



**CREDAI**  
AFFORDABLE HOUSING COMMITTEE PRESENTS

**AFFORDABLE  
HOUSING  
SUNDAY  
BULLETIN  
ISSUE : 5**

**DATE:**

**01-04-2018**

# Initiatives/Incentives by various States to Promote Affordable Housing- Part-I

(Andhra Pradesh,Bihar,Gujarat)

## Introduction

The affordable housing sector in India is going through interesting times. The sector witnessed a surge in activities in 2016 and 2017 - in terms of policy and regulations, incentives and schemes, as well as project uptake. The most significant development was the grant of infrastructure status to the sector in the Union Budget 2017-18. Another push was given by the new public-private partnership (PPP) policy announced to attract private investments.

Several State governments have formulated their own affordable housing policies in line with the central government's "Housing for All by 2022" mission. These policies have proposed different models of public private participation and several incentives for buyers and developers. The affordable housing unit sizes were redefined, making the sector lucrative for developers. Tax relief with changes in capital tax incidence will also provide an impetus to affordable housing projects.

# Initiatives/Incentives by various States to Promote Affordable Housing– Part I

## Policy Framework in different States

STATE	POLICY FRAMEWORK
Andhra Pradesh	Andhra Pradesh Affordable Housing Policy,2015
Bihar	Affordable Housing and Slum Rehabilitation and Redevelopment Policy,2017
Gujarat	Gujarat Affordable Housing Policy,2014
Haryana	Haryana Affordable Housing Policy,2013 Affordable Plotted Housing Policy 2016 for low and Medium Potential towns
Jharkhand	Jharkhand Affordable Housing Policy,2016
Karnataka	Karnataka Affordable Housing Policy,2016
Madhya Pradesh	Affordable Housing Policy,2015
Maharashtra	Maharashtra State New Housing Policy,2015
Rajasthan	Chief Minister Jan Awas Yojana,2015
West Bengal	West Bengal State Housing Policy,Gitanjali
Odisha	Policy for Housing for All in Urban Areas,2015
Punjab	Affordable Housing Policy,2015
Tamilnadu	TNHB Housing scheme 2017

## Initiatives/Incentives by various States to Promote Affordable Housing– Andhra Pradesh

**Andhra Pradesh Affordable Housing Policy,2015:-** To achieve the below objectives and the over- arching Policy Vision, Government of Andhra Pradesh proposes to adopt a two pronged strategy.

### Objectives

- ❑ To undertake large scale construction of Affordable Housing (with focus on EWS & LIG housing) by dovetailing with existing Government of India schemes and other bilateral/multilateral assistance programmes.
- ❑ To make housing “liveable and affordable” for EWS/ LIG categories by prescribing standards for unit cost, size, specifications and planning norms under the policy.
- ❑ To promote investments in affordable housing in AP through PPP and attract private developers Private developers in the construction of EWS/LIG categories of houses by offering various attractive incentives.
- ❑ To create affordable rental housing for migrant workers and other urban poor.

### Eligibility & Allotment

- ❑ On allotment of the affordable housing unit, the beneficiary will have to pay 10% of total price (or 50 % of 20 % of the total price as down payment). Capital subsidy schemes of the Central Govt. may be availed for payment of the same. Remaining 10% down payment may be paid as 6 instalments within the next six months.

## Initiatives/Incentives by various States to Promote Affordable Housing– Andhra Pradesh

- ❑ Beneficiaries of EWS/LIG I/ LIG II housing will not be permitted to sell their allotted houses or sublet them for at least 7 years and beneficiaries of MIG housing will not be permitted to sell their allotted houses or sublet them for at least 5 years.

### Incentives for Developers

- ❑ The developer is entitled to benefits such as zero conversion charges for land use modification for the whole project, 100% waiver on levy of Development charges for the affordable housing component, zero building plan approval fee for the affordable housing component.
- ❑ Fast- track composite clearance certificate through simple streamlined online process for commencement of project construction.
- ❑ Government land shall be allotted free of cost to the selected developer for construction of the housing scheme on a 99 years transferrable lease basis. The developer can take up construction of EWS/LIG/ MIG/HIG flats & commercial flats (high rise permitted) and would surrender the EWS/LIG I/ LIG II flats free of cost to the ULB.
- ❑ Time- bound payments as per progress of construction based on inspection reports submitted by professional 3<sup>rd</sup> party Inspections reducing government bureaucracy involvement.
- ❑ Grievance redressal system to address issues raised by developers.

# Initiatives/Incentives by various States to Promote Affordable Housing- Andhra Pradesh

## Incentives for Beneficiaries

- ❑ Prescribed ceiling cost of various categories of affordable housing or government intervention in sale price fixation by private developer, to ensure “affordability” of the dwelling unit.
- ❑ 100% exemption of stamp duty for the affordable housing component.
- ❑ Streamlined application and receipt of capital and interest subsidies as per various central and state government schemes through efficient online system
- ❑ Simplified and transparent application, verification and allotment procedure for all affordable housing projects whether announced by the ULB/ UDA/Statutory Body/ or Developer.
- ❑ Assistance from SLNA along with representatives from the financial institutions/ banks to coordinate and facilitate loan sanction for purchase of dwelling unit.

## Rental Housing

- ❑ In projects for rental housing and dormitories, rent would be fixed by States/UTs either on no profit-no loss basis or through open and transparent procedure, as the case may be.
- ❑ The State government would provide certain benefits such as exemption in service tax, trade license fees, stamp duty for affordable rental housing units (upto 60 sq.m)

## Initiatives/Incentives by various States to Promote Affordable Housing- Bihar

**Bihar Affordable Housing and Slum Rehabilitation and Redevelopment Policy,2017** :- In May 2017,the Bihar Cabinet approved the said policy which aims to help poor household in the state to own a house.

### Objectives

- ❑ To take up large scale construction of Affordable Housing by attracting private investment for construction of houses for EWS/LIG segment of the society, by offering various incentives to the private developers.
- ❑ To attract private developers to construct majority of the EWS/ LIG housing on Government land through PPP mode and by offering them incentives.
- ❑ To bring down the cost of EWS & LIG categories of houses to affordable limits by providing benefits under State and Central Government schemes and through cross-subsidization.
- ❑ To integrate slum settlements and the communities residing within them into the areas as a whole through redevelopment & rehabilitation by providing them with better infrastructure, services and living environment incorporating modern methods, so as to unlock the potential of the land occupied by them.

# Initiatives/Incentives by various States to Promote Affordable Housing- Bihar

## Key Features:-

- ❑ Private developers will have to reserve 15 % of the flats in the building of over 4000 Sq.m or above for EWS/LIG. This quota will be 50 % in government projects.
- ❑ EWS/LIG will be charged a flat rate of Rs.2000/sq.ft irrespective of the city. For EWS/LIG Flats, the carpet area will be in the range of 290-323 Sqft and 538-646 respectively.
- ❑ For plotted development -10% of total residential saleable area to be reserved for EWS & LIG plots in each of their Township/Group Housing Schemes.

## Incentives for Developers –Model 1

- ❑ **Land Conversion / Land use change charges** - 100% waiver on EWS/LIG component
- ❑ **Building Plan Approval charges for EWS /LIG** -100% waiver on approval charges of EWS/LIG component.
- ❑ **FAR:-**As incentive in such projects, standard FAR shall be increased by 0.25 over and above standard FAR e.g. if standard FAR is 2.5 then permissible FAR will be 2.75. Maximum FAR under no case shall increase beyond 3.50.



## Initiatives/Incentives by various States to Promote Affordable Housing- Bihar

- ❑ **Split Location-** In case private developer is not in a position to construct EWS/LIG units within the limits of main project he shall submit proposal for EWS/LIG housing units at a split location at the time of approval of building plans of main project. Provision of split location is allowed within the 3 km radius from plot within the same urban area for Metropolitan Region and 2 km radius from the plot for the rest. The developer shall have to produce clear title of the land proposed for EWS/LIG housing or copy of MoU for collaboration/joint venture 100% waiver on EWS/LIG component. As alternative, the developer may procure these units from other developers.

### Incentives for Developers -Model 2 -Development of Affordable Houses by Private Developer on Private Land

- ❑ **Land Conversion / Land use change charges-** 100% waiver on EWS/LIG component.
- ❑ **External development Charges/ Infrastructure development-** Charges The cost of external development will be shared between the Developer and the ULB/ any other agency executing the work in 50:50 ratio.
- ❑ **Building Plan Approval charges for EWS /LIG -** 100% waiver on approval charges of EWS/LIG component
- ❑ **FAR-** 0.50 above standard FAR applicable, up to a maximum of 3.50 for the complete project including FAR consumed for EWS/LIG. EWS/LIG units @ minimum 140 units per acre shall be constructed on 50% land of the project area.

## **Initiatives/Incentives by various States to Promote Affordable Housing- Bihar**

**Incentives for Developers –Model 3 A** -Development of EWS/LIG flats by Private Developer on whole of Private Land (Multistorey flats development) with incentives for the developer.

- Land Conversion / Land use change charges-** 100% waiver on the complete land i.e. 100% of the land.
- External development Charges/ Infrastructure development-** The cost of external development will be shared between the Developer and the ULB/ any other agency executing the work in 50:50 ratio.
- Building Plan Approval charges for EWS /LIG** - 100% waiver
- FAR-** 1.00 FAR over and above standard FAR, the total FAR up to a maximum limit of 3.5.

**Note:-** To avail the benefits of housing for all scheme of Government of India minimum of 35% EWS units shall be sold, on the fixed price of Rs.2000/- per sqft. of Carpet Area, to eligible beneficiaries as per Models 1 & 2.

**Incentives for Developers –Model 3 B** - Development of EWS/LIG houses by Private Developer on whole of Private Land (Plotted development, G+3 and above) with incentives for the developer

- Land Conversion / Land use change charges-** 100% waiver

## Initiatives/Incentives by various States to Promote Affordable Housing- Bihar

- External development Charges/ Infrastructure development- The cost of external development will be shared between the Developer and the ULB/ any other agency executing the work in 50:50 ratio.
- Building Plan Approval charges for EWS /LIG - 100% waiver
- FAR:- Not Applicable
- Split Location- Not Applicable

Incentives for Developers Model 4A - Construction of EWS/LIG Houses on Government Land/BSHB land/ ULBs Land in PPP (Public-Private Partnership) mode :-

### Key Features:-

Government land for the projects to be taken up under this model shall be provided to PDA (Project Development Agency) on free of cost and freehold basis/ long term lease.

The land for the project shall be divided into two parts i.e. Affordable Housing Area (AHA) & Developer Area (DA).

The PDA shall ensure that maximum no. of EWS/LIG houses are constructed on any given plot and in no case height will be less than G+3 for the EWS/LIG component (The Developer may go above G+3 if the parameters and the specifications allow). High-rise buildings are allowed for the Developer area.

## Initiatives/Incentives by various States to Promote Affordable Housing- Bihar

- ❑ Land Conversion / Land use change charges -Not Applicable
- ❑ External development Charges/ Infrastructure development charges Cost of External Development will be borne by the concern ULB on EWS/LIG component and cost of external development on Developer Area will be paid by developer.
- ❑ Building Plan Approval charges for EWS /LIG As per prevailing rules to be paid by the developer on the Developer Area
- ❑ FAR - Minimum 140 units per acre and maximum up to 3.5 FAR shall be constructed on EWS/LIG component of scheme (AHA). For remaining part of the scheme as per prevailing building byelaws.
- ❑ Split Location- Not Applicable

**Model - 4B** Construction of EWS/LIG Houses on Government Land/BSHB land/ ULBs Land in PPP (Public-Private Partnership) mode .

**Model - 5** PPP FOR SLUM REHABILITATION AND REDEVELOPMENT HOUSING (SRRH)

**Model 5A:** In-situ Slum Redevelopment:-If the Slum is on tenable land, whether Central Government land / State Government land / ULB land / land belonging to any other statutory authority or PSU, and if the land is not essentially required for any important public purpose, then the redevelopment of such slum will be taken up in-situ. This development may be undertaken by the PDAs through private developers on PPP mode or directly by acting as developer.

# Initiatives/Incentives by various States to Promote Affordable Housing- Gujarat

## Gujarat Affordable Housing Policy,2014:- Mukhya Mantri Gruha Yojana

### Objectives

- ❑ The vital purpose of this scheme is making cities and towns of Gujarat Slum free by providing houses for the urban people at an affordable rate.
- ❑ This scheme aims to provide the economically weaker section and the lower income groups of the society with affordable housing facilities.
- ❑ This scheme is mainly prioritizing rehabilitation of the Slums on their exact location as far as possible and gives priority to relocate the other slums in closest neighbourhood.
- ❑ This scheme prioritizes on providing basic and social facilities along with the housing facilities.
- ❑ The state aims to involve both public institutions as well as private developers in such projects

## Initiatives/Incentives by various States to Promote Affordable Housing- Gujarat

Parameters for affordable housing under this scheme: Government of Gujarat has set below mentioned parameters on the basis of income criteria for affordable housing.

Parameters	EWS	LIG-1	LIG-2	MIG-1
Carpet area (sq. mtr.)	25-30	31-40	41-50	51-65
Layout	2 room, kitchen, bathroom, toilet	1bedroom, 1 hall, kitchen, bathroom, toilet	1bedroom, 1 hall, kitchen, (study room, children room/dining area optional) bathroom, toilet	2 bedroom,1 hall kitchen, bathroom, toilet, (study room, children room/dining area optional)
Maximum selling price per unit (that includes all costs of construction but will not include maintenance deposit, registration and insurance)	Up to Rupees 3,00,000/-	Up to Rs. 7,50,000/-	Up to Rupees 11,00,000/- (if specifications are better or jantri rate is more than Rs. 12000/- sq. mtr.	Up to Rupees 22,50,000/
Annual Family Income	Less than Rs. 1,00,000/-	Rs. 1,00,000/- to 2,50,000/-	Rs. 1,00,000/- to 2,50,000/-	Rs. 2,50,000/- to 5,00,000/

# Initiatives/Incentives by various States to Promote Affordable Housing- Gujarat

## Incentives to private developers

- ❑ Affordable housing schemes can be carried out in all areas except in restricted zone declared by GDCR.
- ❑ Affordable housing related GDCR as per new development plan 2021 by AUDA can be applicable to all cities of the state except cities which are earthquake prone.
- ❑ Under affordable housing policy the plots (for affordable as well as free sale both type of constructions) on which affordable categories of EWS/LIG 1/LIG 2/ MIG 1 houses are built will be eligible for **FSI up to 3**. This FSI can be utilized only on plots where affordable houses are built and cannot be transferred to some other place.
- ❑ The developer is free to undertake any kind of construction on that portion of land which is other than the land used for affordable housing. On this extra land the developer is eligible to make commercial construction at 10% of the total construction or as per local GDCR provision whichever is higher.
- ❑ The developer can be given exemption from municipal charges only for sub-plots that are used for construction of EWS/LIG category houses.
- ❑ The developer is entitled to receive tax benefits announced for such projects by the Central Government and can be obtained from authorized department.

# CREDAI NATIONAL - AFFORDABLE HOUSING COMMITTEE



## Mr. Shantilal Kataria

Chairman, Affordable Housing Committee  
Credai National  
President, Credai Maharashtra  
Email- [katariashantilal@gmail.com](mailto:katariashantilal@gmail.com)

## Mr. Sachin Kulkarni

Convenor, Affordable Housing Committee  
Credai National  
Email:- [sachin@vastushodh.co.in](mailto:sachin@vastushodh.co.in)

## Mr. Majid Kachhi

Convenor, Affordable Housing Committee  
Credai Maharashtra  
Email:- [kachhigroup@gmail.com](mailto:kachhigroup@gmail.com)

## Mr. Dilip Mittal

Convenor, Construction Cost Committee  
Credai Maharashtra  
Email:- [dilip@mittalbrothers.com](mailto:dilip@mittalbrothers.com)

## Mr. Suhas Merchant

Chairman, RERA  
(Legal Committee Credai National)  
Email:- [srmerchant@vsnl.com](mailto:srmerchant@vsnl.com)

## Mr. Pankaj Kothari

Member Affordable Housing  
Credai National  
Email:- [parkoakl@gmail.com](mailto:parkoakl@gmail.com)

## Mr. Mayank Modi

Credai NCR-Delhi

## Mr. Suresh Patel

Credai Surat, Gujarat

## Mr. Sanket Shah

Credai Ahmedabad, Gujarat

## Mr. Sarvesh Javdekar

Credai Pune Metro

**Supporting Partner**



**भारतीय स्टेट बैंक**  
**State Bank of India**

हर भारतीय का बैंक  
THE BANKER TO EVERY INDIAN

Contact Us:  
CREDAI

5th Floor, PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi-110 016

Tel: (011) 43126262/ 43126200 / Fax: +91 11 43126211 / Email: [info@credai.org](mailto:info@credai.org)

Disclaimer :- The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.