OVERVIEW

India will have 7 new megacities by 2030 and the Government of India has selected 99 cities to be developed into Smart Cities.

Pradhan Mantri Awas Yojana is the world’s largest housing programme for the poor – aims to build 50 million homes.

Construction sector including housing employs 12% of India’s workforce, the second largest employer after agriculture.

Accommodating an urban Indian population of 600 million by 2030 will require adding up to 900 million square meters of commercial and residential space annually.

The UN India Business Forum thematic group on Affordable Housing identified innovation in design, financing, and construction for smart and sustainable housing, and strengthening opportunities for business engagement in policy frameworks, as its two core priorities.

The group’s members from businesses and think tanks also identified a set of core strategies: piloting models of public-private partnerships in affordable housing, collaborating to create and scale up smart housing prototypes, exploring convergence between housing, energy, and water supply to create holistic housing solutions, and promoting schemes for local entrepreneurs.

The group’s efforts culminated in the development of a concrete outline for innovative public-private partnerships at the state level, starting with a proposal which has been shared with the Government of Assam. The concept focuses on strategies for evidence-based interventions to accelerate the provision of affordable housing in peri-urban areas, and through the Smart Cities and Housing for All missions. The group’s policy recommendations were also incorporated into the National Urban Housing and Habitat Policy 2017.

To complement this effort, UNDP, UN-Habitat and Brick Eagle are working on establishing a Sustainable Affordable Housing Fund that will provide impact capital to project developers, who are creating housing supply targeted at low income beneficiaries.
The government has taken a number of steps to spur the growth of the housing sector under the Pradhan Mantri Awas Yojana (Urban) including giving it infrastructure status and extending the interest subsidy benefits to the middle class. Plans have also been announced to create a dedicated housing fund within the National Housing Bank which will be funded through shortfalls in priority sector lending and government backed bonds. Despite these steps, the industry continues to grapple with financing challenges. For example, while there is significant demand for housing loans of under USD 15,000, the availability of funds continues to be scarce given that the population under this bracket is primarily in the unorganized sector and perceived risk of lending is high. Similar challenges apply to local developers who borrow for projects at high interest costs, often in excess of 20%.

**Best Practices**

**Strengthening PMAY:**

Indiabulls in partnership with YES Bank issued the country’s 1st Social Affordable Housing Bond of INR 1,000 crores with the proceeds being used towards financing of projects under the PMAY scheme.

**Accelerating affordable housing:**

The International Finance Corporation and HDFC jointly set up a $800M facility in Q42017 to finance construction of affordable housing in India.

**Pre-Fab solutions:**

TATA Housing is using sustainable and innovative construction methods and precast technology to optimize costs and efficiency for mass housing projects.

**Key Partners:**

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