

Developers shy away from affordable housing



NOOR MOHAMMAD
New Delhi

THESE could be first signs of trouble at the government's ambitious affordable housing project, an essential component of the Housing for All 2022 plan. Urban development minister M Venkaiah Naidu has expressed disappointment at the lack of private developers' interest in low-cost housing projects.

Speaking at a recent conference, Naidu said no proposal has come from the private sector for affordable housing projects in urban areas, even though the scheme was designed, keeping private participation in mind.

"I am rather disappointed that not a single proposal has come from private builders so far even though the Pradhan Mantri Awas Yojana (Urban) (PMAY-U) scheme has been designed envisaging a big role for private sector," he said.

In this context, Naidu has done the right thing by directing his ministry officials to sit across the table with developers and other stakeholders to hear their concerns.

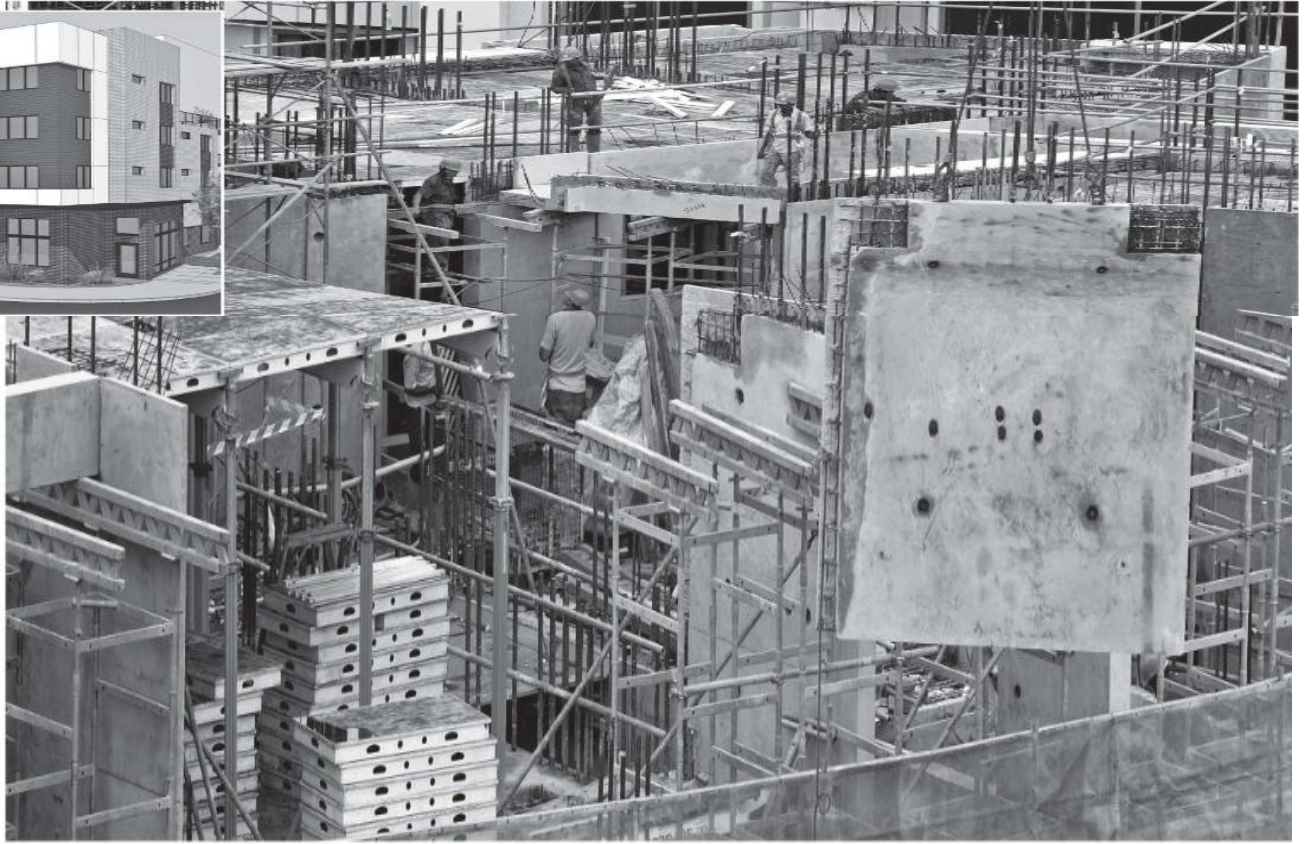
A cumbersome approval process for housing projects, high cost of land and vagueness in the scheme remain major deterrents for developers interested in pursuing low-cost housing projects despite several sops offered by the finance minister Arun Jaitley in the latest Union budget.

Ashok Verma, CEO, International Operations, REPL, a real estate consultancy firm, said that while price is fixed for affordable houses, land and construction costs have gone up in recent years. The price of steel, a key input in housing projects, has increased by Rs 7,000-8,000 a tonne in the last one year, he pointed out.

Stringent eligibility conditions are also not helpful, as only those with less than Rs 6 lakh annual income can apply for low-cost houses. Moreover, just one person from one family would be eligible for one house under the scheme.

"Affordable houses are meant for real buyers, not for investors. Without investors, real estate cannot grow," Verma said pithily.

Sumit Berry, director, BDI Group,



said that a single-window clearance for affordable housing projects should have been provided.

He also pointed out that land cost continues to remain prohibitive.

Berry also suggested that the scheme needs further clarity for developers.

"Affordable housing scheme is one of the best schemes that will boost the realty sector and we are very keen on participating and being a part of it. However, the notification on the policy is still awaited for developers to get more," Rahul Singla, director, MAP-SKO Group, said.

He added: "Single window clearance system is very crucial for the timely completion and delivery of projects and hence much needed."

At the same conference, Naidu appeared to be a little peeved when he pointed out that builders should not make any "more excuses", as the government has met their long standing demand of accord infrastructure status to affordable housing in the Budget for 2017-18.

The urban development minister said there are huge opportunities for private sector under various components, including affordable housing in partnership (AHP), of the mission.

"For a long time, you have been de-

manding infrastructure status for housing sector... Now, developers have no more excuses to keep on dithering about promoting affordable housing in a big way," he asserted.

Naidu also said that the government has come out with an affordable housing plan for middle-income people with annual income of up to Rs 18 lakh and now they (builders) should not make excuses.

"So, the opportunity is knocking at the door. Now, it is for developers to rise to the occasion post-infrastructure status, the Real Estate Regulation Act (Rera) and remonetisation. No more excuses I repeat," Naidu warned.

He directed HUPA secretary Nandita Chatterjee to soon hold a meeting with all stakeholders, including developers' bodies, banks and housing finance companies, to find out the reasons for the lacklustre response of the private sector to the PMAY (U) scheme.

"This round table also needs to discuss ways and means, if need be, of improving various components of PMAY (Urban) to encourage private sector participation," Naidu said.

The Centre has approved construction of 16.51 lakh affordable houses for the benefit of urban poor with a total investment of Rs 89,072 crore.

noor.mohammad@mydigitalfc.com