



APPRAISAL OF ROLE OF PUBLIC SECTOR AS AFFORDABLE HOUSING PROVIDER

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ABSTRACT

Housing, besides being a very basic requirement for the urban settlers, also holds the key to accelerate the pace of development. Investments in housing construction industry have a multiplier effect on income and employment has forward and backward linkages to about 280 associated industries. The overall employment generation in the economy due to additional investment in housing construction is 8 times the direct employment. So, investment in housing is an effective instrument in the eradication of poverty in the sense that it helps growth in the productivity of the poor, and supports growth of economy, which is otherwise not achieved through subsidies and in turn helps in safeguarding the future of our cities by making them slum free and ensuring planned future development. This paper aims at discussing some of the important issues relating to affordable housing that would lead to sustainable urban development in India, with special reference to Amritsar city. It deals with the housing shortage in affordable housing segment and further increase in shortage of such housing and the increasing gap between supply and demand of affordable housing with special reference to Amritsar. So, keeping in mind, the way urban housing is being financed in the present scenario and the way poverty is spreading its tentacles in urban centres, the need of the hour is to make urban housing sustainable, humane and live able by channelizing funds for housing through programs and policies to create Affordable Housing for all. It is important to strengthen existing financial mechanisms and mobilizing resources from public and private sectors at the international, national and local levels so as to promote efficient effective allocation and management of resources for this important sector of economy so as to protect the future development pattern of cities as well as to ensure environmentally sustainable urban communities.

Keywords- Affordable housing, Public sector, Sustainable urban development.

INTRODUCTION

Housing being a basic necessity for everyone is a key to sustainable urban development. The present scenario of urban settlements presents a very grim picture of housing. So much so, public sector agencies like Urban development authorities, Improvement trusts are shirking away from its responsibility of providing affordable housing to all. All this led to proliferation of unauthorized housing settlements on the outskirts of urban settlements by converting greenfield areas into brownfield development areas. These unauthorized developments lack basic infrastructural facilities leading to poor living conditions in these settlements. It in turn puts pressure on the existing infrastructure of the city, as the population residing in these unauthorized colonies depend upon city for its need of schools, colleges, hospitals, parks and open spaces and so on. All this lead to overall degradation of city's existing infrastructure. Also, the public sector role as a enabler for providing affordable housing is not being fulfilled in letter and spirit and is more oriented towards profit making motive by providing housing schemes for elite.

SCENARIO IN INDIA

But, in developing countries like India, the situation is not very good. According to the report of the technical group on estimation of housing shortage constituted in the context of preparing 11th five year plan document, housing shortage in urban areas as on 2007 is estimated to be round 24.71 million and the housing shortage in urban areas during the plan period (2007-2012) including the backlog was estimated as 26.53 million. Out of which 99% housing shortage is in EWS and LIG sections. So, The inadequacy of housing is directly linked to magnitude of poverty, poor living conditions, slums; questioning the environmental sustainability of the urban communities and future morphology of our cities. It is estimated that about 52 thousand slums were located in the urban areas of the country. It represents as high as 14% of the total urban households in the country and 21.2% of total urban population.



The continued existence of slums may be explained by the fact that their inhabitants cannot afford good housing and the private enterprise will not supply at the price that they can afford.

SCENARIO IN CITIES OF PUNJAB

In case of Punjab, At the beginning of the 21st century, the urban population of Punjab has increased to 33.95%, against 27.78% for the country as a whole. This has resulted in increased pressure on urban housing and infrastructure (PHHP-2008).

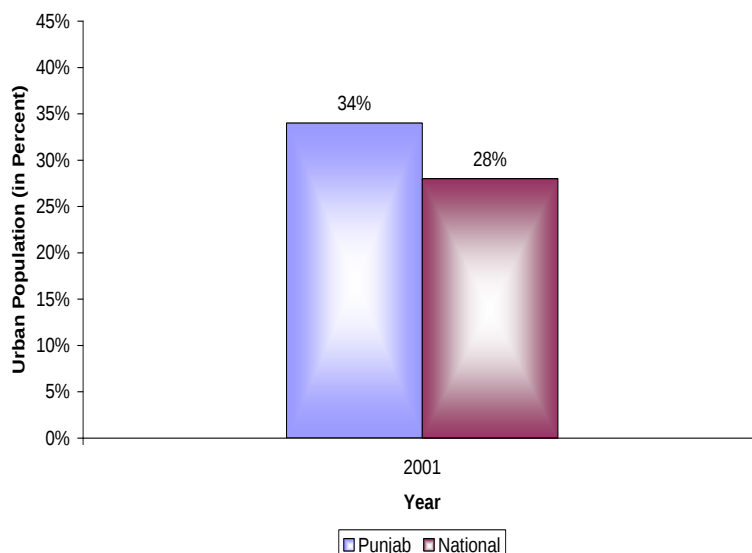


Fig. 1: Level of Urbanization in Punjab with respect to National Level.

As per Punjab Housing and Habitat Policy 2008, the proportion of slum dwellers living in notified slums in the state is higher than the national average (PHHP-2008).

As per NBO, the urban housing shortage in the state in 2007 was 6.90 lakh units which has increased from 2.1 lakh in 2001.

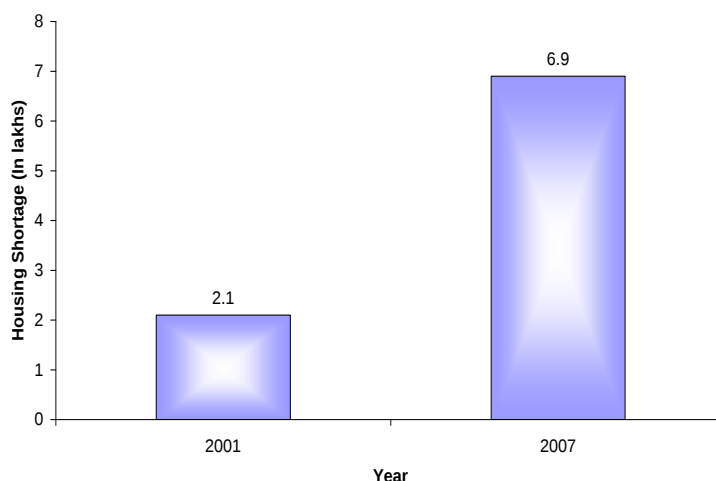


Fig. 2: Housing Shortage in Urban Areas in Punjab

Thus, going by the trend in growth of population and household formation, it is estimated that state would be requiring about 12 lakh additional housing units during 2007-2012 (PHHP-2008).

Of this housing requirement, nearly 95% i.e. 11.40 lakh will be required for EWS/ LIG/MIG households. About 6.0 lakh houses will be needed for poor/EWS, 3.60 lakh houses for LIG, 1.80 lakh houses for MIG and the remaining 60,000 for HIG category (PHHP-2008).

SCENARIO IN AMRITSAR



Similar conditions prevail in city of Amritsar in which 40.33% of city's residential area is unplanned, unauthorized and lacking in infrastructural facilities and 30% of city population is living in slums in 2001 which was just 5.53% in 1981 (City Development Plan – 2025).

The continued existence of shortage in LIG & EWS sector may be explained by the fact that their inhabitants cannot afford good housing and the private enterprise will not supply at the price that they can afford. So, in this scenario, the role of public sector becomes more so important to deal the poor state of condition of country in housing sector which has direct bearing on future morphology of our cities.

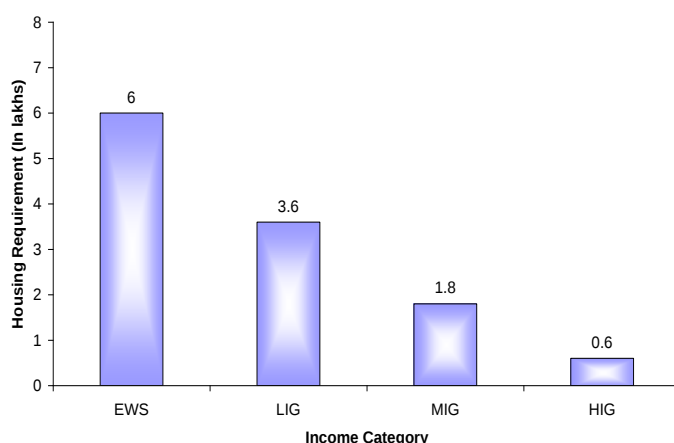


Fig. 3: Estimated Housing Requirement in 2012 in Punjab

The total area under slums is 1118 acres i.e. 12.35% of residential land use in the city which is area of concern. The total population in slums is 3,07,109 i.e. about 30% of total population.

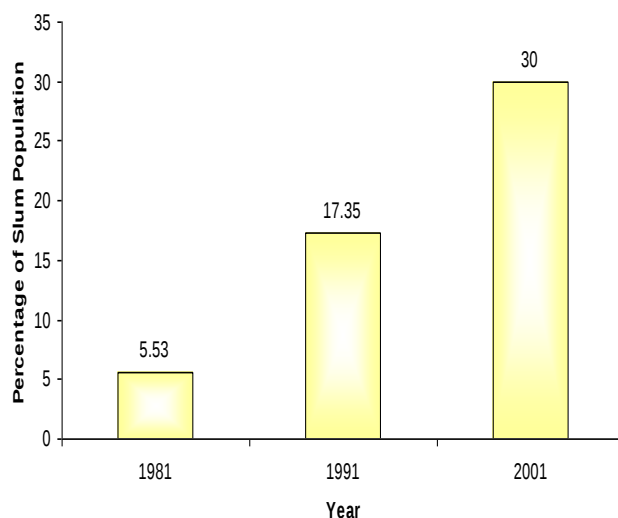


Fig. 4: Slum Population Growth Trend in City

This explains the failure of provision of adequate housing stock with minimum basic services for the urban poor resulting in rapid growth among the slum population in the cities. Low affordability of the poor poses a very important challenge in 'Housing for All' goal of the national housing policy of 2007. Such conditions create an ever mounting 'house-less' and 'land-less' population in the cities which takes shelter in slums and squatter settlement. One of the biggest hindrances to implement developmental project related to the urban poor is the availability of land and number of government agencies have, time and again, argued so. In order to make land available to the government, various planning systems of the country have practices of reserving land for public purposes out of the total land pool.



At the same time, it is also sure that only public sector or NGO can do this job as private sector is serving Higher Income Group & Elite class due to profit making motive.

Also, the regulations ensuring housing supply for LIG/EWS sections are in itself conspicuous in nature that it can't ensure the supply to this underprivileged section of society so as to prevent the growth of slums and safeguard the future of the cities.

Housing Development in Public Sector

The public sector housing in Amritsar is contribution of residential schemes developed by Housing Board upto 1995, P.U.D.A. and Amritsar Improvement Trust.

a) Housing Board

The Housing Board has taken up four residential schemes in the city in the period of 1976-78 and it was dormant later on.

b) Amritsar Improvement Trust

Amritsar Improvement Trust has developed 24 residential schemes. It has developed 21 schemes up to 1980, but it has developed only 3 schemes in last 30 years at an average of 1 colony/ 10 years after 1980. Similar trend continued thereafter with two more schemes launched between 2010 & 2024, with reserved site for affordable housing in just one scheme. On the contrary, the other scheme is for elite class with plots size ranging between 400-500 square yards, which was banned in 1985 by government to sale plots beyond 250 Square yards in public sector housing schemes for equitable distribution of scarce land resource in urban settlements.

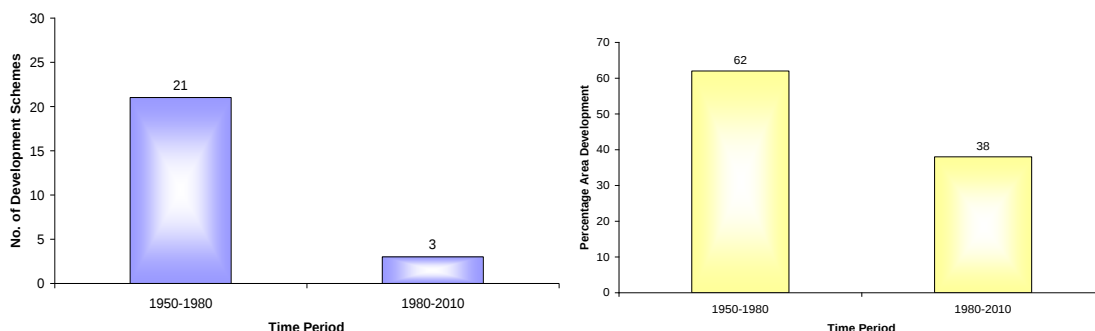


Fig. 5: Trends of Housing Supply in City by Improvement Trust, Amritsar

Thus, it is seen that the speed of Amritsar Improvement Trust in housing supply is reduced from 7 development schemes per 10 years to 1 development scheme per 10 years, which is quite low. The Improvement trust have contributed for EWS in just five schemes out of its 24 development schemes and that too not 10% as per its policy of reservation.

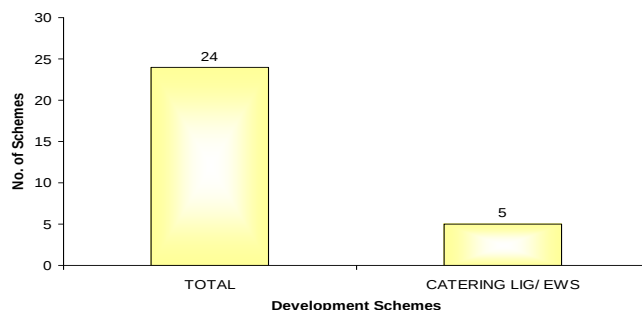


Fig. 6: Contribution of Improvement Trust Amritsar for LIG and EWS Housing

c) Punjab Urban Development Authority (PUDA)



P.U.D.A. did not contribute to the housing supply in Amritsar since its inception in a period of 15 years. So, on one hand the proportion of slums in city is growing, housing shortage increasing and on the other hand initiative of public sector is decreasing in terms of housing supply and that too not in appropriate demand sector.

Also, in a recently launched development scheme of 97 acres by Improvement trust, only 11 (2.66%) plots are of 150 sq. yards or less, whereas rest 326 plots (97.34%) are 200 square yards and above. It shows no consideration to actual demand group thus encouraging formation of slums instead of checking their growth, thus, putting a question mark on the future morphology of city.

Housing Development in Private Sector

In this category, there are two types of private colonies that have come up in Amritsar. One category is of those private colonies which have been approved by P.U.D.A. and other category is of those colonies which are upto 10 acres in gross area have been approved by the S.T.P., Amritsar under the notification of Ministry of Housing and Urban Development of year 2005.

The reservation for LIG/EWS is only in colonies more than 100 acres (40 hectares) in size and in city as well as in state the maximum size of approved colony is 68.28 acres (S.G Enclave). So, again the norms in themselves have loopholes ignoring the LIG/EWS section of society thus bringing future of cities in dark due to growth of unauthorized colonies and slums leading to haphazard and unplanned development of city.

Moreover, development status of these authorized private colonies which are 63 in number in the city comprising of 453.25 hectares (i.e 12.53%) of city residential land use is 11% clearly indicating that the supply is not in the sector in which it is demanded.

Furthermore, minimum size of plots in these colonies is 185 square yards with average (PUDA records) rate of Rs.9000-10,000/sq. yard, which beyond the affordability of LIG/EWS segment, whereas on the other hand development is 84% in unauthorized colonies.

Hence, the hindrance in achieving the objective to serve lower income segment to ensure environmentally sustainable communities and to safeguard the future development pattern of cities are the regulations of government.

Some of these regulations that have adverse impact on future development pattern of cities are

Regulations Having impact on future development pattern of Cities in Punjab

a) Notification regarding revision of External Development Charges, License fees and Conversion Charges, Department of Housing and Urban Development, (Housing Branch-II) No. 17/17/01-5HG2/7640 dated 19/09/2007

This notification gives the revised rates of EDC from 3.5 lakhs/ acre to 26.78 lakhs per acre and introduction of license fees from 3-4 lakhs and conversion charges from 3.6 to 5.38 lakhs/ acre. All these charges taken together amounts to Rs. 1038 per square yard. However, these charges have been rationalized in recent past but still on higher side.

With such high External Development Charges (EDC), License fees & conversion charges, how can we expect from a private developer to provide housing for lower sections of society.

b) Amendment in P.U.D.A. Building Rules, 1996, Department of Housing and Urban Development, (Housing Branch-I) No. 17/17/01-5HG2/7656-60 dated 19/09/07

In this notification, in the revised norms for group housing under PAPRA Act, 1995, the parking standards have been raised from 1.33 ECS/ 100 sq.mt. of covered area to 2.00 ECS/100 sq.mt. covered area.

Amendment of P.U.D.A. Building Rules, 1996 for group housing has increased parking norms to 2 ECS/ 100 sq.mt. of super built-up area from 1.33 ECS with no separate provision for LIG and EWS housing, lead to additional loading of Rs. 320/sq.ft. of super built-up area on consumer making the "Affordable Housing" a dream for common man.

Whereas, such norms are present in Group housing under Mega Township projects in which parking norm is of 0.66 ECS/ 100 sq.mt. of super built-up area for LIG/EWS housing. So, it further worsens the situation to reduce the proliferation of slums and checking of degradation of cities. Also, In Public Sector, The land use distribution in the layout plan does not strictly adhere to the norms and standards provided by "The Punjab Town Improvement (utilization of land and allotment of plots) Rules 1983" amended on 04/04/88.). But, another condition of these rules which says the saleable area shall be subject to apportionment to the tune of 90 percent residential, 4 percent commercial and 6 percent public/semipublic. These proportions are further subject to variations with approval of the state government" (Malik, 2000) is exploited for profit making motive rather than for social



welfare by providing housing for the poor by increasing area under commercial and profit-making facilities of public/semipublic with profit making motive and decreasing area under basic public/semi-public facilities which is of social welfare and residential land use, thus defeating the objective of reducing housing shortage. As in case of Bhai Gurdass Ji Nagar (340 acres scheme), commercial area is increased to 10.01% with profit making motive.

c) Allotment System

Auction of 20% plots under residential category of (100-250 square yards) for generating profit to use it for social welfare results in speculation in land prices in the colony as well as surrounding areas, which is against the goal of “Affordable housing for all” of “National Urban Housing and Habitat Policy 2007” and “Punjab Housing and Habitat Policy 2008”.

d) Policy to check speculation

Meager amount of non-construction penalty in comparison to increase in market value of plots defeat the objective of this penalty “to curtail speculation and promote development”.

The comparison of the non-construction penalty charges and increase in land prices in the colony has been done which is as given below.

Table 1: Price rise and non construction penalty (1998-2001)

Plot rate (in Rs./ sq. Yd)			Non construction charges (in Rs./sq.yd.)
In 1998	In 2010	Increase	
3000	16000	13000	900*

*Computed value @2% per year of sale price of plot for 9 years (2001-2010) ($60 \times 5 + 150 \times 4 = 900$)

Source: Primary Survey, 2010

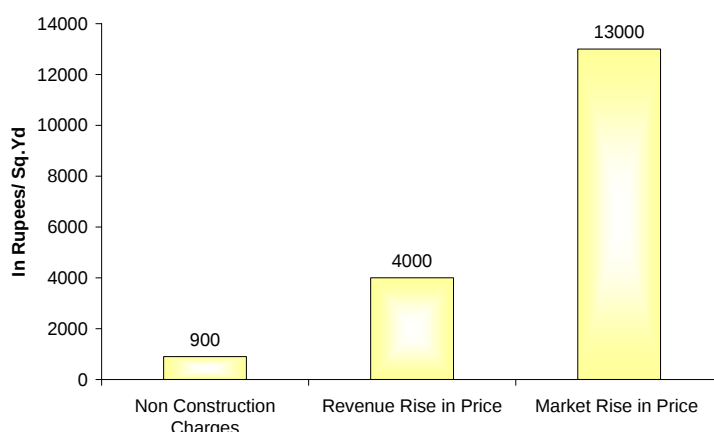


Fig. 7: Price rise vs. non-construction penalty charges

The above figures show that non construction penalty is too less in comparison to increase in price of plots in market as well as revenue increase in price. So, the objective of non-construction penalty “To curtail speculation and promote development”, is not fulfilled.

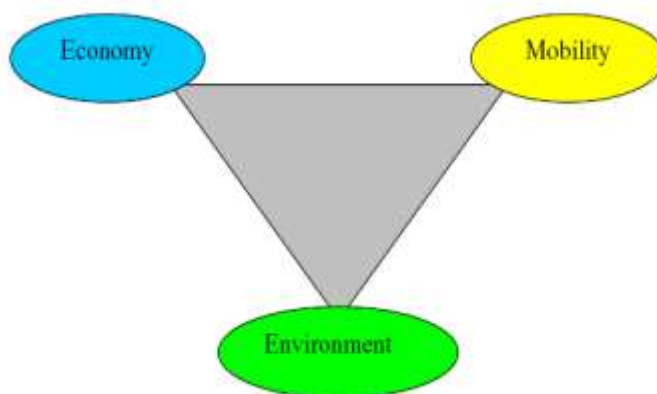
At the same time, it encourages high degree of gentrification as speculation brings allurements in beneficiaries of lower segment for profit thereby leading them to move into unauthorized colonies or slums, which further increase the problem of city.

FUTURE SUSTAINABLE CITIES

With cities as our main home today, we have to redefine their cultural and environmental function. The cities worthy of the new millennium must be energy and resource efficient, as well as culturally rich and socially responsible. In our major cities inward investment in resource efficiency must contribute significantly to achieve higher levels of employment. The investment in infrastructure should make a vast difference to health and living conditions in the cities. The Engineers, Architects and Planners have a great responsibility to help create receptiveness for the emergence of a new kind of urban form and architecture that combines climatic responsiveness with functional efficiency and a pleasing environment. This is an ethical responsibility that transcends the traditional brief of the profession. It is based on an integrated relationship between economy,



environment and Mobility. The vision has to be developed on the basic fundamental of planning of developing eco friendly cities around the economic activities, which will provide ample opportunities for the inhabitants to grow economically while living in a healthy environment.



Improved services, environment and housing enable the poor to integrate themselves with the network of transactions in the urban system as a whole. This propensity, which is highly desirable from the point of view of socio-economic development, underscores the need for launching programs of in-situ upgradation and old city improvement as growth points of the urban process. The strategy may comprise of formulating around the sub-standard areas several programs of physical, social and economic upgradation, which could promote backward and forward linkages between housing and other programs, such as nutrition, health, environmental improvement, education and employment. However, the strategy of development should contain a strong commitment to the widest possible public participation

STRATEGIES

In the light of above discussion, following strategies are suggested to ensure the environmentally sustainable urban communities and planned future development pattern of cities.

The combined strength of public and private sectors can be effectively used in changing circumstances where the role of government is shifting as 'facilitator' and 'enabler' by the application of PPP model in which land is to be provided by government agencies whereas resources for construction of housing is provided by private sector and fixed percentage of land is built with LIG/ EWS housing and handed over to government for allotment at subsidized rates to the EWS/LIG section and in the remaining area developer will be free to construct HIG/MIG housing for selling in open market.

A regulatory mechanism should be adopted to ensure that dwelling unit should be actually transferred to poor who, in turn, do not part with the same under the influence of the market forces.

Affordable Housing in Partnership Scheme of Government of India launched in 2009 to promote private sector to contribute towards LIG/EWS by offering zoning incentives such as concessional land use conversion charges, additional FAR/FSI, permission for use of land for commercial use should be implemented in its true spirit.

The public sector should be involved in the housing supply as a provider only for financially weaker sections by direct intervention to safeguard the interests of the marginalized sections by undertaking special schemes for them. The concept of incremental housing should be encouraged by public sector by which the affordability of the financially weaker sections will increase. However, at least 10% of area under residential plots should be reserved in all public sector colonies for EWS as per reservation policy in true spirit.

The practice of auction of 20% of plots (100-250 square yards category) by public sector should be stopped so as to check the land speculation, in the colony as well as in surrounding areas.

The amount of Non-Construction Charges should be increased to such an extent to make it comparable with the rise in land price in market to ensure development in these colonies.

The provision of the Punjab Apartment and Property Regulation Act, 1995 of reserving of 10% area for the EWS in schemes more than 40 ha in area should be modified in light of provisions of Punjab Housing and Habitat Policy-



2008 by reserving 10-15% of land in every public/private housing project irrespective of its area and handing over the land to state government for allotment to LIG/EWS section of society at cost price.

• **Innovative Housing Finance Schemes-Essential to Achieve the Goal**

Section 80 IA of IT Act exempts 100 per cent income from infrastructure projects from income tax for ten consecutive assessment years. Group housing and integrated township development should be brought within the definition of infrastructure. The sector should be granted status of industry for all concessions, rebates and easy finances for giving proper boost to a very important sector of economy. This benefit should be extended to only those developers who develop a minimum fixed percentage of LIG/EWS housing in their project and handover the same to government for allotment to beneficiaries at cost price.

CONCLUSION

To conclude, keeping in mind, the way urban housing is being financed in the present scenario and the way poverty is spreading its tentacles in urban centres, the need of the hour is to make urban housing sustainable, humane and liveable by channelizing funds for housing through programs and policies to create Affordable Housing for all. It is important to strengthen existing financial mechanisms and mobilizing resources from public and private sectors at the international, national and local levels so as to promote efficient effective allocation and management of resources for this important sector of economy so as to protect the future development pattern of cities as well as to ensure environmentally sustainable urban communities.

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