Housing For All - Need for Caution

What is the issue?

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While the successful implementation of Pradhan Mantri Awas Yojana (PMAY - HFA) is welcome, the overall nature of the housing sector has to be accounted in assessing the outcomes of the scheme.

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What is PMAY-HFA?

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- The Housing for All/Pradhan Mantri Awas Yojana was launched in 2015 with an aim to provide affordable housing to urban poor by 2022.
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- It is proposed to build around 2 crore houses for urban poor including Economically Weaker Sections and Low Income Groups, with central assistance in the range of Rs.1 lakh to Rs.2.30 lakh.
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- This Mission has four components namely:
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1. In-situ Slum Redevelopment with private sector participation using land as resource.
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2. Affordable Housing through Credit Linked Subsidy.
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3. Affordable Housing in Partnership with private and public sector.
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4. Beneficiary led house construction/enhancement.
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- Appreciably, affordable housing has recorded a considerable growth in

recent months.
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- This comes as a result of mission-mode implementation, new found infrastructure status and better inflow of formal credit to the segment.
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- The uptake among slum dwellers for affordable housing is closely related to the balance of benefits and costs.
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Why is the need for caution?

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- 'Housing for All' is getting to be a unilateral, supply-side push.
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- Given this, it has to be ensured that this social policy is not a response to a mere artificial demand.
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- This also happens at a time when Indian real estate is witnessing supply excess, marked by a great deal of unsold inventories.
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- Examples of empty low-cost housing units have also begun to emerge.
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- This is notably the outcome of false hopes of adequate demand for housing.
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- There is also the challenge of land scarcity for developing new housing units.
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What should be done?

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- This reality with the Indian real estate should be accounted for the large-scale state-subsidised model for housing projects.
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- It calls for making well-informed and contextualised policies.
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- **In situ development** - Notably, as of latest data, only 2.2% of the total approved housing under PMAY-HFA was for in situ development.
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- Government can consider increasing this proportion and go for a sustained focus on in situ upgradation.

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- This would alleviate much of the social capital concerns, entail lower costs and address the concern of scarcity of new land.
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- **Rental housing** - Rental housing is being proposed as a smart, complementary solution to the housing shortage.
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- The National Urban Rental Housing Policy, 2017 is currently awaiting the Cabinet's approval.
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- An important aspect of rental housing is that it would absorb floating population/seasonal migrants, who might not want to invest in an immovable property.
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- With utilisation of large number of existing vacant houses which do not enter the rental market, rental housing can certainly drive down the land requirement.
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- **Legislation** -As a concept, social rental housing needs greater impetus, beyond the commercial purposes rental housing in metropolises.
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- Proper legislation on renting houses and a monitoring procedure are essential for the potential use of vacant houses.
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- Housing policies should thus go beyond hard core infrastructure alone, and address other associated issues for a better insight on the outcomes.
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Source: BusinessLine

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