multi-pronged approach focussing on-

- a) Bringing the slums within the formal system and providing same amenities as the rest of the city
- b) Redressing the failures of the formal system that lie behind the creation of slums
- c) Tackling the shortages of urban land and housing

Presently RAY has been discontinued and all its liabilities have been subsumed under the new mission of "Housing for all by 2022"³⁴

Duration

The duration of RAY was in two phases: Phase-I, covered innovative and pilot projects and initial set of cities ready with City-wide plans and Phase-II covered the remaining period of the Twelfth Five Year Plan 2013-17 RAY and will run in a Mission Mode.

Scope

RAY will provide the support to enable states to redevelop all existing slums in a holistic and integrated way and to create new affordable housing stock. The existing schemes of Affordable Housing in Partnership, and Interest Subsidy for Housing the Urban Poor (ISHUP), would be dovetailed into this scheme. No new projects under the BSUP and IHSDP scheme of the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) will be sanctioned once implementation of RAY scheme is taken up, except to consume 11th Plan allocations that may be left uncommitted.

Highlights³⁵

- Choice of the cities would be made by the states as per their aspirations and financial and resource arrangements in consultation with centre.
- A 'whole city', 'all slums' approach is to be adopted, rather than a piecemeal, isolated approach to ensure that all slums within a city, whether notified or non-notified, in small clusters or large, whether on lands belonging to State/Central Government, Urban Local Bodies, public undertakings of State/Central Government, any other public agency and private land, are covered.
- In each slum, an integrated approach will be taken, with provision of infrastructure, basic civic and social amenities and decent housing, with attention to planning the layout (after reconfiguration of plots, if possible), total sanitation (with provision of individual toilets and water supply to each household) and provision of adequate green spaces as per (modified, if necessary) town planning norms.
- In-situ development will be encouraged as the programme of choice, to ensure that development does not lead to a loss of job linkage or additional hours and income lost on commuting to work; where relocated, there will be emphasis on active intervention to provide mobility or recreating livelihood linkages. Transit housing to cyclically accommodate the temporarily displaced slum dwellers living in slums, where phased in situ development is taken up, will be permissible.

FootNote

33: <http://mhupa.gov.in/ray/02-RAY-Guidelines.pdf>

34: http://mhupa.gov.in/W_new/Ray_Discontinuation_19_05_2015.pdf

35: http://mhupa.gov.in/w_new/RAY%20Guidelines-%20English.pdf

- Private sector participation will be emphasised under RAY, for slum redevelopment, wherever feasible, as well as for creation of new affordable housing stock, both for rental and ownership, through imaginative use of land use and other concessions.
- RAY would be implemented in two stages, preparatory and implementation stages.
 - In the Preparatory Stage of RAY, States are being assisted to draw up their Slum-free Plans of Action to proceed towards the goal of Slum-free Cities/States in a systematic and time bound manner.
 - In the Implementation stage, The State/City PoA (Plan of Action) will need to be submitted to the Ministry of Housing and Poverty Alleviation with due approval of the State Level Sanctioning & Monitoring Committee along with the Act or the executive instruction/policy/scheme for assignment of property rights and in event of the latter, the commitment of the Government to enact the legislation within one year. The Implementation Stage will begin as soon as the State/City PoA is accepted and cleared by the Centre
- The Plan of Action (PoA) for 'Slum-free State' would need to be in two Parts – Part-I for Slum Redevelopment of all existing slums, notified or non-notified, on lands belonging to State/Central Government, Urban Local Bodies, public undertakings of State/Central Government, any other public agency and private land within the selected RAY cities; prepared in accordance with the guidelines issued already; and Part-II for Containment of Future Slums, delineating the development of affordable housing for the urban poor and revision of existing urban policy and programmes for prevention of slums.

government of India to provide housing for all by the year 2022 under National Mission for Urban Housing. It has been reformed as Pradhan Mantri Awas Yojana (PMAY). It is aimed for urban areas with following components/options to States/Union Territories and cities:-

- a) Slum rehabilitation of Slum Dwellers with participation of private developers using land as a resource;
- b) Promotion of affordable housing for weaker section through credit linked subsidy;
- c) Affordable housing in partnership with Public & Private sectors and
- d) Subsidy for beneficiary-led individual house construction or enhancement.

The Mission provides flexibility to states/UTs for choosing any of the options amongst the above four verticals of the mission to meet the demand of housing in their States/UTs in the spirit of Co-operative federalism. The process of project formulation and approval in accordance with Mission Guidelines would be left to the States, so that projects can be formulated, approved and implemented faster. The Mission will provide technical and financial support in accordance to the Guidelines to the States to meet the challenge of urban housing. The Mission is to be implemented as a centrally sponsored scheme, except for the Credit Linked Subsidy component, which is to be implemented as a central sector scheme.

Highlights³⁷

Central grant of Rs. 1 lakh per house, on an average, will be available under the slum rehabilitation programme. A State Government would have flexibility in deploying this slum rehabilitation grant to any slum rehabilitation project taken for development using land as a resource for providing houses to slum dwellers.

2.7 Housing for All (HFA) (Urban) Mission/ Pradhan Mantri Awas Yojana (PMAY)

³⁶Housing for All (HFA) is a flagship mission of the

FootNote

36: http://pmindia.gov.in/en/news_updates/housing-for-all-by-2022-mission-national-mission-for-urban-housing/

37: http://mhupa.gov.in/pmay/repository/01_PMay_Guidelines_English.pdf

Under the Credit Linked Interest Subsidy component, interest subsidy of 6.5 percent on housing loans availed up to a tenure of 15 years will be provided to EWS/LIG categories, wherein the subsidy pay-out on NPV basis would be about Rs.2.3 lakh per house for both the categories.

Central assistance at the rate of Rs. 1.5 lakh per house for EWS category will be provided under the Affordable Housing in Partnership and Beneficiary-led individual house construction or enhancement. State Government or their parastatals like Housing Boards can take up project of affordable housing to avail the Central Government grant. Moreover all houses built or expanded under the mission should essentially have toilets.

Components or options to States/UTs

Verticals	Details
"In situ" Slum Redevelopment	<ul style="list-style-type: none"> Using land as a resource With private participation Extra FSI/TDR/FAR if required to make projects financially viable
Affordable Housing through Credit Linked Subsidy	<ul style="list-style-type: none"> Interest subvention subsidy for EWS and LIG for new house or incremental housing EWS: Annual Household Income Up to Rs.3 lakh and house sizes upto 30 sq.m LIG: Annual Household Income Between Rs.3 - 6 lakhs and house sizes upto 60 sq.m
Affordable Housing in Partnership	<ul style="list-style-type: none"> With private sector or public sector including Parastatal agencies Central Assistance per EWS house in affordable housing projects where 35% of constructed houses are for EWS category
Subsidy for beneficiary led individual house construction	<ul style="list-style-type: none"> For individuals of EWS category requiring individual house State to prepare a separate project for such beneficiaries No isolated/ splintered beneficiary to be covered

Mandatory Reforms

The Mission also prescribes certain mandatory reforms for easing up the urban land market for housing, to make adequate urban land available for affordable housing. Houses constructed under the mission would be allotted in the name of the female head of the households or in the joint name of the male head of the household and his wife.

Coverage

³⁸The scheme will cover the entire urban area consisting of 4041 statutory towns with initial focus on 500 Class I cities and will be implemented in three phases, as follows, viz. Phase-I (April 2015 – March 2017) to cover 100 Cities to be selected from States/UTs as per their willingness; Phase – II (April 2017 – March 2019) to cover additional 200 Cities and Phase-III (April 2019 – March 2022) to cover all other remaining Cities. However, there will be flexibility in covering number of cities in various phases and inclusion of additional cities may be considered by the Ministry of Housing & Urban Poverty Alleviation in case there is demand from States and cities and there is capacity to include them in earlier phases. Credit linked subsidy component of the scheme would be implemented across the country in all statutory towns from the very beginning.

Dimension of the task at present is estimated at 2 crore. Exact number of houses, though, would depend on demand survey for which all States/Cities will undertake detailed demand assessment for assessing actual demand by integrating Aadhar number, Jan Dhan Yojana account numbers or any such identification of intended beneficiaries.

Technology Sub-mission

A Technology Sub-mission under the Mission would be set up to facilitate adoption of modern, innovative and green technologies and building material for faster and quality construction of houses. The Technology Sub-Mission will also facilitate preparation and adoption of layout designs and building plans suitable for various geo-climatic zones. It will also assist States/Cities in deploying disaster resistant and environment friendly technologies.

The Technology Sub-Mission will coordinate with various regulatory and administrative bodies for mainstreaming and up scaling deployment of modern construction technologies and material in place of conventional construction. The Technology Sub-Mission will also coordinate with other agencies working in green and energy efficient technologies, climate change etc.

The Technology Sub-Mission will also work on the following aspects: i) Design and Planning ii) Innovative technologies and materials iii) Green buildings using natural resources and iv) Earthquake and other disaster resistant technologies and designs.

Compilation of Best Practices and suggestions

The Mission will also compile best practices in terms of affordable housing policies of the States/UTs designs and technologies adopted by States and Cities with an objective to spread best practices across States and cities and foster cross learning. The Mission will also develop a virtual platform to obtain suggestions and inputs on house design, materials, technologies and other elements of urban housing.

2.8 Atal Mission for Rejuvenation and Urban Transformation (AMRUT)

AMRUT is a mission and initiative aimed at infrastructure up gradation in 500 cities over 5 years at over Rs. 50,000 crore. AMRUT adopts a project approach to ensure basic infrastructure services relating to water supply, sewerage, septage management, storm water drains, transport and development of green spaces and parks with special provision for meeting the needs of children. Implementation of this Mission will be linked to promotion of urban reforms such as e-governance, constitution of professional municipal cadre, devolving funds and functions to urban local bodies, review of Building bylaws, improvement in assessment and collection of municipal taxes, credit rating of urban local bodies, energy and water audit and citizen-centric urban planning.

Mission³⁹

Providing basic services (e.g. water supply, sewerage, urban transport) to households and building

FootNote

38: http://mhupa.gov.in/pmay/Notices/01_om_25062015.pdf

39: <http://amrut.gov.in/writereaddata/The%20Mission.pdf>

amenities in cities, which will improve the quality of life for all, especially the poor and the disadvantaged, is a national priority.

Learning from the earlier Mission has shown that infrastructure creation should have a direct impact on the real needs of people, such as providing taps and toilet connections to all households. It means that the focus would be on infrastructure creation that has a direct link to provision of better services to people. AMRUT is considered to be an attempt to rectify the flaws of the previous mission JNNURM.⁴⁰

Purpose

The purpose of AMRUT is to-

(i) ensure that every household has access to a tap with assured supply of water and a sewerage connection; (ii) increase the amenity value of cities by developing greenery and well maintained open spaces (e.g. parks); and (iii) reduce pollution by switching to public transport or constructing facilities for non-motorized transport (e.g. walking and cycling). The indicators and standards have been prescribed by the Ministry of Urban Development (MoUD) in the form of Service Level Benchmarks (SLBs).

The pursuit of better outcomes will not stop with the provision of taps and sewerage connections to all (universal coverage). Other benchmarks will be targeted following a step-by-step process after achieving the benchmark of universal coverage. Such a gradual process of achieving benchmarks is called "incrementalism". This does not mean that other SLBs are less important, but that in the incremental process, SLBs are achieved gradually according to National Priorities. In the case of urban transport the benchmark will be to reduce pollution in cities while construction and maintenance of storm water drains is expected to reduce, and ultimately eliminate, flooding in cities, thereby making cities resilient.

Earlier, the MoUD used to give project-by-project sanctions. In the AMRUT this has been replaced by approval of the State Annual Action Plan once a year by the MoUD with the States sanctioning and approving projects at their end. In this way, the AMRUT makes States equal partners in planning and

implementation of projects, thus actualizing the spirit of cooperative federalism. A sound institutional structure is the foundation to make Missions successful; therefore, Capacity Building and a set of Reforms have been included in the Mission. Reforms will lead to improvement in service delivery, mobilization of resources and making municipal functioning more transparent and functionaries more accountable, while Capacity Building will empower municipal functionaries and lead to timely completion of projects.

Mission Components⁴¹

The components of the AMRUT consist of capacity building, reform implementation, water supply, sewerage and septage management, storm water drainage, urban transport and development of green spaces and parks. During the process of planning, the Urban Local Bodies (ULBs) will strive to include some smart features in the physical infrastructure components. The details of the Mission components are given below.

Water Supply

- i. Water supply systems including augmentation of existing water supply, water treatment plants and universal metering.
- ii. Rehabilitation of old water supply systems, including treatment plants.
- iii. Rejuvenation of water bodies specifically for drinking water supply and recharging of ground water.
- iv. Special water supply arrangement for difficult areas, hill and coastal cities, including those having water quality problems (e.g. arsenic, fluoride)

Sewerage

- i. Decentralised, networked underground sewerage systems, including augmentation of existing sewerage systems and sewage treatment plants.

FootNote

40: <http://www.niticentral.com/2015/06/25/modi-government-replaced-jnnurm-amrut-319759.html>

41: <http://amrut.gov.in/writereaddata/Mission%20Components.pdf>

- ii. Rehabilitation of old sewerage system and treatment plants.
- iii. Recycling of water for beneficial purposes and reuse of wastewater.

Septage

- i. Faecal Sludge Management- cleaning, transportation and treatment in a cost-effective manner.
- ii. Mechanical and Biological cleaning of sewers and septic tanks and recovery of operational cost in full.

Storm Water Drainage

- i. Construction and improvement of drains and storm water drains in order to reduce and eliminate flooding.

Urban Transport

- i. Ferry vessels for inland waterways (excluding port/bay infrastructure) and buses.
- ii. Footpaths/ walkways, sidewalks, foot over-bridges and facilities for non-motorised transport (e.g. bicycles).
- iii. Multi-Level parking
- iv. BRTS

Green Space parks

- i. Development of green space and parks with special provision for child-friendly components.

Reforms management & support

- i. Support structures, activities and funding support for reform implementation.
- ii. Independent Reform monitoring agencies.

Capacity Building

- i. This has two components - individual and institutional capacity building.
- ii. The capacity building will not be limited to the Mission Cities, but will be extended to other ULBs as well.
- iii. Continuation of the Comprehensive Capacity

Building Programme (CCBP) after its realignment towards the new Missions.

Indicative (not exhaustive) list of inadmissible components

- i. Purchase of land for projects or project related works,
- ii. Staff salaries of both the States/ULBs,
- iii. Power,
- iv. Telecom,
- v. Health,
- vi. Education, and
- vii. Wage employment programme and staff component.

2.9 Smart Cities Mission

The Smart Cities Mission is an innovative and new initiative by the Government of India to drive economic growth and improve the quality of life of people by enabling local development and harnessing technology as a means to create smart outcomes for citizens.

What is a Smart City?

There is no universally accepted definition of a Smart City. It means different things to different people. The conceptualization of Smart City, therefore, varies from city to city and country to country, depending on the level of development, willingness to change and reform, resources and aspirations of the city residents. A Smart City would have a different connotation in India than, say, Europe. Even in India, there is no one way of defining a Smart City, but the ministry of Urban Development (MoUD) provides for elements for various services like adequate water supply, assured electricity supply, sanitation, including solid waste management; efficient urban mobility and public transport, affordable housing, especially for the poor, robust IT connectivity and digitalization, good governance, especially e-Governance and citizen participation, sustainable environment, safety and security of citizens, particularly women, children and the elderly, and health and education

Mission and Objectives⁴²

The Mission of building 100 Smart Cities intends to promote adoption of smart solutions for efficient use of available assets, resources and infrastructure with the objective of enhancing the quality of urban life and providing a clean and sustainable environment. Special emphasis will be given to participation of citizens in prioritizing and planning urban interventions. It will be implemented through 'area based' approach consisting of retrofitting, redevelopment, pan-city initiatives and development of new cities.

Under the Smart Cities initiative, focus will be on core infrastructure services like: adequate and clean water supply, sanitation and Solid Waste Management, efficient Urban Mobility and Public Transportation, Affordable Housing for the poor, power supply, robust IT connectivity, Governance, especially e-Governance and citizen participation, safety and security of citizens, health and education and sustainable urban environment.

Coverage and duration

The Mission will cover 100 cities and its duration will be five years up to FY 2019-20. The Mission may be continued thereafter in the light of the evaluation to be done by the MoUD and incorporating the learning of the mission.

Strategy:⁴³

The strategic components of area-based development in the Smart Cities Mission are city improvement (retrofitting), city renewal (redevelopment) and city extension (Greenfield Development) plus a Pan-city initiative in which Smart Solutions are applied covering larger parts of the city. Below are given the descriptions of the three models of Area-based smart city development in addition to pan city development:

Retrofitting will introduce planning in an existing built-up area to achieve smart city objectives, along with other objectives, to make the existing area more efficient and liveable. In retrofitting, an area

consisting of more than 500 acres will be identified by the city in consultation with citizens. Depending on the existing level of infrastructure services in the identified area and the vision of the residents, the cities will prepare a strategy to become smart. Since existing structures are largely to remain intact in this model, it is expected that more intensive infrastructure service levels and a large number of smart applications will be packed into the retrofitted smart city. This strategy may also be completed in a shorter time frame, leading to its replication in another part of the city.

Redevelopment will effect a replacement of the existing built-up environment and enable co-creation of a new layout with enhanced infrastructure using mixed land use and increased density. Redevelopment envisages an area of more than 50 acres, identified by Urban Local Bodies (ULBs) in consultation with citizens. For instance, a new layout plan of the identified area will be prepared with mixed land-use, higher FSI and high ground coverage. Two examples of the redevelopment model are the Saifee Burhani Upliftment Project in Mumbai (also called the Bhandi Bazaar Project) and the redevelopment of East Kidwai Nagar in New Delhi being undertaken by the National Building Construction Corporation.

Greenfield development will introduce most of the Smart Solutions in a previously vacant area (more than 250 acres) using innovative planning, plan financing and plan implementation tools (e.g. land pooling/ land reconstitution) with provision for affordable housing, especially for the poor. Greenfield developments are required around cities in order to address the needs of the expanding population. One well known example is the GIFT City in Gujarat. Unlike retrofitting and redevelopment, Greenfield developments could be located either within the limits of the ULB or within the limits of the local Urban Development Authority (UDA).

FootNote

42: <http://india.gov.in/spotlight/smart-cities-mission-step-towards-smart-india>

43: <http://india.gov.in/spotlight/smart-cities-mission-step-towards-smart-india>



Pan-city development envisages application of selected Smart Solutions to the existing city-wide infrastructure. Application of Smart Solutions will involve the use of technology, information and data to make infrastructure and services better. For example, applying Smart Solutions in the transport sector (intelligent traffic management system) and reducing average commute time or cost of citizens will have positive effects on productivity and quality of life of citizens. Another example can be waste water recycling and smart metering which can make a huge contribution to better water management in the city.

The smart city proposal of each shortlisted city is expected to encapsulate either a retrofitting or redevelopment or Greenfield development model, or a mix thereof and a Pan-city feature with Smart Solution(s). For North Eastern and Himalayan States, the area proposed to be developed will be one-half of what is prescribed for any of the alternative models - retrofitting, redevelopment or Greenfield development.

Implementation through Special Purpose Vehicle

Smart City Action Plans will be implemented by Special Purpose Vehicles (SPV) to be created for each city, and state governments will ensure steady stream of resources for SPVs. The SPV will plan, appraise, approve, release funds, implement, manage, operate, monitor and evaluate the Smart City development projects. Each smart city will have a SPV which will be headed by a full time CEO and have nominees of Central Government, State Government and ULB on its Board.

The SPV will be a limited company incorporated under the Companies Act, 2013 at the city-level, in which the State/UT and the ULB will be the promoters having 50:50 equity shareholdings.

Distribution to State/UTs

The total number of 100 smart cities has been distributed among the States and UTs on the basis of equitable criteria. The formula gives equal weightage (50:50) to urban population of the State/UT and the number of statutory towns in the State/UT.

The distribution of smart cities will be reviewed after two years of the implementation of the Mission. Based on an assessment of the performance of States/ULBs in the Challenge, some re-allocation of the remaining potential smart cities among States may be required to be done by MoUD. According to the present allocation the state with the maximum number of smart cities is Uttar Pradesh (13) whereas Maharashtra is allocated 10 cities.

Challenge/Competition⁴⁴

MoUD programme for first time will use the competition method to select cities for funding using the strategy of area based funding; capturing the spirit of 'competitive and cooperative federalism'. Each selected city would get central assistance of Rs. 100 crore per year for five years. Smart City aspirants will be selected through a 'City Challenge Competition' intended to link financing with the ability of the cities to perform to achieve the mission objectives. Each state will shortlist a certain number of smart city aspirants as per the norms to be indicated and they will prepare smart city proposals for further evaluation for extending Central support. States and ULBs will play a key supportive role in the development of Smart Cities. Smart leadership and vision at this level and ability to act decisively will be the important factors determining the success.

The Smart Cities Mission requires smart people who actively participate in governance and reforms. Citizen involvement would be much more than the ceremonial participation in governance. Smart people involving themselves in the city will make the city development more sustainable. The participation of smart people will be enabled by the PSV through the increasing use of ICT (Information and Communication Technology) and mobile based tools.

FootNote

44: <http://smartcities.gov.in/writereaddata/What%20is%20Smart%20City.pdf>

Convergence with other government schemes

In order to achieve comprehensive development, social, economic, physical and institutional infrastructure needs to be integrated, so there is an inter-linking between AMRUT and Smart Cities Mission in achieving urban transformation. While AMRUT follows a project-based approach, the Smart Cities Mission follows an area-based strategy. Further cities at the planning must seek convergence of/with schemes and other programmes connected to social infrastructure such as Health, Education and culture.

2.10 Nodal Central Agencies

a) National Housing Bank⁴⁵

The National Housing Policy, 1988 envisaged the setting up of NHB as the Apex level institution for housing. The Union Budget for 1987-88 announced the decision to establish the National Housing Bank (NHB) as an apex level institution for housing finance. Following that, the National Housing Bank Bill (91 of 1987), providing the legislative framework for the establishment of NHB was passed by Parliament and became an act. NHB is wholly owned by Reserve Bank of India, which contributed the entire paid-up capital. The general superintendence, direction and management of the affairs and business of NHB vest, under the National Housing Bank Act, 1987 in a Board of Directors constituted under the act.

The functions of NHB as per the preamble of the act is “..to operate as a principal agency to promote housing finance institutions both at local and regional levels and to provide financial and other support to such institutions and for matters connected therewith or incidental thereto.” with its declared vision of “Promoting inclusive expansion with stability in housing finance market” and mission being “To harness and promote the market potentials to serve the housing needs of all segments of the population with the focus on low and moderate income housing”

NHB was established to achieve the following objectives:

- To promote a sound, healthy, viable and cost effective housing finance system to cater to all segments of the population and to integrate the housing finance system with the overall financial system.
- To promote a network of dedicated housing finance institutions to adequately serve various regions and different income groups.
- To augment resources for the sector and channelize them for housing.
- To make housing credit more affordable.
- To regulate the activities of housing finance companies based on regulatory and supervisory authority derived under the Act.
- To encourage augmentation of supply of buildable land and also building materials for housing and to upgrade the housing stock in the country.
- To encourage public agencies to emerge as facilitators and suppliers of serviced land, for housing.

b) Housing & Urban Development Corporation Ltd (HUDCO)

HUDCO is a public sector company fully owned by the Government of India for financing housing and urban infrastructure activities in India. It was set up in 1970 as a fully owned Government company Housing Finance Company registered with National Housing Bank (NHB).⁴⁶

HUDCO extends assistance benefiting the masses in urban and rural areas under a broad spectrum of programmes of Housing, Infrastructure, Building Technology, Consultancy Services and Research and Training. Some of the various categories of projects under housing finance are Urban and Rural housing, Co-operative Housing, Slum Upgradation, Private sector Housing, JNNURM etc to name a few.⁴⁷

Its vision is to be among the world’s leading knowledge hubs and financial facilitating organisations for habitat development and its

FootNote

45: http://www.nhb.org.in/AboutUs/about_us.php#Genesis

46: http://content.icidirect.com/mailimages/HUDCO_FD.html

47: <http://www.hudco.org/writereaddata/FAQ.pdf>

mission is to promote sustainable habitat development to enhance quality of life.

Objectives⁴⁸

- To provide long term finance for construction of houses for residential purposes or finance or undertake housing and urban development programmes in the country.
- To finance or undertake, wholly or partly, the setting up of new or satellite towns.
- To subscribe to the debentures and bonds to be issued by the State Housing (and/ or Urban Development) Boards, Improvement Trusts, Development Authorities etc.; specifically for the purpose of financing housing and urban development programmes.
- To finance or undertake the setting up of industrial enterprises of building material
- To administer the moneys received, from time to time, from the Government of India and other sources as grants or otherwise for the purposes of financing or undertaking housing and urban development programmes in the country and.
- To promote, establish, assist, collaborate and provide consultancy services for the projects of designing and planning of works relating to Housing and Urban Development programmes in India and abroad.

B. State Government Initiatives

2.11 Maharashtra's Affordable Housing Scheme, 2013

The State Government of Maharashtra announced an Affordable Housing Scheme in November 2013, in order to promote construction of affordable housing stock on private lands. The scheme aims to address the inclusionary aspect of housing in the city as well, by promoting the creation of diverse housing projects that will cater to the needs of all income groups and foster a more inclusive living environment.

Highlights

- Minimum plot area for the Affordable Housing Scheme shall be 4,000 sq m, excluding area under reservation for Development Plan
- Maximum permissible FSI under the scheme shall be 3 on the gross plot area, including mandatory layout recreational open space but excluding amenity space
- The FSI to be utilized shall be in the proportion of 1:3 for the affordable housing component and the free housing component on 1/4th and 3/4th plot of the land, respectively. Thus, both components are proposed on same plot of land but on two separate independently buildable pockets
- Size of affordable housing unit to be 25 sq. m of carpet area
- Welfare hall and Balwadi at the rate of 30 sq. m for every multiple or part of 200 residential units
- Affordable Housing Component shall be handed over to free of cost to the Urban Local Body
- ULB shall allot 25% stock for use as PAP tenements/Staff quarters/transit accommodation; 25% outright sale to Government of Maharashtra and its statutory bodies for use as PAP (Project Affected People) tenements/staff quarters/transit accommodation; 50% for outright sale as affordable housing by MHADA.

2.12 Cluster Redevelopment Policy- Mumbai/Maharashtra

⁴⁹Cluster development refers to joint redevelopment of several old buildings or complexes that are due for redevelopment. There are thousands of old buildings and other structures in Mumbai city and suburbs that will benefit because of the new cluster policy as

FootNote

48:

<http://hudco.org//Site/FormTemplate/frmTemp1PLargeTC1C.aspx?MnId=9&ParentID=6>

49: http://articles.economicstimes.indiatimes.com/2013-12-13/news/45162364_1_navi-mumbai-cluster-policy

https://www.maharashtra.gov.in/Site/Upload/Acts%20Rules/English/61_UD_30_Nov_2013.pdf

cluster development policy will pave the way for planned development of a locality and will also give additional floor space index for the residents. This will be a boon to the real estate developers as well as the residents living in very old buildings in Mumbai.

Highlights

- Minimum plot size required to derive benefits under the cluster redevelopment scheme in suburbs will be 10,000 sq m.
- Minimum plot size requirement in island city at 4,000 sq m.
- Cluster redevelopment will be applicable to all legal buildings across Mumbai that are 30-year-old or more. It will also be extended to buildings less than 30-years old but declared as dangerous.
- The state will retain the final right to sanction a cluster redevelopment project in the city.

2.13 Maharashtra State Housing Policy and Action Plan, 2015

The State Government released a Draft Housing Policy and Action Plan on May 2015 and has resolved to provide 19 lakhs houses by the year 2022 with main thrust for Economically Weaker Section (EWS), Lower Income Group (LIG) and Middle Income Group (MIG) housing. The need for housing policy arises because a survey by the National Housing Policy (NHB) revealed a shortage of 1.94 million houses in Maharashtra. This indicates the gravity of housing shortage in the state particularly in the affordable housing segment. The situation demands a mission mode approach for the housing sector starting with a new policy. The new policy was made after reviewing the earlier policy of 2007.

The stated overarching objective of the policy is "Housing for all" and the state government plans to achieve this objective through the following policy directives and highlights of each is mentioned below:

- a) Continuous creation of land bank for affordable housing by using both Government lands as well as lands belonging to the private sector.

- b) Increase supply of affordable housing in the market leading to reduction in price to the consumer.
- c) Optimum use of existing land resource by encouraging redevelopment.
- d) Improving quality of life, overall living standards with due concern for environment.
- e) Ease of doing business

Highlights of the Policy

a) Strategy of Continuous creation of land bank for affordable housing

- Survey for updated statistics to plan affordable housing to be commissioned and completed within 6 months.
- Creation of land bank which will include all lands of all the state government agencies like MHADA, MIDC, MCGM, MMRDA etc which will be pooled and MHADA will construct affordable houses on all such lands with compensation to the government entities at ready reckoner rate.
- The affordable housing stock will be allocated in the ratio of 30%:30%:30% to EWS/LIG/MIG section of the society as Central government norms for affordable housing.
- A master plan for all the lands in the government bank will be prepared and any reservation for such plans shall stand deleted and be made for Affordable Housing (AH) unless it is not environment feasible.
- A Housing Fund will be started by the government for EWS/LIG/MIG category citizens to which citizens can contribute.
- Stamp duty concession for the EWS/LIG/MIG

b) Strategy for increase in supply for Affordable Housing

- Government lands for Affordable Housing
- Public-Private Partnership
- "Employee housing", where employers will have the responsibility for providing housing to their employees through concessions given in VAT/stamp duty/professional tax and in other approach the state will incentivize the affordable housing through additional FSI linked to ready reckoner rate.
- Affordable housing scheme and inclusive housing in all housing projects (20%).

- Rental Housing (RH) will be developed by MMRDA through PPP model and within listed ULB (Urban Local Bodies) of Maharashtra.
- Affordable Housing through Town Planning Scheme (TPS) /Special Townships (STS) on private lands by CIDCO.
- Townships/Industrial Townships by Private Developer.

c) Strategy for optimum use of existing land resource by encouraging redevelopment

- Optimum Utilization of land through redevelopment
- MHADA Housing initiatives through redevelopment under DCR 33(5) will be balanced and will take care of all stakeholders i.e. Society/ Occupants, Developer and MHADA.
- Redevelopment of MHADA Transit Camp
- Redevelopment of Cessed Buildings
- Action will be taken for Urban Renewal Scheme to be implemented across the State
- Redevelopment of BDD (Bombay Development Directorate) chawls
- Slum Redevelopment, upgradation and Rehabilitation
- New policy of redevelopment of unsafe and dilapidated buildings in suburban Mumbai will be introduced by modification of DCR within 90 days from date of this policy.
- Redevelopment of Dharavi, Police Housing Headquarters.
- Development of State Government Employee Housing Colonies
- Housing of Conservancy Workers of all cities of Maharashtra by 2022
- If Land acquired for SEZ by Private Developers near Urban areas has not started production within the next 24 months then the entire balance land will go to the Government.
- Encouragement of development of land owned by Central Government undertaking.
- Smart City Centres in cities with population of above 10 lakhs
- New International Business and Finance Centre (IBFC) to create 5 lakh new jobs in MMR

d) Strategy for Improving quality of life, overall living standards with concern for environment.

- The overarching objective of this policy is to improve the general quality of life along with preservation of environment and conservation of local ethos.
- Policies like compulsory LEED (Leadership in Energy and Environmental Design) certification of the US Green Building Council or any other equivalent certification to ensure that the project is environmentally sustainable to all those projects which avail additional FSI benefits to conserve water and environment.
- All projects deriving benefits under this policy will endeavour to protect all Heritage structures situated within the projects. Detailed guidelines will be notified by the Urban Development department.
- Preventing unauthorized/informal housing

e) Strategy for ease of doing Business

- Use of IT (Information Technology) by ULB's
- Dematerialization of TDR
- Government will allow mortgage of land to raise funds for construction for projects under SRA (under DCR 33(10)), redevelopment of MHADA colonies and for other similar schemes.
- Built up area in lieu of Development Charges
- Reimbursement by the State Government of Levies, Taxes, etc for Affordable Housing
- Provision of internet connectivity in affordable housing complex
- Regulatory framework through a housing regulator in terms of the Maharashtra Housing Regulation and Development Act.
- Amendment to Maharashtra Ownership Flat Act (MOFA) where language of Sec. 7(a) will be made unambiguous and shall not apply to large housing projects where the development of the project is taken in a sector/phase wise manner and the developer will be entitled to use the benefit of the layout on any plot within the layouts so long as no new construction is proposed on the top of the existing building.

f) Rural Housing

- Affordable Rural Housing will be in consonance with the regional plans and regulations relating to Village Gaothans and extension of village gaothans.

- Adapting certain features of Single Scheme of Andhra Pradesh would be implemented to tackle rural housing with priority one houseless families without plot, families with Kachcha house without own plot, families with plot but having kachcha house, families with dilapidated house and permanently resident families in rental house. These preferences will be considered for each category i.e. EWS/LIG/Lower MIG separately.
- AS far as possible use of locally available material will be encouraged and reinforced concrete structures with earthquake resistant design will be preferred. The funds from MNREGA Scheme will be linked to the labour component in this housing scheme (grant component to be 25 sq. m).
- RH to be developed in rural areas by MHADA in association Zilla Parishad (ZP)

g) Important Issues

- The developers of AH will ensure that for the schemes contained in this policy and tenements so planned don't merge the existing tenements to create larger tenements and the developer does not create a larger tenement in the course of construction/development phase. If done otherwise will lead to penal action and the MR&TP will be amended to include this provision.
- All premium collected from the private developers under all schemes of this policy will be deposited in an Infrastructure Fund pool in which half would be used for creating infrastructure within the areas and balance will be spent within the region.

2.14 State Agencies

a) City and Industrial Development Corporation (CIDCO)

City and Industrial Development Corporation of Maharashtra Ltd., is a company wholly owned by the Govt. Of Maharashtra and was incorporated on 17th March 1970, with the specific aim of Mumbai city and at the same time creating a new planned, self sufficient and sustainable city on the mainland across Thane creek adjoining Mumbai. CIDCO has diversified its working spectrum to accommodate

new activities, even though its primary attention is still concentrated in overlooking the constant development of Navi Mumbai. The master plan of Navi Mumbai was prepared by CIDCO and has overseen its development to make it as one of the largest planned city of the world.

The multidimensional activities undertaken today by CIDCO can be classified under these three broad concepts:

- Planning and Development of New Towns.
- Consultancy.
- Project Management and Designing.

Mission

To plan and create environment-friendly, model urban settlements with fully edged physical and social infrastructure to meet residential, commercial and industrial need of population at present and in the years to come.

CIDCO is designated Special Planning Authority by Government of Maharashtra for new towns to fulfil the following objectives:

- Reduction of population overcrowding in core cities
- Absorption of emigrants and preventing the emigration of present population by providing better
- Conditions and new opportunities
- Setting the industrial pace of the State with the help of balanced urban development
- Provision of excellent socio-economic facilities, thereby improving the quality of life

b) Maharashtra Housing and Area Development Authority (MHADA)

MHADA is an apex public body constituted under MHADA ACT 1976, established in 1977 under Housing Department Government of Maharashtra. The erstwhile Mumbai Housing and Area Development Board was restructured by a Government Resolution dated 5.11.1992 and split into three separate Boards viz. Mumbai Housing and Area Development Board, Mumbai Building Repairs and Reconstruction Board and Mumbai Slum Improvement Board under the Government Resolution. At present MHADA is coordinating and controlling the

activities of seven regional housing boards, setup for each revenue division in the state

Functions

- Construction of residential buildings under various housing schemes for different sections of society
- Structural repairs and reconstruction of dilapidated buildings
- Provide basic amenities such as water taps, drainage etc. in slums

Schemes

- Development of sick/closed mill land allocated to MHADA under amended DCR 58 for mill workers housing and transit
- Undertaking composite housing schemes on clear plots handed over to MRRRB with emphasis on housing for EWS and LIG

Relevant Divisions

- Mumbai Housing and Area Development Board
- Mumbai Building Repairs and Reconstruction Board
- Mumbai Slum Improvement Board

C. Initiatives by Other States

Many states have taken decisive steps in framing policies to give a boost to the affordable housing segment, through a host of approaches such as city-level master plans, mandatory provisions, group housing schemes, regulatory reforms, and incentives to developers, among others⁵⁰

2.15 State-wise Affordable Housing Initiatives⁵¹

State	Initiatives
Andhra Pradesh	<p>Master Plan</p> <ul style="list-style-type: none"> • Reservation for affordable housing which comprise of a minimum area of 4 Ha • 5% of the developable area to be developed for EWS housing with the maximum plot size of 50 sq m. • Another 5% is to be allotted to LIG housing with a maximum plot size of 100 sq m. <p>Group Housing Schemes with a minimum area of 4,000 sq m (including apartments, row housing, cluster housing, mixed housing units, gated developments and residential enclaves)</p> <ul style="list-style-type: none"> • 5% of units are to be set apart for EWS housing with a maximum Unit area of 25 sq m. • 5 % of units are to be set apart for LIG housing with a maximum unit area of 50 sq m. • Waiver of fees and other charges for affordable housing developments to the tune of 25% for LIG housing and 100% for EWS housing.

FootNote

- 50: <http://www.ricssbe.org/RICSINDIA/media/rics/PublicationandResources/Making-affordable-housing-work-in-India-Research.pdf?ext=.pdf>
- 51: http://www.credai.org/sites/default/files/Haryana%20Affordable%20Housing%20Policy-2013_0.pdf?download=1

State	Initiatives
Andhra Pradesh	<p>'Rajiv Swagruha' project</p> <ul style="list-style-type: none"> • 175,000 units to be created across Hyderabad with the Andhra Pradesh Housing Board (APHB) executing the mandate of providing housing to the urban poor at affordable rates. • The project is aimed at moderate housing groups in the income range of INR 6,000 to 25,000 per month.
Haryana	<p>Haryana Affordable Housing Policy 2013</p> <ul style="list-style-type: none"> • Development of 'Mass Housing Projects' takes place which are 'Affordable' for general public by relaxing the norms pertaining to density, FAR, siting norms etc • All such projects shall be required to be necessarily completed within 4 years from the approval of building plans or grant of environmental clearance, whichever is later. • Regulations have been framed for the provision of a minimum of 20% of gross area of plotted colonies development for EWS housing. • In case of group housing developments, 15% of flats (each flat of 200 sq ft) for EWS and a minimum of 10% of flats as service flats (each flat of 140 sq ft) to be reserved for the urban poor.
Gujarat	<ul style="list-style-type: none"> • Repealed the Urban Land Ceiling and Regulation Act and transferred surplus land to urban local bodies at nominal rates for projects focused on EWS/LIG housing • Special provisions for development of low-cost housing owner/authorised developer will provide a minimum built up area of 20 sq m subject to a minimum carpet area of 14 sq m to slum dwellers equipped with water supply, drainage and electricity
Madhya Pradesh	<ul style="list-style-type: none"> • Almost 30% of area developed on land which is acquired at concessional rates is to be reserved for EWS/LIG housing. • This figure has been earmarked as 15% in the case of colonies where land has been purchased by private developers at market rates.
Karnataka	<ul style="list-style-type: none"> • In April 2010, the Karnataka government announced an Urban Property Ownership Record (UPOR) project under PPP to provide a 'unique identity' to each urban property. The project involves the creation of a comprehensive database (spatial and non-spatial) of all properties, and collection and maintenance of dynamic records; this would be followed by issue of a UPOR certificate, which will be treated as the only valid ownership certificate. The objective is to increase property tax collection, prevent fraudulent transactions, regulate building plan permissions and protect government properties from encroachment.

State	Initiatives
Karnataka	<ul style="list-style-type: none"> Integrated housing township projects have been taken up by the Karnataka Housing Board as joint ventures in collaboration with private companies in the vicinity of Bangalore and other major towns for provision of housing for both the EWS/LIG as well as to the higher income groups.
Tamil Nadu	<p>Chennai Municipal Development Authority</p> <ul style="list-style-type: none"> (CMDA) allows for 50% additional FSI for EWS units with maximum area of 30 sq m, and 30% additional FSI for LIG units with areas less than 50 sq m.
Odisha	<p>Odisha's housing policy takes a three-pronged approach of earmarking land, mandatory provisions in housing societies and incentivizing developers.</p> <p>Odisha's approach towards affordable housing</p> <ul style="list-style-type: none"> Minimum 20% of developed land earmarked for residential purposes in master plan reserved for EWS, LIG and LMIG housing Urban local bodies to earmark 60% of total developed residential land for EWS, LIG, MIG & LMIG housing @ 15% each 100 acres of land earmarked for projects for pilot affordable housing scheme in Bhubaneswar Private developers, Group housing societies to reserve 15% of built up area for EWS housing OSHB (Odisha State Housing Board)/ Das (Development Authorities)/ ULBs (Urban Local Bodies) to earmark at least 60% of built up area for EWS, LIG, LMIG and MIG housing @15% each Public – private partnership wherein private developers bid for government land for undertaking EWS and LIG housing Developers incentivized through additional FAR in lieu of EWS houses, Fast approvals and provision of TDR of unutilized FSI Buy back by nodal agency

2.16 Case Study: Rajasthan's Affordable Housing Initiatives

The Rajasthan government launched the Affordable Housing Policy-2009 which aims to build five lakh houses for the low income and economically weaker sections of the state. The policy is aimed at meeting the housing shortage in the state, especially for economically weaker section (EWS) and low income group (LIG) categories. The State Government has taken a comprehensive approach to the housing shortage problem by creating an enabling policy environment, encouraging private participation through incentives, fast-track approval process and time-bound completion

Highlights

- Stamp duty drastically reduced in case of EWS/LIG houses from 8% to Rs.10/- in the case of EWS and Rs.25/- in the case of LIGH. In other cases the stamp duty has been fixed at 5% with a reduction of 1% in the case of women.
- FAR – Double of the permissible FAR, facility of TDR, 0.5 additional FAR for timely completion of project
- Complete waiver of external development charges, building plan approval fees, conversion charges

- Fast track project approval (30 days)
- Buy back of flats by State Nodal Agency at pre-determined prices at Rs. 750/sq. ft. for EWS/LIG, & Rs. 1000/sq. ft. for MIG-A Price revised to Rs 850/sq. ft. considering rise in construction cost
- Bank loan for beneficiaries
- Subsidy of Rs. 12,500.00/flat for beneficiaries, approved by GOI (Government of India) for Jaipur city projects under “Affordable Housing in Partnership” of GOI
- If developer completes EWS/LIG flats within the time period without getting extension, that developer will get extra incentive of 0.5 TDR/FAR after obtaining completion certificate from the nodal agency.
- Escrow account for Local Body, Developer, & Beneficiary – to ensure phased payment to developer
- Dedicated Reserve/Corpus Fund of Rs. 100 crore created in RAVIL (Rajasthan Avas Vikas and Infrastructure Limited) for providing finance to developer on the executed work so that stage wise payment to developer is not delayed
- Joint venture of IFCI (Industrial Finance Corporation of India), NHB, State Government to provide easy housing loan to persons in income group of Rs. 8000 to Rs. 20,000 per month

Model 1

MANDATORY PROVISIONS

- Housing Board - Min. 50% EWS/LIG and 20% for MIG-A
- ULBs- Min. 25% EWS/LIG and 20% for MIG-category A
- Private Developers –15% of plots in townships & 5% of FAR in group housing for EWS/LIG
 - Developers reluctant to build EWS/LIG units in main projects
 - Two steps taken to enable this
- Incentive of 0.50 additional FAR
- Split location allowed for EWS/LIG with the condition to increase the number of units in proportion to the decrease in DLC rates of second location. Max increase to be 3 times, Eg DLC rate of main project 10,000/sq. m. DLC rate of second location 2,000/sq. m. So the number of units will be 3 times. This way practically 45% plots or 15% of FAR being used for EWS/LIG housing
- All group housing projects with 5000 sq. m. or more size required to provide EWS/LIG.
- EWS/LIG units to be allotted at Rs 850/sq. ft.

Model 2

PRIVATE DEVELOPERS ON PRIVATE LAND

- Min. 40% of total land set apart for EWS/LIG housing and 12% for MIG- A
- Buy back of built up EWS/LIG/MIGA flats at pre determined prices by local bodies and allotment to eligible beneficiaries
- Amount deposited in escrow account, payment to developer by local body
- Developer free to use remaining land for MIG-B/HIG housing
- Several incentives like TDR Facility, waiver of EDC and other charges, etc

Model 3

PRIVATE DEVELOPERS ON ACQUIRED LAND

- ULBs to identify private lands for acquisition and set apart for construction of houses to the developer
- Developer to pay for acquisition cost +10%
- Land owners whose lands already under acquisition to be allowed projects under Affordable Housing Policy like in Model 2
- 52% of land to be used for EWS/LIG/MIG - A as per Model 2
- Remaining 48% land allowed for HIG and other category flats

Model 4

PRIVATE DEVELOPERS ON GOVERNMENT LAND

- For rental housing or outright sale basis
- ULBs to offer government land for EWS/LIG through open bidding process
- Free government land for developers offering maximum number of free EWS/LIG flats (at least 50% EWS)
- Free to use remaining land with 10% for commercial

Model 5

SLUM HOUSING ON PPP MODEL

- To encourage PPP Model for Slum Redevelopment
- Rajasthan Slum Development Policy issued on 22 August 2012
- Slums on government and private land can be redeveloped
- Swiss Challenge Model allowed
 - Developer who makes the project and gives his offer to government will have first right of refusal after bids have been invited
- Several incentives:-
 - FAR 4.0 (TDR Facility also available)
 - 10% of land for commercial
 - High rise permitted on developers' segment

Annexure 1: Resources for Further Reading

Subject	Source	Current Link
Preparatory Studies – Development Plan 2014-34 Mumbai	MCGM	http://mcgm.gov.in/irj/portal/anonymous/qlPreparatoryStudiesReport
Development Control Regulations for Greater Mumbai	MCGM	http://mcgm.gov.in/irj/portalapps/com.mcgm.aaboutus_overview/docs/DC%20Regulation%201991.pdf
Maharashtra Rent Control Act, 1999	Housing Department, Maharashtra	https://housing.maharashtra.gov.in/Sitemap/housing/pdf/actsrules/THE_MAHARASHTRA_RENT_CONTROL_ACT.pdf
Urban Land Ceiling & Regulation Act, 1976	Ministry of Urban Development, Government of India	http://urbanindia.nic.in/legislations/sub_legis/ulcra_1976.pdf
Maharashtra Housing (Regulation & Development) Act 2012	Government of Maharashtra	https://www.maharashtra.gov.in/Site/Upload/Acts%20Rules/English/MAHARASHTRA_HOUSING_Regulation_and_Development_ACT_2012.pdf
Maharashtra Regional and Town Planning Act 1966	Housing Department, Maharashtra	https://housing.maharashtra.gov.in/Sitemap/housing/pdf/actsrules/Maharashtra%20Apartment%20Ownership%20Act%201970.pdf
Maharashtra Slum Areas (Improvement, Clearance and Redevelopment) Act, 1971	Housing Department, Maharashtra	https://housing.maharashtra.gov.in/Sitemap/housing/pdf/actsrules/Maharashtra_Slum_Areas_Improvement_Clearance.pdf
Real Estate (Regulation and Development) Bill, 2013	Ministry of Housing & Urban Poverty Alleviation, Government of India	http://mhupa.gov.in/W_new/Real%20Estate%20Bill%20as%20introduced%20in%20the%20Rajya%20Sabha%20on%2014.8.2013.pdf
Affordable Housing Scheme, Maharashtra	Urban Development Department, Government of Maharashtra	https://www.maharashtra.gov.in/Site/Upload/Acts%20Rules/English/61_UD_30_Nov_2013.pdf
Cluster Redevelopment Policy		
Rajiv Awas Yojana	Ministry of Housing & Urban Poverty Alleviation, Government of India	http://mhupa.gov.in/ray/Ray_index.htm
Rajiv Rinn Yojana - Interest Subsidy Scheme for Housing the Urban Poor (ISHUP)	Ministry of Housing & Urban Poverty Alleviation, Government of India	http://mhupa.gov.in/programs/housing/index.htm

