



New frontiers and challenges for affordable housing provision in India

Sengupta, U. (2014). New frontiers and challenges for affordable housing provision in India. In J. Bredenoord, P. V. Lindert, & P. Smets (Eds.), *Affordable Housing in the Urban Global South: Seeking Sustainable Solutions*. Routledge.

Published in:

Affordable Housing in the Urban Global South: Seeking Sustainable Solutions

Document Version:

Peer reviewed version

Queen's University Belfast - Research Portal:

[Link to publication record in Queen's University Belfast Research Portal](#)

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List of Abbreviations

CBO	Community-based Organisation
DDA	Delhi Development Authority
EMI	Equated Monthly Instalment
EWS	Economically Weaker Section
FAR	Floor Area Ratio
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GOI	Government of India
HDFC	Housing Development and Finance Corporation
HFC	Housing Finance Corporations
HIG	High Income Group
HUDA	Haryana Urban Development Authority
HUDCO	Housing and Urban Development Corporation
IT	Information Technology
ITES	Information Technology Enabled Services
INR	Indian Rupees
JNNURM	Jawaharlal Nehru National Urban Renewal Mission
KMDA	Kolkata Metropolitan Development Authority
LIG	Low Income Group
MFI	Micro Finance Institutions
MGI	McKinsey Global Institute
MIG	Middle Income Group
NUHHP	National Urban Housing and Habitat Policy
NBC	National Building Code
NGO	Non Governmental Organisation
ULCRA	Urban Land Ceiling and Regulation Act, 1976
WBHIDCO	West Bengal Housing and Infrastructure Development Authority

1 Introduction

Affordable housing has become a major policy challenge in urban India (Table 1) for the last few decades. The 11th Five-Year Plan identified housing deficit in India to be 24.7 million in 2007 - the EWS¹ representing the highest housing need with 21.78m units. To address this the Government of India has initiated reforms in line with international trends of enabling housing to work (World Bank, 1993). Primarily, the focus has been on fostering private sector participation in providing affordable housing for the EWS and LIG and instituting mass housing for accelerated housing growth. These changes are altering the landscape of low-to-middle income housing in terms of consumption and production. Evidence suggests that the affordable housing sector is rapidly becoming the fastest growing segment in the Indian real estate sector.

Concomitantly, the definition of affordable housing is changing to include affordability of a much wider section of the society and in tandem, there is a visible change in the notion of home, identity and lifestyle. The steadily growing middle class - deemed the most visible urban embodiment of globalization (Fernandes, 2004) - is the largest consumer group of housing triggering a discernible shift in what constitutes a 'home'. There is a growing evidence of private developers fashioning affordable housing in the templates used for MIG and HIG housing. Indeed, mass housing cannot succeed without the benefit of standardisation and uniformity imbuing efficiency in the supply chain, sweeping generalisation on quality and standards raises two critical questions: first, is the stock that is targeted to low-income households aligned to their needs and expectations? And second, what is an affordable housing, how it is defined, whose affordability are we talking about? The answers to these questions provide some insight into the extent to which affordability problems arise from inconsistency in quality, costs and aspirations. While defining affordability in literature, there has been a consistent effort to analyze whether households have an affordability problem because they choose to consume housing that is better quality than affordable stock (Whitehead, 1999; Hancock, 1993; Hulchanski, 1995; Thalmann, 2003; Quigley & Raphael, 2004). The question that underpins this chapter is whether paradoxically, they might need to consume this more expensive housing because there is no other housing available.

There are inherent contradictions and paradoxes in the housing 'dream' currently being packaged as affordable homes in India and investigating this aphorism is where this chapter is situated. The chapter begins with an overview of the past and current government policies and programmes to understand the factors that led to the gradual transition for affordable housing from being a state-led to market provision. This is followed by an analysis of the emerging trend in articulating affordable housing by both government and market and role of housing standards and guidelines in shaping this trend. The paper uses empirical study of a pioneer affordable housing model from Kolkata to highlight the conceptual contradiction associated with the perception and marketability of affordable housing. Specifically, given that privately provided affordable housing could achieve mass housing proportions, it is important to test the notion that the

equation between quality, price and affordability is neither simplistic nor straightforward. Rather, it depends on how people in their everyday lives interpret affordability and how the market/developers respond to such interpretation.

The remainder of the paper proceeds as follows. The section II charts the historical development of affordable housing in India during pre-and post 1991 era. Section II presents a contemporary interpretation of affordability in India. Section IV explores key features of Sukhobristi model to assess its role and impact on affordable housing in India. The final two sections analyse and conclude.

Table 1 Urban Housing Shortage in India

	1961	1971	1981	1991	2001
Total Population	439.2	548.2	683.3	846.3	1028.6
Urban Population	78.9	109.1	159.5	217.5	286.1
Housing shortage	3.6	3	7	8.2	10.6
% shortage	20.4	12.29	19.62	16.84	16.56

Source: Compiled by Author based on information from Census figures

2 Policy responses to housing crisis: Development of affordable Housing in India

Housing since 1947

Broadly speaking, housing for urban poor has been a politicised, contested and visible cornerstone of welfare provision in India. The welfare link is a no-frill recognition to 'unaffordability' in the society, but, financial commitment has been patchyⁱⁱ and affordable housing provision has centred on targeted subsidy to the individuals and loan assistance to governmental agencies through HUDCO. The government focus also lay on fostering partnership with NGOs, CBOs, co-operatives and to some extent to the private sector to improve the supply chain. For instance, housing co-operatives in India - identified with public sector activities for their dependence on public sector funds (Renaud, 1985) in early years - have grown to 92,000 organisations from 5,564 in 1960 and has an estimated housing output of 2.5 million homes. The movement has now evolved with a strong institutional framework based on concept of 'self-financing' and diversity in financial portfolioⁱⁱⁱ.

But it is really the two-pronged strategy - sites and services and public housing –

seemingly laden with contrasting objectives that defined social housing landscape in early years. The former, as a form of progressive development was quintessentially pro-poor in concept but in practice owing to the World Bank's involvement, it relied excessively on neoliberal principles of affordability, cost recovery and replicability to succeed, which was ahead of its time. Nationwide output remained poor as difficulties in site assembly and local resource mobilization made large-scale implementation nearly impossible (Pugh, 2001). The principle of progressive development (including those in slum upgrading programmes) ran contrary to local building code and land use regulations (Buckley and Kalarickal, 2006). The latter thus became the primary Indian government approach to affordable housing for many years. Public housing was aimed at income eligible households at highly subsidized rent. However, low overall output, allocation discrepancy and high maintenance cost made a strong economic case for moving away from this approach (Sengupta, 2006). Between 1970 of 2000, public housing production in India averaged 1 unit per 5000 people. City authorities such as the DDA are criticized for producing rather fewer houses despite having acquired large reserves of land (Pyane, 2011).

The era, labelled as the 'modernist' period, is marked by the concept of affordability trapped in the dilemma of perception - a 'stereotype' on how people live in shanties and slums. A typical design approach for affordable housing was then to compress a home into a single room with very basic provision. They were built on welfare-state principles with a low commodity value exhibiting a form of 'slummification' (Wadhwa, 2007). By the late 1980s, following the international trend and Global Shelter Strategy, in particular, National Housing Policy was announced in 1987 with government's role firmly established as provider for the poorest group and facilitator for other income groups. The draft also laid foundation for regulatory reforms, which would benefit the housing industry a decade later.

Housing after 1991

India's housing and real estate has relatively a short history. It started in 1991 when economic reform led to multi-dimensional reforms in trade, industry and finance sectors including housing and the real estate. The country's GDP grew to a notable 9.2 per cent in the year 2006/07 from 5.8 per cent in 2000/01. The reform paved way for relaxing regulatory barriers to encourage private sector participation - such as 100 per cent FDI in integrated township development, abrogation of ULCRA and reduction in stamp duty - designed to boost housing supply and removing red tape. Interestingly, housing and property prices remained stable, despite the global financial crisis attributed largely to the culture of home purchases through personal savings and other sources of capital outside the banking and mortgage system.

Housing Boom and the widening gap in affordability levels

The domestic boom has however, had varying impact on different income segments. Owner-occupiers gained most from price inflation. This author's interview with households in older housing estates such as Kalindi in Kolkata

revealed that housing prices tripled since 2003/04, which aligns with Chandrasekhara's (2011) observation that housing prices in 2009 were above 2007 levels in Kolkata (up 85%), Mumbai (up 26%) and Delhi (up 13%) after prices rose 30% in 2008. Housing has consistently been seen as returning as good if not better than other investment portfolios such as bonds, fixed deposits and post office savings etc. Rapid appreciation of property prices led to higher disposable income raising purchasing power of a segment of the population, even if it means 2-5% of the national population. In a country of 1.21 billion, 5% equates to 60 million, roughly the size of the population of the UK. Further, there has been a dramatic rise of middle class in India as a consequence of globalisation (Deshpande 1998; Lakha 1999) and their lifestyle and consumption pattern has been definer of a group with a different housing aspirations and attitudes. The steadily growing middle class, currently accounting for 30% of the population, is seen crucial to sustain higher-end housing across the country. The residential skyscrapers such as the pair of Imperial Towers in Mumbai or Kolkata's Urbana, Burj Al Hind in Calicut, Kerala, or Gurgaon's DLF Tower have become today's urban housing spectaculars that evoke both technological and architectural sublime although sit uncomfortably with affordable housing principles.

The rise of middle class has been equated with the rise in affordability levels in that homes across the country are more affordable than they were five or ten years ago (Shetty, 2012). According to HDFC, the prices of homes may have gone up but median income of average urban households has trebled in the past ten years. The affordability level, measured through income to price ratio declined to 4.6 times household's annual income in the year 2012 from 22 in the year 1995 (Business Standard, 2012). Whilst this is a significant achievement the variegated geographic and socio-economic background of the Indian population makes such generalisation problematic. Median household income in metro cities is higher than the secondary cities such as Ahmedabad, Patna, Surat or Jaipur, but their housing predicament can be far worse. Up to 54% of the population in major cities such as Delhi and Mumbai live in slums conditions compared to the national average of 28% (MGI, 2010). Moreover, the recent housing boom has been accompanied by widening income gap across different income groups and resultant decline in housing affordability of the lowest segment of the population.

Overall, there is a good progress in housing supply in the last decade or so. Between 1991 and 2001 the number of housing units grew by about 54 million; housing quality improved; and the number of households living in cramped conditions dropped. In cities home ownership rate rose from 63% to 67% and in the country by one percentage point to 95% (GOI, 2007). New schemes such as JNNURM and VAMBAY have led the production of millions of low-cost homes across India aimed at resettling slum dwellers living below poverty line. Public private partnership (PPP) has also been a delivery vehicle for affordable housing through a system of cross subsidy. Since 2007, NUHHP requires up to 10-15 percent of land in every public/private housing project or 20-25% of FAR/floor space index (whichever is greater) to be reserved for EWS/LIG housing through appropriate legal stipulations and spatial incentives. Many proactive development authorities such as Noida and HUDA have imposed ceilings on the

floor area of residential units in a bid to increase share of affordable units in developers' schemes. Despite these concerted efforts, metro cities in India continue to witness both quantitative and qualitative housing problems. PPP for example, has been criticized for inelastic supply, causing real price appreciation eventually pricing low-income dwellers out of the system (Sengupta, 2006). Due to lack of any normative framework on affordability private developers are free to determine what constitutes affordable range. Between 2009-2012, developer-initiated affordable housing across Indian cities was priced between INR500,000-1,000,000 (US\$ 9090-18181) (Jones Lang Lasalle, 2012).

3 Affordable housing: Contemporary interpretation

Historically, the idea of affordable housing has been subject to vagaries of perception and definitional issues. For the most part 'affordable housing' has been loosely synonymous to low-income housing in all government documents. The idea of inability to pay was rather ideologically viewed and not properly analysed. Affordable housing has also been interchangeably used with 'low-cost' housing, the distinction between the two is now starting to be articulated (Table 2). Championed by HUDCO and maverick architects such as Laurie Baker, low-cost housing had a strong focus on building materials and technology and catered to the poorest group.

Table 2 Low-cost and Affordable housing in India

Parameters	Low-cost housing	Affordable housing
Amenities	Bare minimum to none	Basic
Target income class	EWS & LIG	LIG and MIG
Size	<28 m ²	28-112 m ²
Location	Inner city, some in periphery	Inner city
Developer	Government	Private developers and Government
EMI* to gross monthly income	> 30 %	> 40 %
Finance sources	MFIs	Commercial banks

Source: Compiled from KPMG (2010) and MGI (2010)

* EMI or Equated Monthly Installment is a fixed payment amount made by a borrower to a lender at a specified date each calendar month. EMIs are used to pay off both interest and principal over a specified period.

In recent years, effort to construct and reconstruct perception of affordability has been directed to somewhat broadening of the definition while remaining within the basic framework of affordability as a ratio of price/rent of housing to household income. The NUHHP 2007, while attempting to chart a path for the nature of state involvement in the housing sector for the future, 'diversified' its definition by treating it as a 'concept' that cuts across income or context bands. It

prescribes ‘affordable housing for all’ as a key element to achieve sustainable urban development, taking ‘affordability’ equation out of the exclusive domain of the ‘lowest segment’ of the population. A Task Force in 2008 recommended affordability levels (Table 3) for EWS, LIG and MIG by correlating affordability with income, which has gained ground. The proposal recognises that housing cost-to-income ratio differs for different income groups and that lower income households pay much less than higher income households. But, there are conceptual flaws in such deliberations, which make such interpretations not an end but a means to an end. Affordability defined solely as ability to pay ignores the appropriateness in terms of household size, location, or different forms of quality such as amenities. It also excludes transaction costs or the recurring costs such as maintenance and utility or even cost of commuting to a work place. Practical definition of affordability is hard to determine given differing notions on what comprises affordability and the contextual differences across households and housing markets for a country as diverse as India. There is a good rationale for continued use of the 30/40 affordability rule generally because it provides continuity with traditionally used measures and also because it can be easily implemented. However, clear distinction should be made with reference to the target group(s) for whom affordability is being determined. Housing affordability of an EWS ought to be viewed with the same lens as the middle or even lower middle class.

Table 3 Affordability ratio of different income groups

Income group	EMI/Rent to Income Ratio	Cost of Housing to Income ratio	Size
EWS/LIG	>30%	> 4 times household gross annual income	28-56 m ²
MIG	> 40%	> 5 times household gross annual income	>112m ²

Source: Parekh, (2008)

Housing size has been a barometer for affordability in India and the government has a history of juggling with it to establish affordability levels. The NUHHP, 2007 recommended reduction in minimum standards by legislation to make the cost accessible to different income groups (Kumar, 1989). Subsequently the 1990 draft aimed at preventing luxury housing by reducing plot size from 2000m² to 120m². The historical ‘space squeeze’, as a tool for lowering the cost, has continued in some of the EWS homes under JNNURM and developer homes such as Shubh Griha and Sukhobristi. In essence market has determined its own interpretation and categories (Table 4). Most recently, the Task Force in 2008 favoured raising the size threshold from 25m² to 28-56m² for the deprived segment. While this does not represent a significant increase, these normative prescriptions have been perceived to be counter-intuitive to both scale of production and affordability. According to MGI (2010) a 25m² threshold is prohibitively expensive as the average cost of providing such a minimal housing is around INR440,000 (US\$8,000) including land and tertiary infrastructure with a lower bound of cost

involved and where subsidy is not available. The corollary to this view is that for many, despite the modest size, the new housing will still be an improvement from the cramped conditions they live in. The inordinate focus on size has also obscured potential of innovative design to bridge the imbalance in space use and lower costs.

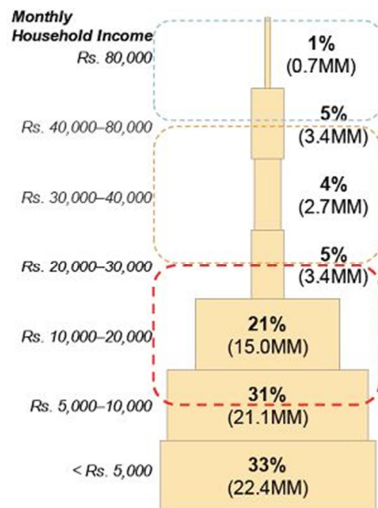
Table 4 Housing categories scenario in India

Housing category	Income class threshold in INR	Value of homes in INR in million	Average space consumption per household (in m ²)
EWS	> 2000 (US\$36.36)	-	> 28
LIG	2000-5000 (US\$36.36)	0.1-0.2	37-75
MIG	5000-10,000 (US\$36.36)	0.2-0.4	75-93
Higher income middle	10000-200000 (US\$36.36)	0.35-0.8	93-121
HIG	200000-500000 (US\$36.36)	0.8-1.7	116-162
Luxury	500000 plus (US\$36.36)	20 +	232

Source: KPMG (2010)

Most market studies are however geared towards identifying market opportunity^{iv} rather than engaging in any debate on conceptual or theoretical basis of government interpretation of affordability. Supporting the general thrust of the government's view that affordability can occur at every level, they offer a far more useful income categories and their market capitalisation based on the size and build costs (Figure 1). The corollary to this view is that in Tier 1 cities such as Mumbai, housing shortage encompasses even households earning up to INR500,000 (US\$ 9090) a year, assuming an income outlay of 35 per cent (MGI, 2010). Such segmentation may be a tool for a more effective targeting of investments and identifying gaps in market, it is also a carefully crafted argument to cut out distinctive roles for the state and the market. The developers' concentration on providing low to middle income housing and include the lowest income bracket confirms this.

Figure 1 Urban Income pyramid in India (MM denotes Million)



Source: MGI (2010)

The neoliberal interpretation of affordable housing that conveniently establishes itself in the broad mindset of the policymakers as well as private developers has philosophical ramifications. As the national developers such as DLF, Omaxe, Raheja, Ansals and Unitechs plunge into building homes in the affordable range the focus is rapidly moving away from providing housing to the bottom 30% of the housing population which has an income less than INR5000 (US\$90) a month. The brief history of neoliberalism has shown obsession for hyper forms and mega construction and a much reduced appetite on aspects such as affordable housing” (Banerjee-Guha, 2009, 105). Second, with the entry of large developers, housing quality and standards are consistently rising and middle class ‘dream’ is being conveniently passed on to the urban poor. Developers seem to be capitalizing on what Leeds (1971) believed that the ‘behaviours of the impoverished would mirror that of more affluent citizens if restrictions were lifted from their consumption options’. A survey of some of the upcoming projects in cities as diverse as Mumbai and Rewari in Haryana confirms that the key ingredients of ‘middle class aspirations’ commonly associated with homes costing INR 6 million (US\$0.1million) have also occupied centrestage in the affordable homes costing 1/12th of that price. Playgrounds, gyms, 24X7 security systems have all become the norm. These ramifications reflect the start of the great denouement of the stereotype that defines affordable housing in India today even if it is also laden with high dose of hubris.

The next section explores Sukhobristi housing development. The information is based on the field visits in 2007 and 2011. Some of the numeric details have been obtained from KMDA and the developer.

4 The evolution of developer-initiated affordable housing: An example

The Sukhobristi (Shower of Joy) covers about 60 ha in Rajarahaat Kolkata. Located approximately 10 Km from central Kolkata it is the largest mass housing project in New Town^v consisting 20,000 flats (for an estimated 100,000 population) aimed at lower and mid-income groups. It is a fascinating model not only for being a

flagship public-private partnership project but also because it signifies neoliberal interpretation of mass housing for the urban poor. As a partnership project, it seeks to satisfy both public and private goals. The strategy adopted was to roll out a replicable, contemporary design of homes that is affordable and of acceptable quality. Homes are sold at levels nearly half of market rates, and strikingly, on freehold basis without any restrictive covenants on the titles, or restriction to maintain affordability to perpetuity. As a result, homes are now available in the second hand market at approximately double the original price. Developed by the group which has constructed higher-end housing such as the 60 stories Imperial Towers in Mumbai – India’s tallest residential towers to date, Sukhobristhi has the hallmark of lifestyle logic flowing from luxurious apartments offered at unbelievably low price tag. The following sections examine key features and the extent to which these suggest the emergence of new affordable housing paradigm.



Figure 2 Sukhobristhi Master Plan and building features
Source: Sbaspectra Consultants

Housing provision and facilities: middle class dream exemplified

The project provides two types of apartments in 60:40 split: one-bedroom units with carpet area 30m² originally sold for INR285,000 to 300,000 (US\$5181-5454) and the two-bedroom units with carpet area 44.5m² for INR570,000 (US\$10,363). As such housing size stays within the range recommended by the NBC as minimum standards and is the principal measure of quality, although housing

quality is a composite good (Fiadzo, 2001). Apart from the size, it is the higher density (300 units per hectare) that has led to higher output. The 'low-cost-high-rise' approach contrasts the traditional practice in India that sees ground plus four-storey as a norm and density band set by NBC (125-150 units per hectare for metropolitan urban areas). Notwithstanding development regulations are applied with considerable local and regional variations, their application in Sukhobristi demonstrates radical changes. In terms of house type, the project is a major departure from the government policy to promote mixed-income housing or international trend of integrating affordable housing within the market housing (Tiesdell, 2004). The high concentration of lower-end housing ensures effective targeting and inhibits speculative buyers, but, runs the risk of creating areas of deprivation amidst a fairly affluent suburban setting.

Sukhobristi is conceived as self-contained constellation of residential apartment blocks with shopping malls and entertainment facilities. According to the municipal laws, Sukhobristi falls in category 'B' municipality complex requiring proper social infrastructure including a health care centre. It consists of 37162 m² shopping floor, speciality retail, banks, and a post office. The developer has managed to provide plenty of green spaces and parking. Overall, facilities provided obscure Sukhobristi's distinction with other middle-tier housing schemes, although variations in the quality and level of these facilities can be found. Tiesdell (2004) observed that development standards between market-rate and affordable units may differ in obvious factors such as garden size and parking provision. In terms of perception, the 'feel good factor' that is associated with the name Sukhobristi is everywhere, from the façade of the most upmarket shopping centre to the humblest rubbish bin. A closer look behind the gates reveals a mimicry of world of middle- and upper-class lifestyles. The residential blocks may not be post-modern architectural pastiche, or adorned with classical and baroque details, but each block exhibits individually tailored approach to make the new owners feel privileged. They clearly have a gated feel with a guardhouse, uniformed security men and close-circuit systems. The shopping, entertainment areas are similarly, if less conspicuously, protected. Residents are given the option to avail facilities such as fitness clubs, and swimming pools. Most residents commute to Central Kolkata for jobs, relatively cheap transport in Kolkata compensates. As such New Town has been developed as an Integrated development (commercial, leisure, residential and light industrial such as IT Parks etc). In its facilities and amenities, the Sukhobristi model reinforces middle-class aspirations and values in contemporary India. It provides more than just housing for its residents – a carefully packaged new way of life. Despite being located some 10 km from Kolkata at a rather isolated location and it's high-rise mass housing character, built contrary to traditional housing with shops and workshops, and streets where trade, production, social contacts, etc foster, Sukhobristi appears to be a feasible solution to the overpopulated country.

Use of subsidy as a catalyst

An ongoing challenge for the government in India has been how best to meet the cost of affordable housing without government direct involvement and by developing and implementing a subsidy mechanism that can be differentially rewarded to the developer. Past PPP projects focused on High Income Group (HIG) subsidizing LIG units resulted in lower overall production and even lower proportion of low income homes in the project (Sengupta and Tipple, 2007) indicating higher cost per subsidized unit. Either direct subsidy through land or cross-subsidizing housing production, both have no visible budgetary cost to either parties (government or private developer), and are hence popular.

At the first instance the model could be branded as a single sector, risk-prone model potential for failure. The Sukhobristi model is unique for absence of HIG and an offsite subsidy. Within the framework of direct supply-side subsidy, WBHIDCO offered 50 acres of land to the developer in the new town at the submarket price for developing IT and ITES type uses on a condition that the developer would not compromise with the public goals broadly determined by the government. Public leverage has a particular significance in strategies for disadvantaged communities, and Sukhobristi's outcomes are keenly watched by policymakers and market. It is out of the scope for this paper to debate whether or not public funding has benefited the target group. It is my contention that lower supply and lack of means-testing will always exacerbate the problem. From interviews it was evident that speculative buying that took place in Sukhobristi is done mainly by small brokers in the lower echelons of pecking order rather than by the organized upper class. For the policymakers, eligibility criteria for affordable housing remain a grey area and it is important that policies are introduced to select the real poor.

Marketing approach

Notwithstanding converging architectural and lifestyle trends of different income groups, Sukhobristi represents a new way of offering affordable housing for consumption, which attempts to be different from the usual middle class housing. Distinctions can be detected in the advertisement and marketing rhetoric. First, marketing for affordable housing is grounded not so much on the global identity but on the quintessential Indian and regional (Bengali) identity. Right from the name 'Sukhobristi' (having Sukho – happiness and Bristi-shower in Bengali). Marketing brochures claim 'a blend of modernism and the true essence of Bengal'ⁱⁱⁱ. Second, the distinction can also be made in terms of greater alignment with the needs of the poor. Community facilities provided - especially, schools and health centres - are seemingly most important services that majority urban poor have limited access to. Native design parameters – street side entrance, shaded walkways and a compact design have been pro-poor. In facing NIMBYism, architects often resort to aligning with high-end counterparts for acceptability. (Ahrentzen, 2006). Sukhobristi's layout is simple and straightforward and devoid of gimmicks such as open-style kitchen, level difference within dwelling units. The building façade looks interesting with the use of white, grey and yellowish cream colours.

In sum, the Sukhobristi model has proved that it is important to recognise that affordable housing represents one of several 'spaces of consumption' in which the both housing price and design that draw people need to be increasingly contextualised, and at the same time hybridized, while enabling the consumer to experience them as part of a wider suite of experiences.

5 Affordable housing: paradigm shift or riding the wave?

An emerging trend in affordable housing in India points to the changing direction in the way it is produced and consumed - from being entirely state-produced, low density, low quality housing to those that are high density, premium quality and low-to-moderately priced. They are also produced either by the private or public-private enterprises for the consumption of a wider section of the society. The new affordable housing projects such as Sukhobristi are unquestionably superior to the large ghettoized 'slum conditions' that blight major cities of India. They provide facilities and amenities that urban poor are traditionally deprived off. Higher quality and better facilities may eventually engender price rise per affordable unit, they will likely endure longer than a public housing project and be better managed. Several factors have contributed to this shift. Broadening of the definition of affordable housing has removed the negativity surrounding the terminology and increased market appeal. The lull in the luxury housing market in India owing to global economic downturn has forced developers to diversify and explore alternative markets with lower risk and greater return. Concomitantly, the middle class value systems and preferences are rapidly penetrating the mindset of the urban poor - their concept of 'home' now changing from yesteryears' user-initiated incremental building to 'ready to move' flats. Expansion of access to credit facilities to many low-income families has pushed them into the kind of 'home-buying obsession' usually associated with middle class.

Nonetheless, the 'neoliberal' interpretation of affordability currently being articulated in India is problematic as it fails to satisfy some of the basic conditions essential for a viable affordable housing market. First, the expression of 'affordability' using income and space thresholds does not work for diverse context across different cities. For instance, there may be very few households in Mumbai with incomes well below EWS limit but still find it impossible to access any type of unsubsidized housing given the exorbitant price tag attached to real estate in Mumbai and will be forced to live as slum or squatter residents. Housing is a location specific issue, which calls for income limits and affordability levels of EWS, LIG and MIG to be defined at the local level. Second, while the building industry will benefit from lower costs of standardized design, building materials and techniques through higher overall output, the approach is contrary to user compatibility, in terms of quality and sustainability needs. Whether the lower end affordable housing at INR300,000 (US\$5455) or the higher end semi-affordable housing priced at INR3 million (US\$54545), both are subject to the same entrapment as property developers broadly bracket them as 'one- to three-bedroom apartments' with a pool and a gym, 24-hour water and security backups as standard. Quality itself is a dynamic magnitude and incorporates several

factors in one single bundle, which represent household preferences and lifestyles and the choice that people make about how much housing to consume relative to other goods (Lee, 1990; Quigley and Raphael, 2004; Keare and Jimenez, 1983). Thirdly, current affordable housing initiatives do not focus on the poorest in the society, where housing poverty is mostly concentrated.

There are other important lessons that emerge from Sukhobristi, which point to continued challenges in developing affordable housing. The project shows the given limited availability of land in urban areas^{vi}, it may still be unviable for developers to provide affordable housing without some form of state subsidy. In other words, recognition that land provision for social housing is not easily available within the context of the market conditions, makes a strong case for government intervention for the provision of land (Whitehead, 2007). By the same logic, it would not be economically prudent for the government, which is the supplier of the land, to develop affordable housing in a more centralised location even if it means commuting cost could be lot lower. The model also shows that the 'offsite subsidy' model instead of the traditional 'on site cross subsidy' results in a better value through higher output. It also helps to reinforce the notion that relaxing regulations positively affect the supply chain resulting in higher overall output. By removing constraints on density, unit size and FAR it was possible for Sukhobristi to achieve higher output thereby reducing the cost per unit overall. Effects of stringent regulation affecting 'affordability' have been well documented. Bertaud, Buckley, and Owens (2003) found the restrictive limitations on building heights in Mumbai bid up housing costs for lower income families by as much as 15 to 20 percent of income. Sukhobristi confirms a positive outcome from what has been termed 'slow but steady progress' to relax these regulations over the last decade or so (Bertaud, 2010). It is evident that private sector will likely capitalise on this to supply homes to the burgeoning middle class in the short term, but the need to accelerate the drive to reduce regulatory barriers persists.

The model also flags up challenges that persist in areas of finance. In the face of limited supply relative to strong pent-up demand, access to finance becomes a determinant for access to housing. Commercial banks typically do not serve low-income groups below the 'viable' threshold to ensure repayment, or who cannot provide collateral for loans^{viii}, especially given the disproportionate increase in house prices^{ix} relative to increase in household income observed in recent years. Microfinance institutions have attempted to fill this gap since the 1980s when need to develop effective financial intermediaries was first identified. But their performance in urban areas has been dismal due to longer period of housing loans (typically between five to seven years minimum, if not more) and larger amount of loan needed. Smets (2006) laments over the big loans increasingly being the norm, which is contrary to incremental building practice of the poor. Given the cheapest affordable unit in Sukhobristi costs INR300,000 (US\$5454), without access to finance, it is still out of bound for many. There is a continuing

challenge to evolve a system for financing housing loans on a large scale for the lower income groups.

6 Conclusion

This chapter aimed to capture the contradictions and paradoxes, and the manner in which the concept of affordability is embedded in both discourse and practice in India. On one hand, westernization, often considered analogous to modernization has influenced the consumption and production patterns affecting affordability. On the other, multiple actors have used affordability, as an idea, for various purposes. For policymakers it has been a fertile ground for experimentation. For the market it is an untapped segment of the consumers, which can lead to high degree of profitability using the same design, construction and marketing templates used for the luxury housing. The complexity surrounding the perception and implementation of affordability suggests that there is no single measure for assessing the nature and degree of housing affordability problems.

Sukhobristi as an embodiment of modern day affordable housing helps, at conceptual level, to initiate a great denouement of the stereotype that defined affordable housing for much of the previous half a century. There is a greater recognition among developers of the need to bring affordable housing from the shadow of marginalisation into the mainstream and through the benefits from globalisation – of high quality products and services – trickling down to the low-income segment. Current trends also reflect uniformity and standardization in housing offer, which is not necessarily a bad thing given the country's gigantic need for affordable housing. Sukhobristi model also helps to reconfirm the importance of land subsidy, regulatory reforms and widening of finance access to enhance affordability of the poor.

No doubt Sukhobristi presents an interesting proposition, questions still remain as to how far it is representative for urban India? Or, for “affordable housing” in urban India? Whether it heralds a paradigm shift in affordable housing provision in India? Answers to these fundamental questions lie in the context of where Indian housing is situated – lack of supply and unprecedented demand within the neoliberal context. The neoliberal context itself is inevitably exclusionary through its focus on extending home ownership and the role of market (Malpass and Murrie, 1999, 82). This implies that not need but demand would be the key for housing production and consumption under such conditions. There are numerous detailed matters in Sukhobristi such as maintaining affordability to perpetuity, effective targeting or an intent to target the most needy in the society still unresolved and they do point to methodological flaws in the basic notions of

market development and participation in housing provision. Notwithstanding these issues make the model far less paradigmatic, its potential to be one cannot be undermined. It is a quintessentially neoliberal model, where state and private sector have played out their envisioned role. It is also a manifestation of the recognition to the target group for affordability, which may or may not be the most needy. It has to be understood that Sukhobristi is just one of the tiny cogs in the much bigger supply chain and that the scheme does not aim to solve the whole housing affordability problem in India. But it is the potential of replicability of the scheme of this nature, which gives us hope for solving India's housing problem, eventually. Whether or not 'Sukhobristi model' survives the test of time, it can be argued that the new policy principles and practices associated with the project will be reshaping the affordable housing policy landscape for the foreseeable future.

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ⁱ Central government in India uses income threshold as a benchmark for prioritizing welfare policies: up to INR1,999 (US\$36.36) in the EWS; between INR 2000 and 3999 (US\$36.36 – 72.72) in the LIG; between INR5000 and 9999 (US\$90.90–181.8) in the MIG and more than 10,000 (US\$181.8) in the HIG. State governments have been given freedom to determine their own threshold and as a result there is a considerable variation in practice.

ⁱⁱ For instance, in the first Five Year Plan, 7.4% of the total plan resources were allocated for housing. Its share in the subsequent plan resources ranged between 1.2% and 4.9%.

ⁱⁱⁱ For instance, during the first three years of the Tenth Five Year Plan, (2002–05), the Apex Co-operative Housing Federations raised INR17.74 billion (US\$322 million) from various funding agencies such as LIC, NHB, HUDCO, Commercial and Co-operative Bank.

^{iv} A study (KPMG, 2010) puts the housing requirement for the sub- INR100,000 (US\$ 1818) income group across seven major cities at 2.06 million units - a market size of INR3,300 billion (US\$ 60.5 billion).

^v New Town is the first planned satellite town at the outskirts of Kolkata. It covers 3550 ha and is estimated to provide housing and employment opportunities to an estimated 5 million population.

ⁱⁱⁱ Comparable expressions can be found in Tata's Shubh Griha (the 'nano' home) whose brochures claim "every feature is inspired by and reminiscent of the cultural splendour of Gujarat"; even though the project was designed by Toronto based architects.

^{vi} The Town and Country Planning Organization (TCPO) suggests to cater to the demand of EWS and LIG category alone would require 84,724 to 120,882 hectares of additional land. Land as a state subsidy is not unique to India.

^{viii} The 'bias' is visible from over 73% housing loans extended by HFCs exceeded INR300,000 (US\$ 5454) and 93% exceeded INR100,000 (US\$1818).

^{ix} A recent survey shows (Lloyds, 2012) Indian house prices have risen by most since 2001, having increased by 284% in real terms (i.e. after allowing for consumer price inflation) since 2001 – equivalent to an average annual rise of 14%. This is almost six times the 50% rise in real UK house prices over the same period and over 10 times the 23% rise seen in the Euro area.