

Affordable Housing in Partnership through PPP

Summary:

Government of Uttar Pradesh launched 'Affordable Housing in Partnership Yojana (2018-21)' to create conducive environment for private players and attract them to participate in these projects to deliver affordable housing. As per the scheme, the private developer is responsible for providing land and carrying out construction of the project. The project with EWS houses after completion is to be handed over to the state government for the disposal to beneficiaries.

Objective:

To create affordable housing through public private partnership and to create a conducive environment for private players and attract them to participate in these projects.

Key Stakeholders:

- Government of Uttar Pradesh
- Private player/ developers

Implementation Strategy:

The policy provides incentives in addition to PMAY (U). The policy also defines the roles of different stakeholders and highlights the conditions and benefits for the private players and beneficiaries. As per the scheme, private developer is responsible for providing land and carrying out construction of the project. Broadly, the conditions defined for the private player to participate under this process is as follows:

- Developer to surrender 20 per cent of land under sale component as performance guarantee, to be released once EWS houses are constructed and handed over
- Construction of EWS and other units may be allowed on separate land parcels if total number of houses constructed is more than 250.
- Distance between land parcels has to be within 5km in 1 million plus cities, 3-5 km in 0.5-1 million and within 2km in cities with population less than 0.5 million.
- EWS houses handed over to State Govt for disposal to beneficiaries, and sale of other properties remains with developer
- EWS house to be completed in 24 months, otherwise penalty is charged

The benefits to the developer as per the scheme are:

- Subsidy of Rs. 2.5 lakh per EWS house from Government (Rs. 1.5 lakh as central assistance and Rs. 1 lakh as State subsidy)
- Discount of 25-50 per cent on External Development Charges
- Speedy land use conversion allowed within 46 days
- FAR 2.5, TDR of 1.0 on base FAR for Cross subsidisation of project cost
- 10 per cent of FAR allowed for commercial development
- No height restrictions
- Exemption on payment of Stamp duty, land use conversion
- Faster approvals through Online Building Planning Permission System

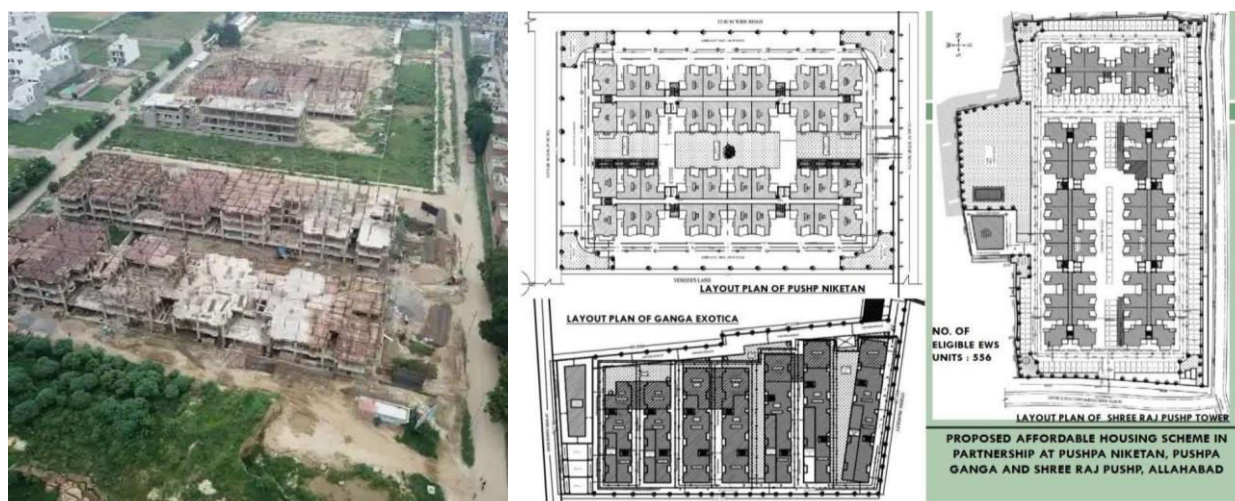
Resource utilisation:

Over and above Central Government's financial assistance, State Government also provides for the funding, with the total subsidy of Rs. 2.5 lakh per EWS house. Along with this, State Government provides for many other fiscal and non-fiscal incentives to promote participation.

Impact/ Outcomes:

Various private developers have come forward to build AHP projects in Uttar Pradesh post the launch of this policy. One of such projects is construction of houses at three land parcels at Allahabad by developer M/s Goel Housing Construction Company. The developer was able to develop the project:

- Utilised three land parcels
- Construction of 556 EWS houses under PMAU (U) at one site using FAR of 2.5
- Construction of premium 2 and 3 BHK units on other two sites availing benefits of TDR in addition to existing FAR as sale component



Challenges/ Lessons Learnt:

Right set of incentives with clear distribution of roles and responsibilities along with risks helps in forming a strong PPP structure and attract private players to develop projects including EWS houses.

Replicability and Sustainability:

Such specific measures and incentives can be replicated across other States to boost PPP project development in affordable housing.

Fact Sheet:

Thematic area	Affordable housing in partnership through PPP
First-year of the program	2018
Responsible institution	Uttar Pradesh State Government, Private Developers
Target audience	EWS
Coverage	Uttar Pradesh State

Source: 38th CSMC Presentation PMAY (U), Uttar Pradesh; Notification 1132/8-1-18-106/2018 AHP (2018-21) dated 12 July, 2018