

December 2017

Financing Sustainable Affordable Housing



राष्ट्रीय
आवास बैंक
NATIONAL
HOUSING BANK

Nothing is stronger than an idea whose time has come

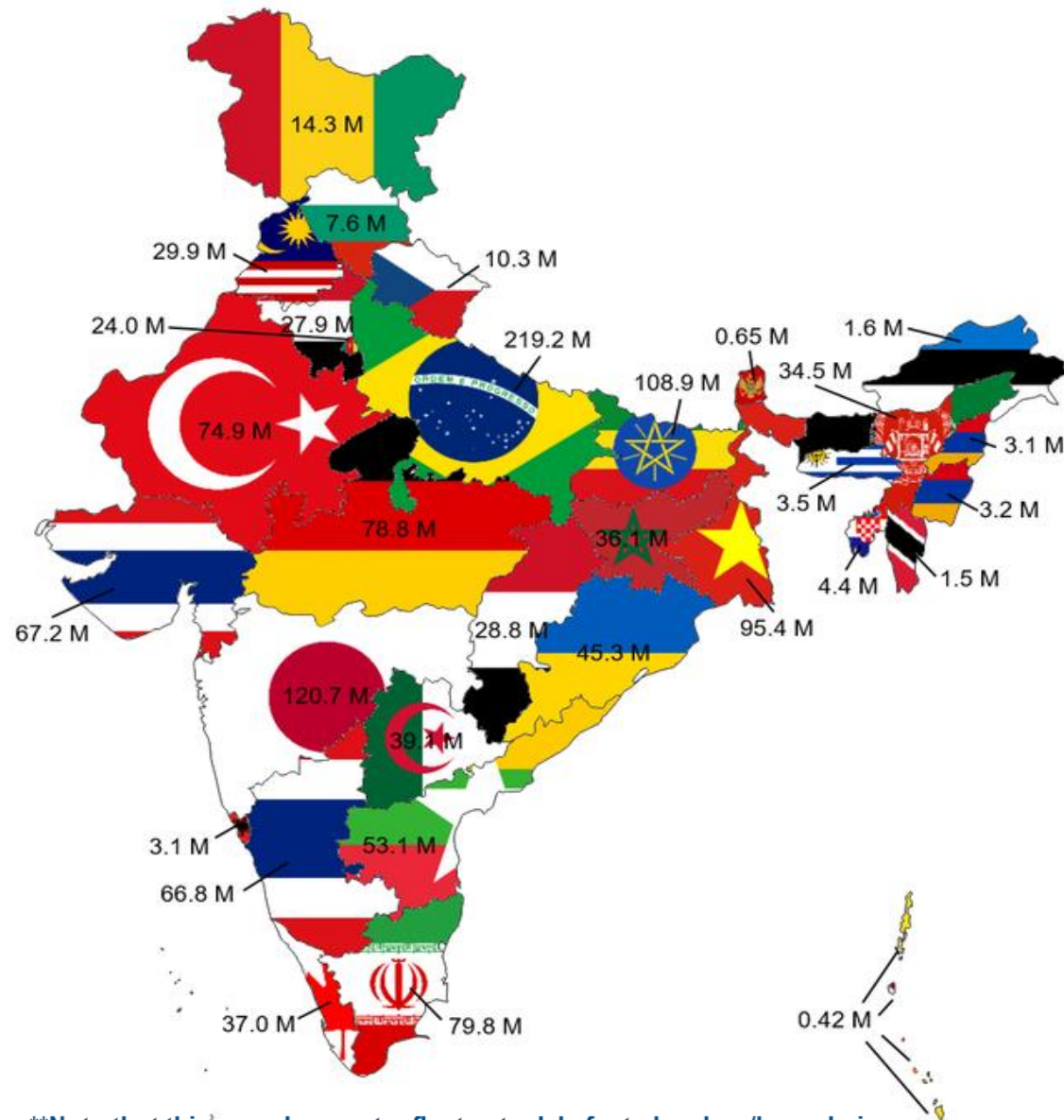
~Victor Hugo

India – Key Stats



A 2014 study by the National Council of Applied Economic Research indicates that **every additional rupee of capital invested** in the housing sector adds **Rs1.54** to the **GDP** and every **Rs1 lakh invested** in residential housing **creates 2.69 new jobs** in the economy

India State to Country Population



Some States with Equivalent Country (Population)

Uttar Pradesh = Brazil

Madhya Pradesh = Germany

Maharashtra = Japan

Rajasthan = Turkey

Tamil Nadu = Iran

Gujarat = Thailand

Jammu & Kashmir = Guinea

**Note that this map does not reflect actual de facto borders/boundaries

Sustainable Affordable Housing

“Sustainable is Affordable also Affordable is more Sustainable”



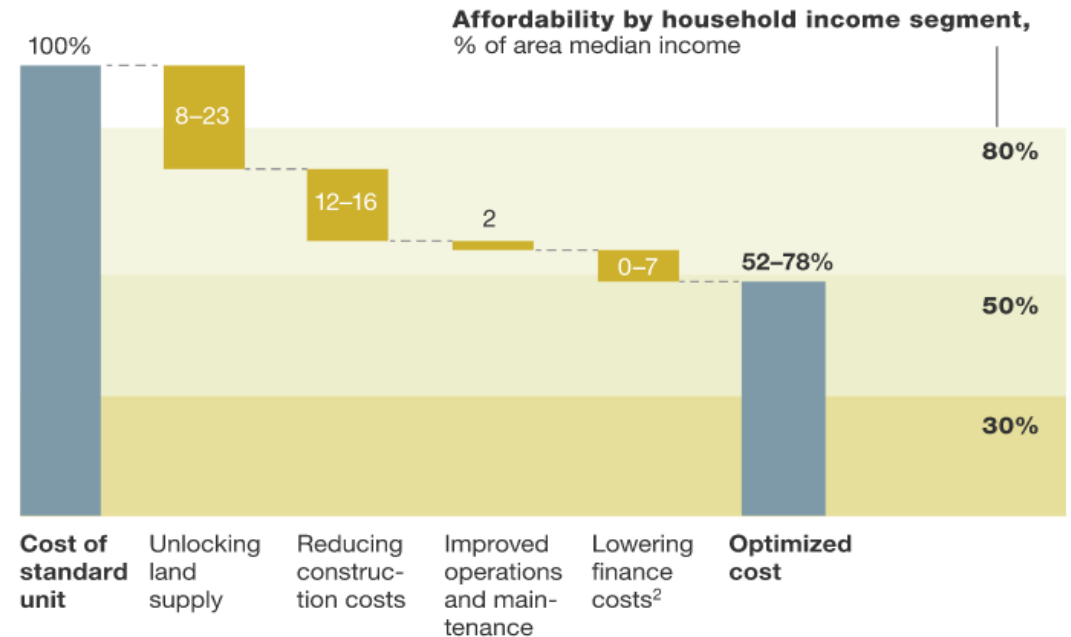
Global Affordable Housing Challenge

Current worldwide estimates point that around 330 million urban households live in substandard housing or pay for a house which exceeds by 30% of their income and the number could rise to 440 million households by 2025.

- 4 approaches used in concert could reduce the cost of affordable housing by 20 to 50 percent and substantially narrow the affordable housing gap by 2025.
- Largely market-oriented solutions such as lowering the cost of land, construction, operations and maintenance, and financing—could make housing affordable for households earning 50 to 80 percent of median income.

Four approaches can narrow the housing-affordability gap by 20 to 50 percent.

Affordability gap = the difference between the cost of an acceptable standard housing unit (which varies by location) and what households can afford for housing using no more than 30 percent of income.¹



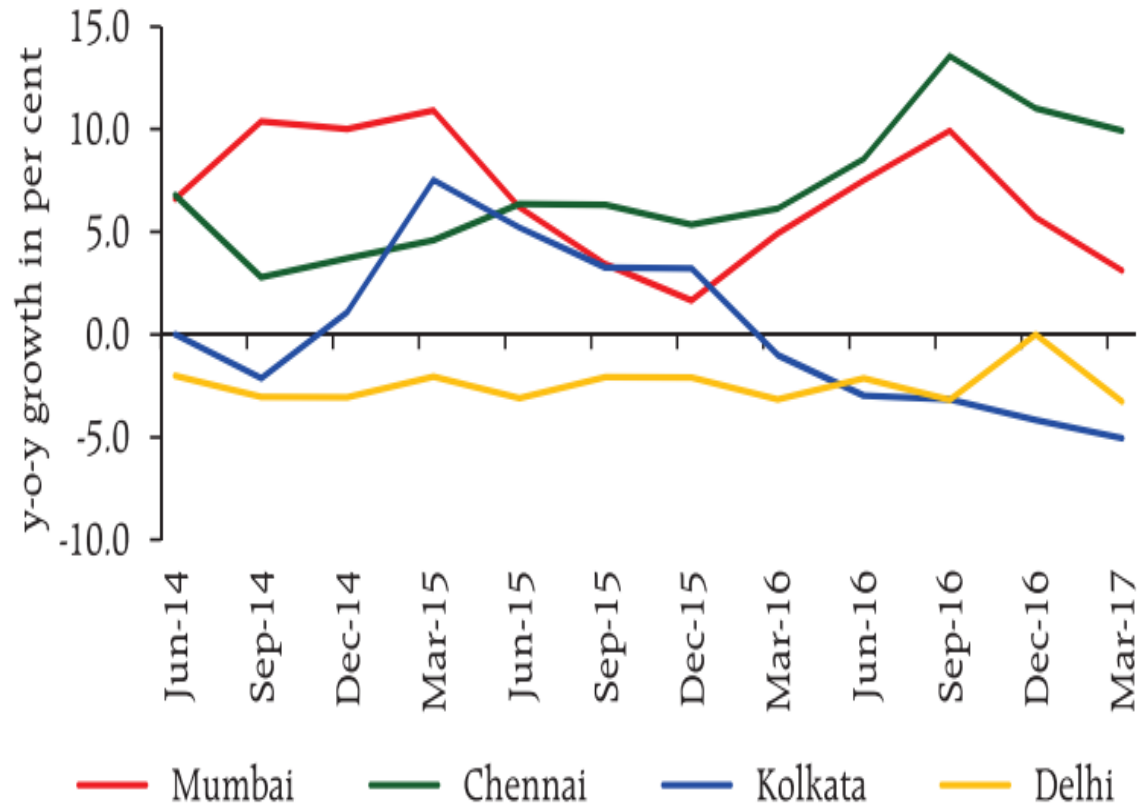
¹Cost is annualized. Figures do not sum to totals, because of rounding.

²For both buyers and developers; impact of reduced origination and funding costs is quantified; impact of increased access to financing is not.

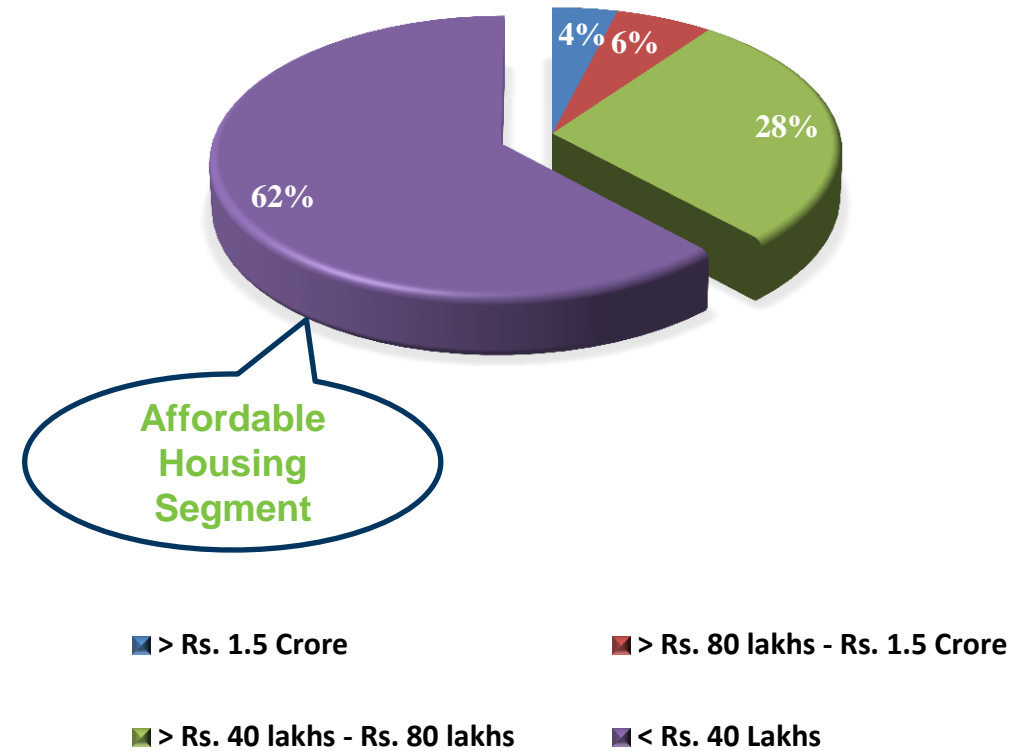
Source: McKinsey Global Institute analysis

India Macroeconomic Overview - Housing

Housing Price Index – Market Price for Under-Construction Properties



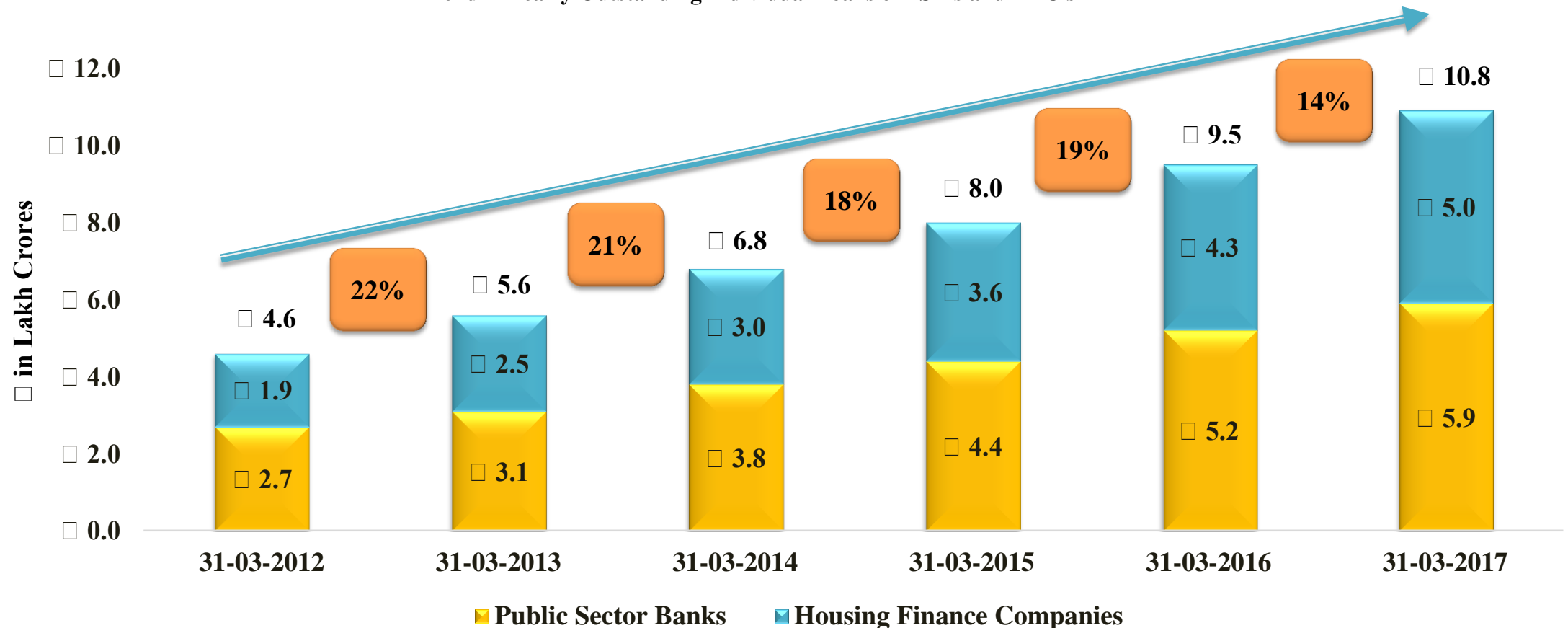
New launches Vs Price Segments H1 2017



Note: Price indices for residential properties based on actual market prices for ongoing construction.

Housing Finance - India

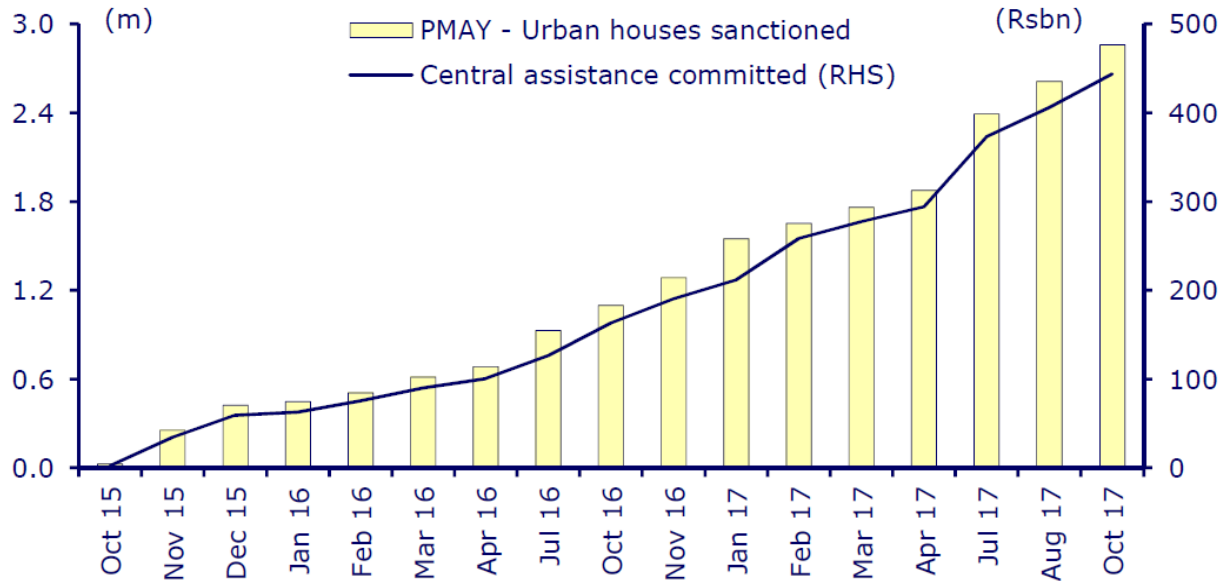
Trend in Yearly Outstanding Individual Loans of PSB's and HFC's



Total Number of New Bookings (FY 2016-17): 35.6 Lakh Units
New Bookings Below Rs. 10 Lakh (FY 2016-17) witnessed a 43% growth
New Bookings Below Rs. 10 Lakh (FY 2017-18 Jul – Sep) accounted for 39% of the total bookings for the quarter

Housing For All – Physical & Financial Progress

PMAY – Urban houses sanctioned and assistance granted cumulative trend

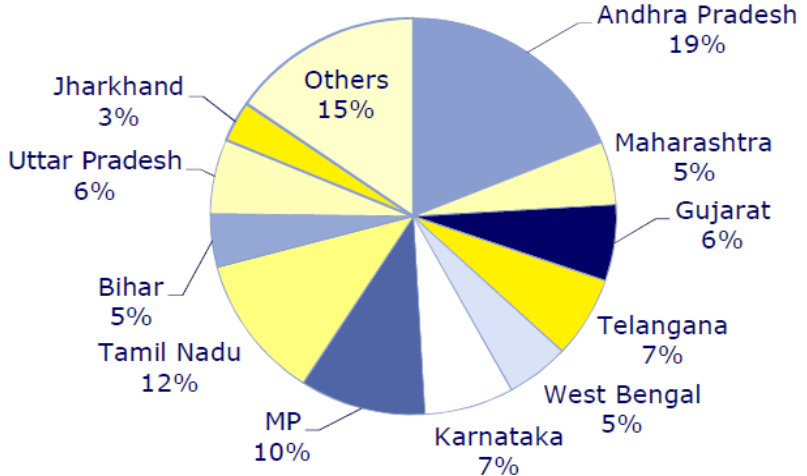
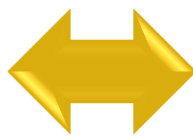


1.1m houses have been approved under PMAY Urban scheme so far in FY18 Vs 1.2m for entire FY17

Cumulative: 3.2m houses as on 4th Dec, 2017

State-wise split of houses approved under PMAY Urban (up to Oct'17: 2.9m)

Approvals under PMAY Urban program are now much more diversified across states



Source: CLSA Estimates, Ministry of Housing & Urban Affairs

National Housing Bank

❖NIL Net NPA Institution

Regulation & Supervision

- Registration of HFCs – 93; another 7 applications in pipeline
- 3 new directions on Corporate Governance, Auditor's Report and Approval of Acquisition/ Transfer of Control
- On-line Portal for data submission by HFCs (ORMIS)
- Interaction with other regulators for the healthy growth of HFCs

RHF: ₹30,262 Crore | 19.21 Lakh Units
UHF: ₹8,775 Crore | 1.96 Lakh Units
TOTAL: ₹39,037 Crore | 21.17 Lakh Units

Promotion & Development

- Nodal Agency for CLSS: Disbursement of ₹1,610 Crore; 79,500 households
- NHB RESIDEX: Housing Price Index of 50 Cities (first time in the country)
- Study on Stamp Duty Sensitivity & Registration Charges with IIM
- Completed Research Studies on Land Acquisition
- Study on Property Insurance
- Interactions with State Govts. on PMAY

NHB -World Bank Low Income Housing Disbursement: ₹511 Crore | 13,777 Informal Income/Informal Title

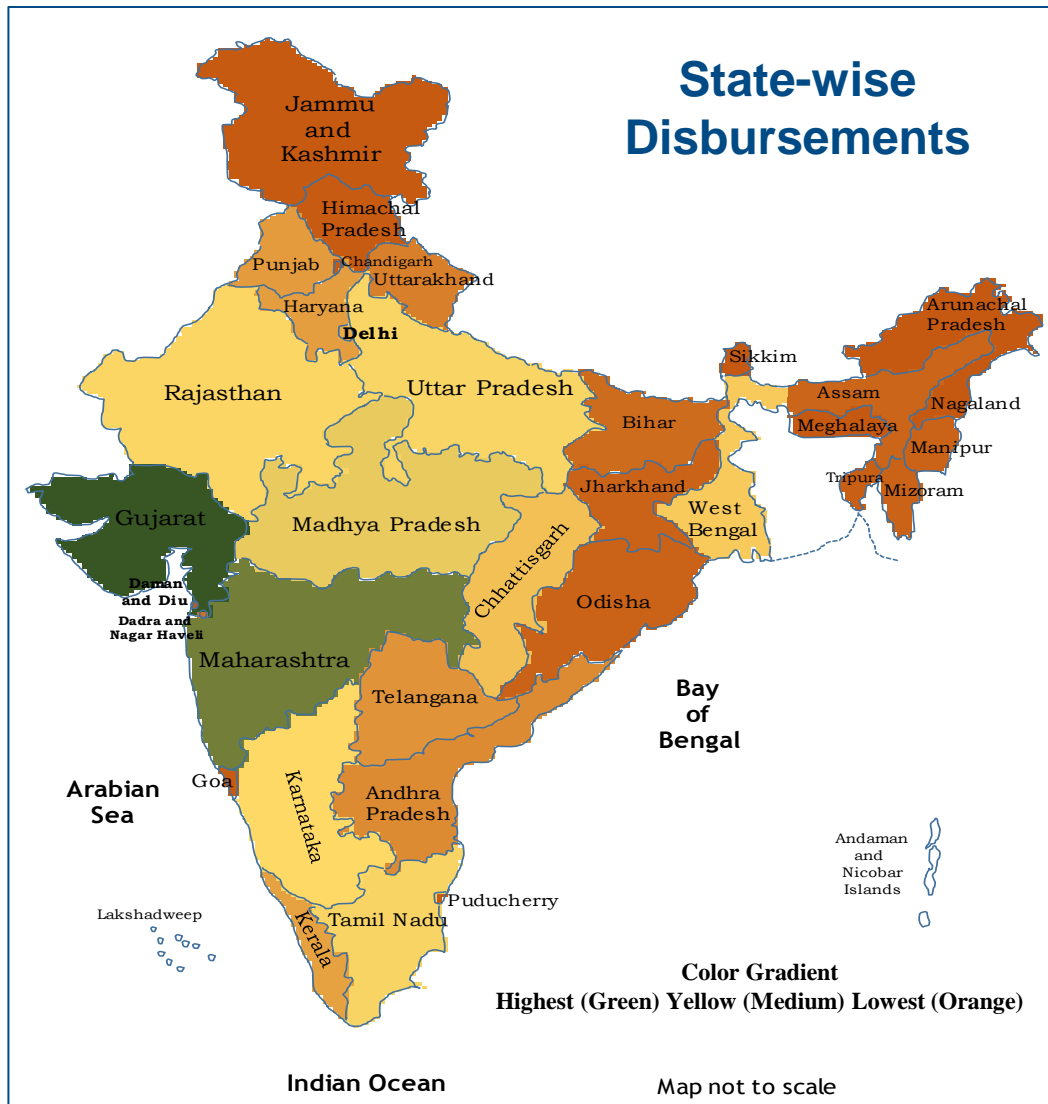
Financing

REFINANCE

- Cumulative Disbursements (till date): ₹1.94 Lakh Crore
- Refinance (FY 2016-17): ₹22,684 Crore
- Refinance Outstd. Portfolio (till date): ₹56,763 Crore
- NHB has signed MoU with AFD to avail a Line of Credit of €100 million for green housing program, SUNREF Housing India

NHB - DFID Affordable Housing Programme in Low Income States: The project with DFID is for an assistance of **£50 million** comprising of **£40 million of loan** and **£10 million** technical assistance grant

PMAY – Credit Linked Subsidy Scheme (EWS/LIG & MIG)



****Note that this map does not reflect actual de facto borders/boundaries**

Source: National Housing Bank

Overall Progress

S.No.	Scheme Name	Net Households	Net Subsidy Amount
	EWS/LIG	69,573	□ 1,405 Crore
	MIG	9,927	□ 205 Crore
	Grand Total	79,500	□ 1,610 Crore

CLSS on home loans under PMAY (Urban) has been **extended till March 2019**

Carpet area in the **MIG I & II** category of CLSS has been increased up to **120 Sq.m** and **150 Sq. m** respectively

CLSS Subsidy Interest Subsidy to be received by an individual is **'exempt from tax'**

Affordable Housing - Trends

- The new Urban Housing Shortage stood at 10m houses against the previous estimate of 18m houses.
- To encourage the PPP (Public Private Partnerships), the government has announced 8 PPP models under a new PPP Policy for affordable housing that allows central assistance up to Rs. 2.50 Lakh per each house to be built by private builders even on private lands. Further, developers would be exempt from paying tax on profits in this segment for five years.
- The Government has increased the time limit to complete affordable housing projects from 3 to 5 years.
- The Central Government has raised the budget allocation under Pradhan Mantri Awaas Yojana (PMAY) from INR 15,000 crore in 2016-17 to INR 23,000 crore in 2017-18.
- The National Housing Bank will refinance individual housing loans worth INR 20,000 crore in 2017-18.
- To meet the affordable housing targets, the benefits of the Credit Linked Subsidy Scheme (CLSS) on home loans under the Pradhan Mantri Awas Yojana or PMAY (Urban) has been extended till March 2019.
- Affordable housing was given the vital infrastructure status in the union Budget 2017-18. Now, developers will have diverse and cheaper sources of funding, including External Commercial Borrowings (ECBs).
- Rationalization of high stamp duty rates by states will reduce the overall home buying costs and will help stimulate home sales.
- RERA Implications - Boost customer confidence and revive buyer demand, Land prices corrected & Improved affordability
- Rental Housing - Gujarat, Maharashtra and Andhra Pradesh have a higher percentage of rental housing. Allows greater labour mobility. Student Housing can provide a boost to rental housing market.
- The government plans to allow the use of land owned by public sector undertakings (PSU) for building affordable homes. Calculations indicated that over 1 lakh affordable homes of 800 sq. ft. each could be built on approximately 2500 acres land available from 8 PSUs

PMAY – CLSS (Beneficiaries with their Houses)



*We choose to do this in this decade and do the other things, not because they are easy,
but because they are hard;*

*because that goal will serve to organize and measure the best of our energies and
skills,*

*because that challenge is one that we are willing to accept, one we are unwilling to
postpone, and one we intend to win ...*

~John F. Kennedy



एक आवास, सबके पास