

Enabling Real Estate Development: The Role of Housing Boards on a National & Global Scale

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Abstract - India, recognizing housing as a fundamental necessity, has grappled with deteriorating urban housing conditions driven by factors like rural-to-urban migration and rising construction costs. To address this challenge, the government initiated social housing programs during its third five-year plan, establishing housing boards and city development agencies at central and state levels. These entities aim to provide affordable housing solutions, slum rehabilitation, and urban renewal. Central and state housing boards collaborate to make housing accessible to those with limited resources.

The paper presents case studies from states like West Bengal, Madhya Pradesh, Chandigarh, and Gujarat, highlighting diverse strategies, including public-private partnerships, to address housing needs for various income groups. These partnerships aim to bridge the housing gap and promote urban development. However, challenges persist, particularly in achieving affordability and efficient delivery of housing.

Singapore's Housing Development Board (HDB) model offers insights into the transformative potential of public housing in shaping the real estate landscape. Foreign investment and proactive improvements are crucial for India to replicate Singapore's success and ensure quality housing for all citizens.

Key Words: Housing boards, affordable housing, Public-private partnerships, Urbanization

1. INTRODUCTION

India, recognizing housing as a fundamental need, has grappled with deteriorating urban housing conditions due to rapid rural-to-urban migration and rising construction costs. In response, the government initiated social housing programs during its third five-year plan, establishing housing boards and city development agencies at central and state levels. These entities aim to provide affordable housing solutions. Housing boards have evolved since the 1960s, consistently targeting affordability, slum rehabilitation, and urban renewal. Central and state housing boards collaborate to make housing accessible to those with limited resources. Additionally, the private sector and foreign investment play vital roles in India's housing landscape.

In the current landscape of housing development in India, the government has taken a direct role in financing to address the pressing demand for housing. India has recognized housing as a fundamental necessity for its populace. Unfortunately, housing conditions in urban areas have witnessed rapid deterioration due to factors such as the unprecedented influx of people from rural regions, a sluggish rate of new housing construction, and, most significantly, the inability of low-income families to bear the burden of exorbitant rents and construction costs.

In response to these challenges, social housing initiatives were initiated during the framework of the 3rd five-year plan for national development. These initiatives encompassed financial subsidies and loans, as well as the establishment of housing boards and city development agencies at both the central and state levels, tasked with the implementation of various housing programs.

2. HOUSING BOARDS

2.1 Public Sector Housing

Housing provisioning and sales are primarily administered by the town planning authorities of the individual states, in alignment with housing boards established as per United Nations resolutions.

2.2 The Necessity of Public Housing

The rapid expansion of the population, which has led to a growing backlog of housing needs in urban centers, has compelled the government to intervene directly in the housing sector. Consequently, the establishment of housing boards and other institutional arrangements has become imperative to facilitate the construction of homes for a significant number of individuals, including many with modest incomes. The fundamental driver behind state intervention in this sector has been the pressing need to offer affordable housing solutions.

2.3 Historical Evolution of Housing Boards:

The establishment of housing boards in India gained momentum during the Third Five-Year Plan (1961-66), assigning them the pivotal responsibility of alleviating the prevailing housing shortage. Subsequently, these housing boards have continually adapted and evolved to address shifting demographics and changing urbanization trends across India's diverse states. While the specific activities and accomplishments of housing boards vary among states due to the decentralized nature of housing governance, their overarching objectives consistently include providing affordable housing solutions, rehabilitating slum areas, and initiating urban renewal projects. These endeavors have been crucial in mitigating the challenges posed by rapid population growth and rural-to-urban migration, which have strained housing resources in many urban centers.

2.4 The Role of Central-Level and State Housing Boards

The collaboration between the Central Housing Board and State Housing Boards in India is pivotal for enhancing housing accessibility, especially for individuals with limited financial resources. These organizations work together to formulate housing policies that promote affordable housing construction and create a favorable environment for financial institutions to provide vital services. This joint effort aligns housing programs

with the Third Plan's objectives and lays a robust foundation for future development.

State Housing Boards, operating at the state level, aim to expand the property market and develop well-planned residential areas. They execute projects on a 'no profit, no loss' basis, funded by purchasers themselves. This approach not only attracts additional capital into housing but also fosters favorable lending conditions, improves practices, and bolsters the mortgage market.

Together, these central and state-level housing boards are indispensable components of India's housing development landscape. Their collaboration ensures housing resources are more accessible, particularly for those with limited means, fostering affordability, stability, and progress in the housing sector. In summary, their joint efforts significantly contribute to achieving housing objectives in India, shaping the nation's housing landscape, and laying a foundation for future development.

2.4 The initiatives undertaken by housing boards encompass the following key areas:

- Providing affordable housing solutions, primarily targeting the middle-income group, low-income individuals, and those classified as Economically Weaker Sections (EWS).
- Striving to eliminate homelessness within their jurisdictions.
- Engaging in proactive housing action initiatives.
- Promoting public awareness and understanding of housing-related issues.

2.5 The Role of Private Sector Intervention in Collaboration with Housing Boards in India

Indian state housing boards, facing financial constraints, are increasingly focusing on private sector partnerships. Traditionally reliant on funding from sources like HUDCO and state governments, these boards grapple with funding shortages and project delays. To overcome these challenges, housing boards are exploring public-private collaborations. Moreover, there's a growing interest in attracting Foreign Direct Investment (FDI), with the government allowing 100 percent FDI for integrated township development. This strategic shift aims to leverage global real estate investing benefits, such as diversification and lower volatility. International real estate markets often surpass local investors' capacity, offering opportunities for foreign investors. Overall, private sector engagement and FDI are vital strategies to address financial constraints and boost India's real estate sector.

2.6 Housing Programs and Initiatives Implemented by Housing Boards Nationwide: Case Studies

2.6.1 West Bengal: The West Bengal Housing Development Board was established in 1999 by the government of West Bengal to initiate new housing projects in cities and towns. Unlike some housing boards, it does not cater exclusively to specific demographic groups. West Bengal faces acute housing challenges due to high population density and inward migration. While the government has not declared an official housing policy, it recognizes the pressing need for housing solutions. To address this, various entities, including the housing department, the West Bengal Housing Board, urban

development departments, trusts, corporations, municipalities, government bodies, and private organizations, have undertaken numerous housing programs either independently or in collaboration with the state government to mitigate the housing crisis.

Public-Private Partnership in Housing Development: The West Bengal Housing Board Approach

The West Bengal Housing Development Board, established in 1999, addresses the pressing housing needs in the state through innovative approaches. Recognizing the urgency of the housing crisis, the government encourages Public-Private Partnerships (PPP) in the housing sector. It forms Joint Sector Companies and Assisted Sector Companies in collaboration with private entities to boost housing stock. While the government facilitates land acquisition and expedites processes, it shares ownership with developers. This approach has attracted significant investment, aided by relaxed Foreign Direct Investment (FDI) regulations, making West Bengal a hub for integrated township development. The government's role as a facilitator ensures clearances and approvals, promoting large-scale housing solutions.

The West Bengal Housing Development Board has embarked on transformative housing projects, driven by the booming real estate sector and public-private partnerships (PPPs). Notably, the development of New Town Rajarhat in Greater Kolkata has been a significant endeavor. Joint sector companies, formed in partnership with private real estate developers and the West Bengal Housing Board, have played a pivotal role in unlocking urban land resources and circumventing urban land ceiling laws.

These partnerships operate on a cross-subsidy model, facilitating housing stock creation for various income groups. Higher-income group housing is priced freely, while middle-income group units are sold on a no-profit-no-loss basis, and lower-income group housing is offered below cost.

Additionally, the East Calcutta Township Project stands out as a successful collaboration between the West Bengal Housing Board and the private sector, providing affordable housing for middle-income and lower-income groups. This innovative approach, combining public institution resources with private sector expertise, has made these projects reliable sources of affordable housing, showcasing the board's facilitative role in real estate sector development.

2.6.2 Madhya Pradesh: The Madhya Pradesh Housing Board, established under the Madhya Pradesh Griha Nirman Mandal Adhiniyam, 1972, has been a pioneering force in addressing housing needs without government subsidies. It caters to diverse income groups and offers financial assistance schemes for house purchases, carefully selecting construction sites and amenities. This approach has successfully provided accommodation in various Madhya Pradesh cities, including Bhopal, Gwalior, Rewa, Indore, Ujjain, and Jabalpur. The board's achievements were acknowledged with 'All Round Performance Awards' from the Housing & Urban Development Corporation (HUDCO) for consecutive years.

In partnership with private developers, the state witnessed significant residential projects. Parsvnath Developers launched

Parsvnath Premier in Indore, covering 6.3 acres. The Indore Slum Improvement Housing Project aimed to uplift urban poor living in slums, combining private and public sector efforts. Sahara Housing initiated Sahara States, a massive planned township in Bhopal, alongside residential projects by state authorities and local players.

Madhya Pradesh's real estate market, driven by end-users and increased investments, signifies the board's substantial impact in providing housing solutions and transforming the state's housing landscape.

2.6.3 Chandigarh: Chandigarh's housing landscape transformed with the establishment of the Chandigarh Housing Board (CHB) in 1976. Initially following a private plot-based housing concept, the CHB adapted to address housing affordability for the growing population. It ventured into constructing flats and rehabilitation colonies while focusing on serving the Economically Weaker Sections (EWS). Collaborating with government agencies and local developers, it aims to construct 13,000 units across categories. Projects by groups like Amaris and Kwaliti Buildtech prioritize affordability. The CHB also leads the Slum Rehabilitation Programme, involving private developers through Public-Private Partnerships (PPPs) to provide one-room flats for slum dwellers, illustrating the private sector's vital role in public housing and urban development.

2.6.4 Gujarat: Established in 1960, the Gujarat Housing Board aimed to provide comfortable, luxurious homes, and commercial spaces across Gujarat's urban cities. However, the shifting paradigm in housing policies led to a change in government's role in housing provision. The Parshwanath Group, formerly contractors for the Gujarat Housing Board, made significant strides in the housing sector by developing thousands of housing units. Their success attracted the attention of the Housing and Urban Development Corporation (HUDCO), which sought to involve private partners in affordable housing projects, including SEWA, a prominent NGO.

Despite early promise, the partnership between the public and private sectors faced criticism. Critics questioned the efficiency of public housing and the government's role in housing production, leading to debates on the impact of government involvement in housing markets. Ultimately, the failure of the partnership in delivering affordable housing for low and modest-income groups highlighted the challenges of public-private collaborations in the housing sector.

2.6.5 Singapore's Model of Public Housing: A Catalyst for Real Estate Transformation

Singapore's Housing Development Board (HDB) was founded in 1960 amid a severe housing crisis. It aimed to provide affordable housing solutions, leasing flats on a 99-year leasehold. Today, over 85% of Singaporeans reside in HDB flats, forming self-contained communities with shopping centers, medical facilities, and more. The HDB's role extends beyond housing; it fosters a sense of community through activities, social awareness, and crime prevention.

Singapore's public housing success has positively impacted the real estate sector. Foreign investors are attracted by the absence

of capital gains tax, leading to a thriving residential property market. However, challenges in public housing quality persist, highlighting the potential for improvement with proactive foreign direct investment (FDI) infusion, mirroring Singapore's remarkable transformation.

3. CONCLUSIONS

In conclusion, India's approach to addressing its housing challenges involves a combination of public sector housing initiatives and increasing collaboration with the private sector. Housing boards at both the central and state levels play a crucial role in providing affordable housing solutions, urban renewal, and slum rehabilitation programs. The joint efforts of these boards and private developers aim to bridge the housing gap and promote urban development.

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