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Putting affordable housing on fast track!

Delhi/NCR

Industry experts say that for Narendra Modi government's 'Housing for all by 2022' mission to succeed to its full extent, the onus is firmly on the government and its agencies to walk that extra mile, apart from active interest from developers.

One of the prime reasons for the current sluggishness in the residential real estate segment is the high cost of houses, especially in metro and Tier I cities, which is putting off homebuyers from the market.

It is, therefore, argued that if PM Narendra Modi's dream of "Housing for all by 2022" is to be realized, housing must be made even more affordable for the common man.

While higher cost of housing units is one reason, there are several other reasons for the slow off take of houses in the Indian market.

"To begin with, mass housing requires quite a bit of land – and in the right locations. The purpose of affordable housing is not merely creating house, but creating them where they matter. Such housing is bought by people whose livelihoods depend on their jobs in cities. So, developing cheaper housing in areas which are completely disconnected from the main city, just because land is cheap there, is no solution. The government and its agencies hold a lot of land even in central city areas – railway land and defence land, for instance. Such land must be released for development," Anuj Puri, chairman of ANAROCK Property Consultants, said.

Costlier land is another issue which acts as a roadblock to affordable housing. "Land remains a price-sensitive commodity. At present, high land prices prevent the development of affordable housing in areas where it is needed most. The government should, therefore, introduce policies through which developers, who want to enter the affordable housing segment, could get certain discounts while buying land. This will invite more developers to join this segment and the PM's dream of 'Housing for all' will be achieved easily," Ssumit Berry, MD of BDI Group, says.

Third, the government must be more enthusiastic in helping buyers with the necessary finance. PMAY has not been a brilliant success on this front. For instance, KYC norms for low-income homebuyers seeking home loans must be relaxed, especially for those not employed in the formal sector.

There is also a need for public-private partnership (PPP) in realizing the national objective of 'Housing for all.'

"By combining the strengths of private players with those of the public sector, the challenges of providing affordable housing can be overcome. If the PPP policy is able to regularize and encompass important principles like inclusiveness, environmental sustainability, and transparency, it will be a boost to affordable housing in the country," Yash Miglani, MD of Migsun, said.

Developers also say that housing can be made more affordable to accomplish the 'Housing for all' mission by 2022, if more incentives are given to developers.

"There are multiple concerns owing to which developers are hesitant to enter this segment. Although the government has announced a few tax benefits in the form of GST, to encourage more developers, the turnaround will be difficult without access to cheaper capital, cheaper land, faster permissions, and more incentives to the buyers of affordable houses. These incentives will prove to be a win-win for both developers and end users," Gaurav Mittal, MD of CHD Developers Ltd, said.

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