

AFFORDABLE HOUSING - ROLE & PERSPECTIVES OF REAL ESTATE SECTOR
LEAP FROGGING IN CLSS UNDER PMAY-U



CLSS A MAJOR BOOSTER

POSITIVE IMPACT

PROGRESS

**LIBERAL APPROVAL
MECHANISM / DEVELOPMENT NORMS**

SUGGESTIONS / EXPECTATIONS

CONTRIBUTION OF CREDAI

**Affordable Housing
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PRADHAN MANTRI AWAS YOJNA (PMAY) - URBAN A MAJOR BOOSTER FOR AFFORDABLE HOUSING

- Affordable Housing is a journey from a developing nation to a developed nation, that every citizen of nation should have his own house.
- A demographic trend reveals that India is on the verge of massive urbanisation over the next couple of decades. Every year, more than one crore people relocate to urban areas in India and the nation's total urban population is expected to reach about 81 crore by 2050.
- Under the PMAY, launched in 2015, houses are targeted to be built for the EWS/LIG segment in urban areas and It is hoped that by year 2022, coinciding with 75 years of India's independence housing for the urban poor, would be completely achieved.
- With the recent slew of reforms like GST with a special rate of 8% for affordable housing, tax concessions for affordable housing including 80IBA of Income Tax Act, Infrastructure status to affordable housing, PMAY (including CLSS), Revision of RBI limit on priority sector etc. have usher more confidence in India's Real Estate Sector and particularly in Affordable Housing.

CREDIT LINKED SUBSIDY SCHEME (CLSS) – PMAY POSITIVE IMPACT

- Interest subsidy of 4% on MIG I and 3% on MIG II translate into savings of more than Rs. 5 lakh to consumers over the life of loan, making housing affordable.
- Private developers can participate in the national mission of housing with the advantage of CLSS.
- The carpet area of houses eligible for subsidy under CLSS has been enhanced from 120 square meters to 160 square meters for MIG I (Income limit Rs. 12 lakh per annum) and from 150 square meters to 200 square meters for MIG II (Income limit Rs. 18 lakh per annum). This is a big boost to housing in tier 3 and tier 4 towns

- CREDAI's 12,000 members spread across 23 states and 203 cities are including low cost housing in their business plans. More than 10 lakh affordable housing units by CREDAI members have been launched since April 1, 2017.

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CREDIT LINKED SUBSIDY SCHEME (CLSS) – PMAY PROGRESS

CLSS NO OF BENEFICIARIES YOY



SUBSIDY AMOUNT IN Rs. Crore



There is scope to step up CLSS to the level of at least 10 lakh units every year.

STEPPING UP CREDIT LINKED SUBSIDY SCHEME (CLSS) & SUGGESTED REFORMS

• **Extend Deadline to avail CLSS for MIG Beneficiaries:-** Given that the Housing for All has a deadline up to 2022, CLSS for MIG 2019 which is only up to March 2019 at present, may be extended to 2022.

• **Appointment of Nationalised Banks as a additional Nodal agency for implementation of CLSS:-** It is suggested that Nationalized banks should be appointed as a nodal agency separately along with NHB & HUDCO so as to fast track process of sanctioning of subsidy amount to the beneficiaries.

• **Pre-sanction of beneficiaries eligibility under CLSS:-** Facility of pre-sanction to potential EWS/LIG beneficiary's eligibility under CLSS should be allowed to enable enhanced and quicker sanction by banks and bringing predictability to GST treatment.

• **Directions for strict implementation of CLSS & Simplify process of releasing subsidy:-** Existing procedure of releasing subsidy amount to the beneficiaries is time consuming and lacks accountability mainly on part of PLI's. It is necessary direct strict implementation and to

simplify the entire process and set up fast appraisal mechanism thus speeding up time taken for releasing subsidy to beneficiaries.

• **Relaxation of Condition of owning a "Pucca House" in some situations:-** CLSS limits the beneficiaries by stipulating that they should not own a 'pucca' house. In metros, people living in slum and chawls are also getting excluded. CLSS should allow families to upgrade from slums, dilapidated housing and one room units to another unit. .

STATES TO LIBERALISE APPROVAL MECHANISM & DEVELOPMENT NORMS

• To reduce the permissions process as negligible. States/ ULBs shall put in place separate **single-window and time bound** clearance which will operate purely on a technology platform system for all affordable housing projects.

• Introduce **self-approval/interim building construction permission** for affordable housing.

• States should be directed to come up with **uniform, liberal/simplified DC rules** exclusively for affordable housing projects.

• **No Parking norms** should be set for affordable housing projects as the market force will determine the requirement of parking (if any) for such projects.

• **Plinth checking certificate should not be required** from sanctioning authority once the project has been approved and construction has been commenced after taking all statutory approvals.

• Construction of Buildings should be allowed on **minimal side margins requirement** i.e. 3 meters upto 15 m buildings and uniform 6 meters for high-rise buildings following mandatory fire norms.

• Liberal Open Space & Amenity space norms.



SUGGESTIONS/EXPECTATIONS FOR AFFORDABLE HOUSING

- Banks & Housing Finance Companies should be allowed to finance for purchasing land for affordable housing projects.
- State govt's should substantially reduce stamp duty and registration charges for affordable housing projects (at least for houses below 60 sq.mtrs). E.g – Rs.1000 Max.- Stamp duty, Rs.1000 Max- Registration charges.

- State govt's/ULB's should abolish approval charges, premium charges for building permissions of such projects.
- Stalled projects should be revived through last mile funding.
- Housing offers individuals maximum security and should have same tax treatment as retirement benefits.
- Nation to observe a 'National Housing Day'.

CREDAI EFFORTS & CONTRIBUTION IN AFFORDABLE HOUSING



Memorandum Of Understanding (MOU) Between Credai National & Ministry Of Housing & Urban Affairs For Building Affordable Houses Across the Country.



Memorandum of Understanding (MOU) Between Credai Maharashtra & Government Of Maharashtra For Building 5 Lakhs Affordable Houses Across Maharashtra By 2022.





Mr. Majid Kachhi(Member AH committee Credai National & Convenor, AH Committee Credai Maharashtra represented **CREDAI** in a panel discussion along with other distinguished panellists - Mr. Kalyanaram (MD, National Housing Bank), Mr. Parveen Gupta (MD, State Bank of India), Ms. Renu Karnad (MD, HDFC Bank) & others at the event '**Transforming Urban Landscape**' organised by **Ministry of Housing & Urban affairs** on occasion of 3rd anniversary of PMAY-U, AMRUT & Smart City Missions @ **Lucknow** on 28th July 2018 under the august presence of **Hon'ble Prime Minister Shri. Narendra Modi**.



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