

SHELTER



Theme paper | Policy Review | Case Studies



Mind the gap: Leave no one and no place behind



UN HABITAT
FOR A BETTER URBAN FUTURE



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EDITOR

SHELTER

HUDCO's HSMI

HUDCO House, Lodhi Road,

New Delhi -110003

Tel: 011-24308600

Fax: 011-24365292

Email: hsmishelter@hudco.org

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Co-Editor: Ms. Pooja Nandy

Cover Design: Ms. Pooja Nandy

Registered Office

HUDCO Bhawan, Core-7A

India Habitat Centre

Lodhi Road

New Delhi-110003

Tel(EPABX):011-24649610-23

CIN:L74899DL1970GO1005276

GST No.07AAACH0632A1ZF

Website: www.hudco.org



FROM THE EDITOR-IN-CHIEF

Each year since 1986, the World Habitat Day is being observed on the first Monday of October, followed by a month long of various activities on urban sustainability to mark the Urban October. The theme of World Habitat Day 2022 is '*Mind the Gap. Leave No One and No Place Behind*', which draws attention of the nations to look at the problem of growing inequality, vulnerabilities and challenges in cities and human settlements that have been exacerbated by the recent triple 'C' crises – COVID-19, Climate and Conflict, which have huge adverse impact on the lives and livelihoods across the globe. According to the UN-Habitat's World Cities Report, the number of people affected was between 119 and 124 million in 2020 and between 143 and 163 million in 2021. Tackling urban poverty and inequality have become an urgent global priority.

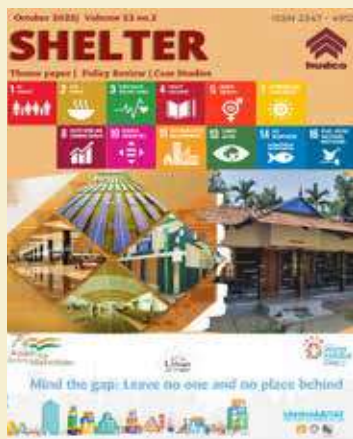
India is an integral part of the urban transformation that the world is witness to, and is gradually making the shift from 'rural' to 'urban'. Urbanisation is a necessary condition for economic growth as cities contribute to more than 60 per cent of the country's GDP. Cities offer opportunities for growth, innovation, entrepreneurship, cultural expression and social change. Yet, they have also been mired by lack of civic amenities, inadequate infrastructure, lack of inclusive, affordable and adequate housing, and poor living conditions for significant portions of their citizens. In this context, this year's theme reminds us to refocus our resolves to 'leave no one and no place behind' in our transformative journey towards achieving development agenda 2030. As local action is critical to achieve the sustainable development goals by 2030, this year's theme calls upon the national and local governments to identify 'who is being left behind by development processes'; in what ways; in which areas; and remove those underlying structural barriers that limit their inclusion. In the spirit of 'leave no one & no place behind', no target should be considered achieved unless met by lowest quintile of any population and at all places.

Sustainable, equitable and inclusive development has been the cornerstone of Govt. of India's economic growth model based on the motto of '*Sabka Sath Sabka Vikas Sabka Viswas Sabka Prayas*'. A number of schemes and programmes have been initiated on a mission mode to bring the poor and marginalized into the urban fabrics. With the aim to provide affordable housing for all, the Govt. of India implemented 'Pradhan Mantri Awas Yojana (PMAY)-Urban in 2015 under which more than 1.22 crore houses have been sanctioned. Similarly, the scheme of 'Affordable Rental Housing Complexes' (ARHCs) for urban migrants/ poor, introduced in 2020, aims to mitigate the hardships faced by the migrant labour force and other vulnerable groups, which will improve their living conditions and provide access to dignified and planned housing. Other programmes such as Atal Mission for Rejuvenation and Urban Transformation (AMRUT), Smart Cities Mission, Jal Jeevan Mission, Deendayal Antyodaya Yojana- National Urban Livelihood Mission (DAY-NULM), PM Street Vendor's AtmaNirbhar Nidhi (PM SVANidhi), Pradhan Mantri MUDRA Yojana (PMMY), National RUrban Mission (NRuM), Jan Dhan Yojana, Aspirational District Programme (ADP), etc. are also aiding in mainstreaming the poor and marginalized sections into urban fabric. The implementation of these programmes and projects are indicative of Government of India's commitment towards leaving no one and no place behind.

This volume of Shelter is based on the World Habitat Day theme of '*Mind the Gap. Leave No One and No Place Behind*' and contains an array of articles which provide diverse insights into a range of issues related the theme for building a better inclusive and equitable urban future. The theme papers highlight the issues relating to sustainable, inclusive & resilient cities based on the principle of 'leaving no one behind'; supply-side interventions for self-built housing; 'LiFE' movement as a new strategy for inclusive urbanism; and mainstreaming migrant households. The policy review section includes the reviews of two important Government of India programmes: the PMSVANidhi; and the PMAY-Urban and a third highlights need to develop research and evidence-based policies to mitigate and adapt to the threat of rising sea levels on coastal real estate & infrastructure. This volume also presents two case studies: BSUP project of Kolkata; and analysis of the Delhi- Unified Buildings Bye Laws with reference to the National Building Code (NBC).

Hope you enjoy reading this issue of Shelter. As always readers are encouraged to send in their comments (critiques, suggestions and observations) about the issue.

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Theme

Each year since 1986, the World Habitat Day is being observed on the first Monday of October, followed by a month long of various activities on urban sustainability to mark the Urban October. The theme of World Habitat Day 2022 is 'Mind the Gap. Leave No One and No Place Behind', which draws attention of the nations to look at the problem of growing inequality, vulnerabilities and challenges in cities and human settlements that have been exacerbated by the recent triple 'C' crises – COVID-19, Climate and Conflict, which have huge adverse impact on the lives and livelihoods across the globe. According to the UNHabitat's World Cities Report, the number of people affected was between 119 and 124 million in 2020 and between 143 and 163 million in 2021. Tackling urban poverty and inequality have become an urgent global priority.

India is an integral part of the urban transformation that the world is witness to, and is gradually making the shift from 'rural' to 'urban'. Urbanisation is a necessary condition for economic growth as cities contribute to more than 60 per cent of the country's GDP.

Cities offer opportunities for growth, innovation, entrepreneurship, cultural expression and social change. Yet, they have also been mired by lack of civic amenities, inadequate infrastructure, lack of inclusive, affordable and adequate housing, and poor living conditions for significant portions of their citizens. In this context, this year's theme reminds us to refocus our resolves to 'leave no one and no place behind'.

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INCLUDING THE URBAN POOR IN INDIA THROUGH SUPPLY-SIDE INTERVENTIONS FOR SELF-BUILT HOUSING

MS. BANASHREE BANERJEE

“Self-built housing is tailor made to household requirements and is responsive to the affordability of even the poorest households and fulfils the need for the supply of low income housing.”

Key Words: *Self-built housing, land tenure security, informal sector, Micro finance, PMAY-BLC.*

Ms. Banashree Banerjee (banashree.banerjee@gmail.com) is a Housing and urban planning consultant; and affiliated with Institute for Housing and Urban Development Studies (IHS), Rotterdam as Senior Housing and Urban Management Expert.

Self-built housing is tailor made to household requirements and is responsive to the affordability of even the poorest households. It's scale far surpasses supply-driven public and private affordable housing solutions, and its popularity and feasibility have been amply demonstrated through the implementation of the Pradhan Mantri Awas Yojana (PMAY). There is a strong case for continuing government support to incremental housing to realise its full potential. Based on experience from India and elsewhere, this paper discusses how the remit of government interventions can be expanded in diverse ways towards achieving greater scale, equity, quality and sustainability of self-built housing, thereby moving towards the goal of 'leaving no one behind'.

CASE FOR SUPPORTING SELF-BUILT HOUSING

The Beneficiary Led Construction (BLC) component of Pradhan Mantri Awas Yojana-Urban (PMAY-U) scheme of the Government of India makes subsidy available to poor households to construct or improve houses on plots

owned by them. Thus, it supports a process, which is by far the most prevalent form of building among the poor and even middle income households. Self-built housing, also known variously as incremental housing, self-construction and home improvement, has made available a large stock of affordable housing in all class size of urban areas in India and across the world.

Millions of low-income people build their homes and neighbourhoods, often to surprisingly high standards, with assistance from building workers at a scale which has not been matched by the efforts of government or organised private sector. Such housing is invariably built incrementally as and when the need arises, or funds become available. Low-income families are spending hard-earned money, adding rooms and toilets or a second floor to their single-story dwellings, retrofitting their homes and changing temporary roofs to permanent ones. Not only is this way of building a method of achieving affordability and social equity, but it also

promotes local economic development when dwellings are used for income generating activities, including creating a stock of rental housing for low and middle income families and migrants.

Self-building and home improvement support the local construction industry that provides a significant source of employment to informal sector workforce such as masons, carpenters, plumbers, casual labour and material suppliers. It's employment potential is well-recognised and was the basis for the inclusion of the Scheme for Housing and Shelter Upgradation (SHASU) in slum areas as a component of Nehru Rojgar Yojana (NRY), a scheme of the Government of India implemented between 1989 and 1997 to support income generation of the urban poor (Government of India, 1998).

On an average more than sixty-two percent of the urban housing stock of 110.14 million in India is self-built (Government of India, 2013; Das, 2018), with higher rates in small and medium towns. Incremental housing takes place in urban slums, sites and services projects, relocation areas, unauthorised colonies, peri-urban areas and urban villages. Recent studies of

sites and services schemes have shown that incremental housing can reach densities comparable to medium-rise housing over a period of time (Owens et al, 2018).

Self-built housing is tailor made to household requirements and is responsive to the affordability of even the poorest households and fulfils the need for the supply of low-income housing. However, there are downsides to this building process: Very often incremental self-building results in very poor-quality housing stock that ignores critical aspects of health and safety; and the building process, even though low in cost, is not always good value for money. This is especially a matter of concern in cities where rising land values have prompted low-income dwellers to build vertically. On the other hand, a key facilitating factor for investment is security of land tenure, which is not available to a vast number of the urban poor. And many poor families are unable to build beyond a rudimentary shelter because they do not have access to affordable finance. Finally, much of the stock of self-built housing is in informal settlements, which lack basic services and social infrastructure.

The 7.36 million housing units sanctioned with a committed subsidy of Rs.150 thousand per unit between 2015 and 2022 under BLC, though numerically impressive, forms only a small proportion of the efforts of people in building for themselves. But what is significant here is that it is for the first time that such numbers have been reached by a public housing programme. It is even more significant that BLC amounts to more than 60% of all units sanctioned under PMAY-U¹. It has shown greater traction over mass housing supply by public and private institutions in the other verticals offered by the scheme (in-situ slum redevelopment, affordable housing in partnership, credit-linked subsidy scheme and affordable rental housing complexes). Its comparative popularity stems from the flexibility it offers to beneficiaries and indicates the huge demand for financial assistance in the self-build sector. It has emerged as a preferred option for public institutions because it creates the least responsibility and liability for them to achieve numerical targets (Roychoudhury et al, 2020). It is free from complexities of supply-side projects such as land assembly, negotiations with private builders, building and quality control of medium and high-rise structures.

1 (https://pmay-urban.gov.in/uploads/progress-pdfs/630c79cb23ad0-PMAY-U_Achievement_for-WEB-29082022.pdf)

It is, of course, not for the first time that a government programme in India has assisted self-build. The history of government support began with SHASU and was consolidated into the Valmiki Ambekar Awas Yojana (VAMBAY), under which 4,42,369 houses were constructed or improved in notified slum areas between 2001 and 2006 (Government of India, 2008). Economically weaker section households with secure tenure, either legal or with “no objection certificates” from land-owning organisations were eligible. In several cities, Pune, Chennai and Jabalpur to name a few, self-built housing in slums was included as part of the Basic Services for the Urban Poor (BSUP) component of Jawahar Nehru National Urban Renewal Mission (JNNURM). Legal land tenure was one of the criteria for inclusion.

While legal land tenure and income level remain the key eligibility criteria, the scale of assistance to self-constructed housing has vastly expanded under the BLC vertical in comparison with previous schemes. This, along with the prognosis that self-constructed housing will continue to dominate the affordable housing sector in the foreseeable future until other supply-side options become more viable,

leads to the conclusion that incremental housing provides an opportunity to address the housing shortages faced by millions in rapidly growing towns and cities.

LOOKING BACK TO GO FORWARD

There is a strong case for continuing government support to incremental housing to realise its full potential. While lessons from the management and implementation of BLC will be valuable for expanding the remit in diverse ways towards greater scale, equity and sustainability, a review of experience from India and elsewhere at this juncture may provide useful insights to go forward.

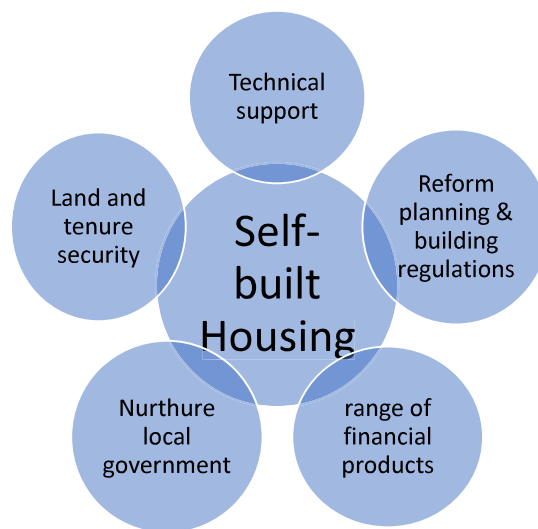
Literature and experience from across the world show that there are five critical

and inter-connected supply-side interventions that can catalyse improved housing quality, cost effectiveness and inclusion of self-built housing. These can broadly be categorised as: technical support for households and building workers; making available land and tenure security; offering a range of financial products; reforming planning and building regulations; and nurturing local government as a support institution (Figure 1). Experience shows that approaches that integrate these interventions have greater impact, although they are not easy to orchestrate.

Technical support to households and building workers

The Technology Sub-Mission of PMAY has been promoting

Figure 1: Critical Supply-side Interventions for Self-built Housing



innovative technologies and adaptation to local conditions of cost-effective technologies from across the globe. However, the focus has been on technologies that are pertinent to mass housing projects rather than to self-built housing. Consequently, there has been little effort to address the limitations of poor quality and unsafe construction, inherent in self-built housing or to validate local materials and technologies, which are commonly used for house-building in smaller towns and peri-urban areas, where most of the BLC assistance has gone (Mitra, 2021). Simply providing funding support to communities engaged in self-construction could lead to faster development of unsafe structures and underserved neighbourhoods in the near future.

The large-scale need for housing construction and improvement and regional diversities justify complimenting the present centralised approach of disseminating material and technology-based solutions of the present Technology Sub-Mission of PMAY with regionalised approaches (Mitra, 2021). The purpose would be to make available appropriate geo-climatic and socially adaptive local indigenous solutions, enhance local construction capacity,

provide access to appropriate building materials and technologies and provide information and offer advisory services to building workers and homeowners. Home builders require awareness, hand-holding and upgrading of building skills, which is a task that can be taken up by local institutions, run as entrepreneurial centres with a social objective. An effective strategy would be to use the network of Building Centres in the country to give technical support to incremental housing.

The Government of India had launched a National Network of Building Centers (Nirmithi Kendras or Nirman Kendras) in the 1980's with the aim to enable and empower people to build better by evolving appropriate housing delivery system with people's participation, by applying environment-friendly, ecologically appropriate, energy saving, disaster resistant and affordable housing solutions and by developing the right level of skills among the local artisans (Government of India, 2000). 385 building centres were set up with initial seed capital from HUDCO and technical support from BMTPC during the 1980's and 90's, some of which have sustained themselves and are still functioning well. For examples, Kerala

and Karnataka have district level centres, as part of state-wide networks. While most Building Centres in the country are government-sponsored, there are others that are managed by NGOs such as Development Alternatives in Delhi and Hunnershala in Bhuj, others have been set up by well-known professionals. Some are operated by local entrepreneurs such as MBS & Co in Imphal and Micro Home Solutions in Delhi. The experience from these building centres shows that knowledge building and transfer requires not only understanding of technology but also of people and places. There is a strong case for supporting the Building Centre model as a strategy for grass-roots entrepreneurship development and job creation in the building sector and linking it with people-driven home building efforts.

Other countries have adopted different approaches. For example, the Community Organization Development Institute (CODI), a unit of the National Housing Authority of Thailand, which gives techno-financial assistance to communities for land purchase and housing development has a team of young architects and engineers to work with community groups. Local universities also provide hand-holding support. This

model was introduced in several South-East Asian countries by the Asian Coalition of Housing Rights (ACHR) network of NGOs. Peruvian municipalities are assisted by universities and NGOs for technical assistance to self-build. In the case of cities like Medellin and Bogota in Colombia and Sao Paulo and Rio de Janeiro in Brazil, municipalities have their own technical support units and also involve professionals and NGOs.

A point to be noted is that unlike mass-housing, incremental housing is always work under progress and requires hand-holding support for an extended period of time for variable needs of specific building and retrofitting projects of households. This can only be provided by local institutions.

Nurturing local government as a support institution

By the principle of subsidiarity, self-built housing would best be managed and supported through local institutions. Local government institutions can play a major role in several ways in providing services, supporting households to build better and ensuring good quality supply of plots by the private sector. The evidence from various towns and cities of Madhya Pradesh points to the need for more

autonomy at the local levels in order to respond to local contexts more appropriately (Mitra, 2021).

The success of incremental housing initiatives in large part depends on the timing, standard, and level of infrastructure and services provision (Wakely and Riley, 2011), which is the responsibility of urban local bodies (ULBs). The large numbers of houses assisted with BLC funding have created the requirement for water, sanitation and other municipal services in existing informal settlements and in layouts and land distribution schemes of some state governments in peri-urban areas. The PMAY-U Guidelines (Government of India, 2015) do mention that there is a need for ULBs to ensure that all dwelling units constructed under the BLC vertical are serviced with required infrastructure. This responsibility requires funding support, especially in tier two and tier three towns, where most of the BLC units are located and where ULBs are under-resourced. The increased allocation and emphasis of the 15th Finance Commission on development of water supply, sanitation and health-care facilities in all urban settlements is a step which can greatly enhance the quality of BLC supported housing (Mitra, 2021).

ULBs can play a major part in ensuring quality housing by using regulations to ensure that private landowners and developers make provision for health and safety; land subdivisions with streets of appropriate widths; and community open spaces while bringing affordable plots into the market. Services can be provided incrementally but it is important to ensure land reservation for public services. ULBs can also undertake risk mitigation measures in areas prone to flooding, erosion or landslides and prevent new self-built housing from developing in such areas.

ULBs are in a good position to co-ordinate between different stakeholders in incremental housing – households, community based organisations, private sector service providers, and land owners, financing institutions, government departments, NGOs and building workers, thus enhancing local organisational capacity for incremental development and community asset management and maintenance.

An interesting example of support to incremental housing is the programme of the municipality of Mexico City, in which about 100,000 loans for house improvement or construction were given in 5 years mostly to households living in marginal areas. The

success of the programme was attributed to substantial resources invested by the municipality; terms of lending favourable to the poor (short term, demand based loans); large demand for low cost financing; technical assistance through a network of professionals managed by the municipality, whose costs were included in the loans; and the role of the coalition of housing NGOs in putting housing improvements for low-income households on the agenda of the municipal government and nurturing the program through its initial growth phase (Ortiz and Zarate, 2006).

Reforming the regulatory framework

Examples world-wide show that institutional finance for incremental housing is more effective when accompanied by measures that ensure minimum norms of health and safety, while at the same time keeping costs low. The requirement of a sanctioned building plan from local government as a condition for loan sanction is expected to ensure structural soundness and legality. However, most settlements of the poor, including regularized slums, unauthorized colonies and relocation areas do not conform with development control regulations, making it impossible for building plans to be sanctioned. They

can, at best, avail grants from government programmes or small loans from other sources. The contention is that unless there are measures to change the regulatory framework, poor people will not be able to graduate from the grey housing market.

Attempts in this direction are being made in different countries and cities, which provide a basis for learning and wider replication and regulatory reform. For example, 'The City Statute' of Brazil has a provision for demarcating areas as Special Social Interest Zones (ZIES) in Brazilian cities. Declaration of an area as ZEIS regularizes areas where the process of occupation has occurred regardless of urban planning norms and allows the development of urban regulations keeping in view the existing development, such as narrow streets and small plots. ZEIS is also used for vacant land earmarked for social housing, where it has proved to be an effective instrument for making land available for the poor in advantageous locations and developing it with appropriate affordable standards (Cities Alliance, 2010).

The Development Plan for Nagpur (1986-2011) included a specific zone, 'R-EWS Zone' for the Economically Weaker Section population. The area in this zone was proposed

for public housing or site and service schemes for the economically weaker section population or reserved for the already existing squatter settlements. All slums eligible for tenure regularization and rehabilitation were classified as R-EWS (Nagpur Improvement Trust, 1987). Such initiatives have been strengthened in Maharashtra urban areas by the Unified Development Control and Promotion Regulations for Maharashtra State - 2020, in which regulations specific to the nature of existing settlements apply in "Slum Improvement Zone". Reservations for small dwelling units/ plots have been classified as "Inclusive Housing" in the Development Control Rules (Government of Maharashtra, 2020).

Enabling access to land and enhancing land tenure security

BLC has made significant progress because public institutions have found it easier to deal with households with access to land for providing housing assistance (Kundu and Kumar, 2020). A point of concern is that the BLC component requires the possession of tenured land as a pre-requisite to availing funding assistance, this in effect excludes the poorest in towns and cities as they seldom have access to tenured land (Mitra, 2021). On the

other hand, a significant volume of self- construction takes place in urban settings on plots with some sort of tenure papers. The typical examples are:

- Sites and services schemes of public institutions;
- Slum/squatter relocation areas;
- Plots owned by poor households in urban villages;
- Ownership plots in peri-urban land subdivisions and sites without services in small and medium towns; and
- Plots in informal settlements which are part of tenure regularisation programmes.

Such situations have contributed to the success of BLC. In this regard, the most favourable conditions have been found in states which have legislation and mechanisms for land tenure regularisation. Madhya Pradesh and Chattisgarh have been granting tenure rights or “patta” to slum dwellers on government land through the Patta Act of 1984. Madhya Pradesh proactively used the Patta Act as a major enabling tool for making households in smaller urban centres eligible for the BLC component by granting 2.8

lakh pattas (Banerjee, 2022). The BLC component in Odisha is closely aligned with the ‘Jaga Mission’, a holistic approach to development of slum communities through granting land rights, improving basic services and housing. Andhra Pradesh and Telangana have been using their land revenue code to grant tenure to urban settlers on government land for government housing programmes. Towns in other states like Gujarat have allocated plots to the poor for BLC. Land being a state subject under the Indian Constitution, housing assistance can be substantially scaled up with complementary programmes of states to regularise tenure in informal settlements and allocate land for the poor.

While there is much to be said in favour of land tenure regularisation, it is a poor substitute for enhancing access to land for the poor to build on incrementally, especially in smaller urban centres, where land prices are still affordable. Encouraging private land subdivisions with small plots and undertaking sites and services projects with adequate space for facilities are options that can add value to assisted self-built housing. Countries like Tanzania, El Salvador and Pakistan, where governments have recognized the merit of the incremental development

approach, have sought to improve on it by enforcing minimum reservations for street widths, open space and space for education and health facilities, so as the area develops incrementally, it can over a period of time, become a complete housing environment.

Housing loans based on collective land tenure are an accepted strategy in Thailand as part of CODI’s work with poor communities to upgrade/ build their housing and purchase the land on which they live or another plot of land. The Community Mortgage Programme of the Philippines is also based on collective land ownership. Although such methods have not been used in India, there is a potential to take advantage of collective land ownership in housing co-operatives for incremental housing in secondary cities.

Diversifying the range of financial products

Secure land titles should provide a huge business opportunity for financing institutions to lend to low-income households to build or improve their homes. However, in practice there has been very limited penetration of conventional institutional finance for poor households, using property as collateral. This is despite specific clauses in state-level tenure

regularisation legislation allowing mortgage finance. These include the MP Patta Act 1984 (also applicable to CG), the Odisha Land Rights to Slum Dwellers Act, 2017 and the Punjab Slum Dwellers (Proprietary Rights) Act, 2020.

While the subsidy is significant (e.g., in Odisha, Rs. 1.5 lakh from the central government and Rs.0.5 lakh from the state government), most households still require a loan to construct a house. Public sector banks and housing finance institutions (HFIs) shortlisted for the purpose by PMAY-U are usually not interested in lending to EWS households for whom they cannot readily assess repayment capacity. Also, it may not be easy to repossess and sell these houses in case of default, so the loan may not be a typical secured housing loan (Das, 2018). This calls for development of financial products specifically for incremental housing and harnessing of existing non-conventional funding avenues to complement government assistance, or even as a substitute for it.

Studies show that there is a huge demand for loans of varying sizes and durations for incremental improvement of housing. In recent years a number of affordable housing finance companies (AHFC) have increased their activity in this segment

(Das, 2018). The Low Income Housing Finance project of the National Housing Bank (NHB) supported by the World Bank was highly targeted towards informal and low-income households and was delivered using a market-based mechanism through primary lending institutions (PLIs). Leveraging the NHB's apex role in the housing finance market, the project also supported the development of necessary market infrastructure to enable private sector financial institutions to expand lending to low-income households against informal incomes and informal property titles (World bank, 2019).

Micro-finance institutions (MFIs) and NGOs provide small loans for house construction or improvement. Apart from community involvement, such loans also build in financial inclusion of women, who are the main borrowers. For example, SEWA provides small loans to women for incremental housing, differentiating between secured and unsecured loans. Secured loans are backed by assets, such as jewellery or a lien on the client's fixed deposits held at SEWA Bank. Unsecured loans are backed by a lien on the client's demand deposits with the bank and guarantors. This makes it possible for them to provide funding for

incremental building even without formal tenure. DHAN Foundation, which works in 31 urban areas across 6 states makes micro-finance and technical assistance available to members of women self help groups (SHGs) for house improvement and construction on the strength of "entitlements, not titles". In Bangladesh, the Grameen Bank's housing loans are very popular and structured to suit the requirements of the poor with low-interest small loans with weekly repayments.

CONCLUSION

The role of self-built, incrementally developed housing cannot be underestimated in making available affordable housing and relieving housing congestion in a country like India, with its huge housing supply gap. It will continue to dominate the housing market until other scalable affordable housing supply options are made available, and complexities in housing delivery by the public sector and formal private developers are ironed out. The demand for the BLC component of PMAY-U has brought home this point and its implementation has flagged up issues which need attention going forward. Inclusion is not only about numbers but also quality, for which key supply-side interventions are needed

along with a catalytic role of public institutions to bring together stakeholders that can participate effectively at different levels of the process.

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