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Public Private Partnership in the Delivery of Serviced Land to Urban Poor in Delhi

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National Housing & Habitat Policy (NHHP) reaffirms that the Public Private Partnership (PPP) is essential to expedite supply of affordable housing in the overall context of inclusive and sustainable growth of cities and towns, huge backlog for urban housing & facilitator role of public sector agencies and institutions. A low-income housing had been an integral part of these PPP approaches. The paper analysed the different models that have emerged among various states of India and analysed modalities, implementation and constraints and suggested a PPP approach for affordable housing and delivery of the serviced land to poor in Delhi. The paper also outlines the various central and state government initiatives undertaken in this regard.

Keywords: NHHP, Urban Land policy, PPP Typologies, Centre & State Initiatives, Case of Delhi

I. Introduction

The National Housing Policy, in consonance with the national planning goals, has avowed to motivate and help people to secure affordable shelter and raise the quality of life. Such objectives purpose a smooth supply of land into the market, as availability of serviced land at the right location at affordable price is crucial for achieving the goal of 'shelter for all'.

Public intervention in the land market has been a major feature of urban development policy in India. For much of the post-independence period, Government intervention in housing markets or their complete withdrawal in some tenure has been a hallmark of housing policy around the world. Intervention has covered many variations of tax breaks, regulation, rent control and attempts to socialize ownership. Such interventions were justified on the grounds of ensuring optimal social use of land, prevent monopolistic land holding and provide land to the poor. Various attempts at formulation of urban land policies have reiterated these goals. Over the years, the guiding principles of land development have remained the same, though the regulatory processes have been modified

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from time to time with changing circumstances. By late 1980s, the huge expense and obvious failures of the strongly interventionist approach triggered a radical shift towards policies aimed at enabling housing markets to work.

The National Urban Housing and Habitat Policy (NUHHP), 2007 seeks to redefine the role of government as that of a facilitator rather than a builder. It has identified "Affordable Housing for All" as a key focus area to address concerns, which could potentially impede sustainable urban development. The policy seeks to promote various types of partnerships between public, private, cooperative and the institutional sectors to attain some of the objectives listed below.

- Facilitating accessibility to serviced land and housing with focus on economically weaker sections and low income group categories.
- Land assembly, development and disposal to be encouraged by both private and public sectors.
- Forging strong partnerships between public, private and cooperative sectors for accelerated growth in the Housing Sector and sustainable development of habitat.
- Accelerating the pace of development of housing and related infrastructure.
- Creating adequate housing stock both on rental and ownership basis with special emphasis on the economically weaker sections through appropriate capital or interest subsidies.
- Using technology for modernizing the housing sector for enhancing energy and cost efficiency, productivity and quality.

Within the perspective of the National Housing and Habitat Policy, the role public agencies that have been involved in construction of housing is to be redefined. The paper provides a formula for public-private partnership in land development and housing in Delhi, and defines the facilitative role to be played by the Delhi Development Authority (DDA).

Paradigmatic Shifts in Urban Land Policy

The constitution of India grants the right to acquire, hold and dispose off property to every Indian citizen. It, however, allows the state to impose restrictions on property and its acquisition in public interest. Much of the public intervention in urban land development was of indirect nature. The most common means of public control on urban land is through zoning, density and building regulations. These provisions are spelt out in master plans prepared for each city. Though these regulations are formulated to ensure proper urban development and serve the social goals of health and safety, its poor enforcement have made them ineffective tools of urban development. These interventions have also

not helped in achieving the broader societal goals of reducing concentration of ownership of urban land, controlling land prices and providing land to poor. The direct public interventions in urban land relates to acquisitions of small parcels of land for roads and public amenities. The urban improvement trusts established in many states also acquired tracts of land for housing and area development programme. While some of these housing programmes were targeted at the urban poor, by and large the intervention in the land market remained very small. The process of land acquisition under the Land Acquisition Act, 1894 was also cumbersome. As a result, many of the provisions of master plans related to public services and amenities, could not be implemented.

In contrast to the acquisition of small parcels of land, in a few Indian cities, the local authorities have resorted to large-scale acquisition of land. In the city of Delhi, and for New Bombay, bulk land acquisition was resorted to by public agency. The notion embedded in this approach was that of a complete control of land ownership and development with a public agency to meet the broader societal goals of urban land policy. These agencies were to use the urban land as a resource and generate sufficient funds to supply the needed amount of land and housing in the local market at affordable prices. In practice, however, these agencies have not need able to cope up with the demand for land and housing and are unable to control the rapid rise in land and house prices.

The Urban Land Ceiling and Regulation Act, 1976 which has since been repealed in all the states except West Bengal under the mandatory reforms of Jawaharlal Nehru National Urban Renewal Mission (2005-2012) launched by Government of India to encourage and expedite urban reforms aimed at reducing the concentration of urban land holdings by imposing ceiling on urban land holdings in72 major cities and regulating transfers of land. This direct intervention of the government, however, did not have the desired effect. Very little surplus land was acquired. Large tracts of land sought exemption under the provisions of section 20 and section 21 of the legislation. With the restriction in supply of land in cities due to the imposition of ceilings, the land prices shot up dramatically. The housing built for the urban poor, under the exemptions from ceiling legislation, also did not reach the poor as they were expensive.

In many states, especially Haryana and Gujarat, public agencies have guided private and development through licensing scheme or land readjustment schemes. The public-private partnership evident in these arrangements come close to the notion of supportive and facilitative role envisaged for public agencies in the national Housing policy document.

The paradigm of urban land policy has shifted from a complete control of urban land by a public agency to evolving a public-private partnership model. It must, however, be recognized that the broad policy goals of increasing supply of serviced lands at affordable price in the market and catering to the needs of the poor, remain at the forefront. The paradigm has shifted in the operation of these policies and the new role that is envisaged of a public agency.

While agreeing in principle with increased private developer participation in the delivery of serviced

land, the public agencies have not yet fully accepted these new ideas, and the process of reaching consensus of concrete actions is slow. Debate on the participation of private developers in land development is taking place at all levels of the government. Within the context of the macro-economic policies, there is a general acceptance of the fact that the activities of legitimate private developers should be encouraged. For example, the National Housing Bank (NHB) has already introduced guidelines for financing land development and shelter projects by professional developers and the Housing and Urban Development Corporation (HUDCO) has also formulated programmes for financing land development.

In most countries the private sector plays an important role in developing and providing access to new building sites, but when this is done without coordination it imposes significant negative externalities on the community. In effect, the developer reaps the benefit from the land sale while leaving it to the community to bear the cost of providing infrastructure. Ironically, the land owner who withholds land from the market and leaves it undeveloped also imposes negative externalities. In this circumstance additional burdens are placed on the community by having to 'leap frog' over the undeveloped parcels.

Within the policy context and with the implicit objective of stimulating a greater role of legitimate private developers and their efficiency and adaptability in Delhi, an attempt is made here to deal with major issues in land assembly and development and alternative approaches to stimulate public-private partnership and to answer question such as: what are the various models of public-private partnership existing in India, which is best suited in the context of Delhi? What have been the salient features of these partnerships that can be replicated in Delhi? How does one ensure that the broad goals of urban land policies are achieved through these partnerships?

II. Typology of Public-Private Partnership Approach

To give a board view of different types of partnership in the Indian context, a total of five models have been reviewed indicating the type of development, the locations, the agencies involved, and the public/private splits of responsibilities.

A. Haryana Joint Development Model

The Haryana Development and Regulation of Urban Area Act (HDRUAA), 1975 provide for certain planned areas to be specially designated to allow private developers to assemble parcels of land that exceed the limits set by the Urban Land Ceiling Act (ULCER). In designated areas, the act provides for the licensing of private developers to assemble land directly from landowners and develop such land for residential purposes according to stipulation which include (financial contributions to the development authority for attributable off-site infrastructure costs); and (2) the reservation of a portion of the developed land for lower-income housing to be allotted through the development authority.

development authority.

Haryana State, with the enactment of the Haryana Development and Regulation of Urban Areas Act (HDRUAA) in 1975, became the only State in India to formally involve the corporate private sector in the acquisition, development, and disposal of urban land. The act and its 1981 bylaws stipulate that private developers must first apply for a license from the State Director of Town Planning, stating the details of the land. The land must be within a township/city development scheme which has been prepared by the Haryana Urban Development Authority (HUDA) and sanctioned by the State. The developer must also prove that he is bonafide and "has a good track record". The license granted has mandatory provisions, such as:

- the developer must pay external development charges to HUDA on a gross area basis (net m^2 bases for water) to cover the off-site infrastructure costs.
- the developer must reserve 25 percent of created plots for LIG-EWS category.
- the developer must pay other servicing/administrative costs to HUDA on a net m2 bases.
- the developer must build certain community facilities and / or provide land for such free of charge.
- the developer must put 30 percent of the proceeds of land sales into a separate account to be used for development.
- the developer must maintain the completed colony for five years.
- the developer must return any excess profit to the state (a ceiling of 15 percent profit on total project costs is imposed).

To ensure compliance with these conditions the developer must take out a bank guarantee in favour of HUDA.

B. Lucknow Development Authority Model (1987)

Under a Government Order (G.O.) issued by the State of Uttar Pradesh, the State's development authorities were empowered to provide land on a license basis to private developers for land development and construction of houses in planned areas and as per master plan norms.

In 1987, the State Government of Uttar Pradesh took the policy decision to involve the private sector in the development of shelter for all socio-economic groups, including low-income and weaker sections.

The novelty of the Lucknow Development Authority (LDA) model in the Indian context is that it is the only example identified by the team whereby a public body enters into a licensing agreement to allot public land to a private developer for the joint public-private development of a range of shelter solutions. In this specific case, the LDA allotted large sections of land to the three developers from a new township it was developing on the southern periphery of Lucknow. The main features of this joint public/private land delivery model are as follows:

- Developer reimburses the Development Authority (DA) for the raw land price of the entire site (marketable and non-marketable).
- Developer pays/reimburses the DA for the installation of the external development works (roads, sewerage, storm water drains, etc.)
- Seventy percent of the total plots must contain dwelling units;
- Forty percent of the total plots must be for EWS households;
- Developer sells the EWS unit to the DA at a below market, pre-determined price;
- Registration, allotment and cost recovery of the EWS unit are the responsibility of the DA;
- Allotment of the other houses/plots is done by the developer.

The developer is obliged to furnish a bank guarantee (performance bond) to the DA in the amount of 25 percent of the estimate cost of internal development.

With respect to the licensing arrangement covered by the Government Order, the LDA allotted land for township development to the three developers selected for the programme – Ansals, Unitech and ELDECO.

C. Guided Urban Development: Madras Metropolitan Development Authority (MMDA) Model.

Prior to the concept of guided Urban Development, the MMDA undertook its land development schemes through compulsory acquisition under the Land Acquisition Act (1894). However, due to various reasons given below MMDA has not been particularly successful in providing access to land for a wide range of socio-economic groups.

- Significant quantities of urbanizable land are registered as agricultural land, and thus not

covered by the ULCA until a change of use is requested.

- Developers do not perceive the ULCA's EWS exemption as sufficient incentive to develop for lower-income groups.
- Much surplus land potentially available for lower-income development is tied up for years in court litigations.

Partnership Typology

Public Sector

- Formulating Guided Urban Development (GUD) guidelines and physical development standards that are patterned on those used on prior sites and services projects;
- Advertising, evaluation and selection of private developers based on a predetermined set of criteria;
- Providing essential off-site infrastructure such as roads, water supply and access to electricity.
- Purchasing the EWS and LIG plots from the developers at a fixed price, and marketing and allotting these plots to the target group.

Private Developers

- Carry out land assembly;
- Provide performance bond not to exceed 10 percent of on-site development costs to guard against default;
- Provide on-site services including water supply, sewerage, roads, drainage, street lighting, etc.;
- Handover project roads and open space to the MMDA.
- Provide free of charge all land reservation for institutional use;
- Construct primary schools specifically for EWS households;
- Dispose of all non-LIG and EWS plots at prices fixed by the developer.

Physical Development Guidelines

The MMDA will apply the following principal development guidelines to the GUD Programme:

- Minimum project size of four hectares for proposed development; the assembled land can include:
  - o Vacant land subject to the ULCA within the Madras Urban Agglomeration (MUA).
  - o Land parcels not subject to the ULCA outside the Madras urban areas, but within the Madras Metropolitan Area (MMA).
- Minimum of 60 low income plots per gross hectare of land; the size distribution of these plots will be as follows:
- 75 percent of total plots will be reserved for EWS and LIG households.

D. Town Planning Scheme (Gujarat)

Gujarat adopted the Town Planning Scheme (TPS) to expedite the process of land development, which was constrained by the then existing method of land acquisition and development as it was both time consuming and expensive because of legal problems and the heavy compensation the local authorities had to pay to land owners. To overcome such difficulties the state adopted the technique of land pooling (followed in Eastern Asia by Japan, South Korea and Taiwan), whereby irregular plots of land are pooled together, serviced and reconstituted into systematic plots before returning a proportion of improved land to the owners. A fraction of the retained land is used for public use, and another portion is sold to buyers to generate funds for development. The method, thus, becomes a self-financing technique and is less costly for the local authorities, as no payment has to be made for land acquisition. Besides, a portion of the cost of infrastructure is realized from the land owner. It was believed that with less of financial transactions, this technique of land development would work out to be faster and cheaper. For the satisfaction of the land owners, the method involved a kind of community participation in which the judgment of the owners was sought at all stages of development.

T. P. schemes have been in practice in Gujarat for the past seven decades, with a legal backing of the Bombay Town Planning Act of 1915. This Act provides for the planning and implementation of the T.P. schemes within the limits of urban local bodies. The 1915 Act was modified in 1954 and subsequently replaced in 1976 to take up T.P. schemes within and outside the limits of the urban local bodies.

Initially, sale of plots as is prevalent in the East Asian countries was not practiced in Gujarat. This created financial constraints for the development agencies. Hence, at the behest of the World Bank, an amendment was made in the Town Planning Act 1986, providing for sale of some land to generate resources for development.

The development of land and its reconstitution increases the guidabilty of land and thereby the value of the plot. The plots become regular in shape, their accessibility increases, more facilities are available and the quality of the environment improves. The owner, thus, gets an "unearned claim over it. Hence, in a T. P. scheme, the owner, has to pay half of the "estimated increment" (at the existing market rates) of the land value, as his contribution towards the cost of the Scheme, as he directly benefits from such development. He retains half the increment in the immediate market value and full increment in the future. The owner receives a compensation for the land which is deducted from his original plot for public and/or other use. The deduction of the area is shared equally by all the land owners.

Cost recovery (betterment collection) from a TPS project is in the form of owner's contribution which is upto half of estimate increment in land value due to implementation of the scheme. The land owners have the option of paying their contribution either in lump sum or in ten annual installments at a nominal interest rate of 6 percent per year. Therefore, most of the land owners prefer to pay the amount in installments. However, it is worthwhile to mention here that the compensation for land acquired for public infrastructure and facilities through implementation of TPS, is lower than the market price. Besides, the owner's contribution helps to partly recover the cost of infrastructure, which is normally the responsibility of the local bodies. It is here that the TP Scheme merits over the highly expensive traditional land acquisition and development mechanisms.

E. Transferable Development Rights and Development Rights Certificates

Under the scheme of Transfer of Development Rights (TDR), the owner (or lessee) of a plot of land which is reserved for public purpose is eligible for the award of Transferable Development Rights in the form of Floor Space Index equal to the gross area of the reserved plot to be surrendered. Such FSI is made available to the land owner in the form of a Development Rights Certificate (DRC), as a negotiable instrument, which may be used by the owner or transferred to other persons.

It is thus hoped that the entire requirement of land for public uses and under reservation for roads, housing and community facilities would be forthcoming from the owners willingly, as the development rights of the land will in fact be still available with the owner, to be used or traded in the market.

Characteristics of TDR[1]

- Development rights can be separated from the land where development is to be discouraged

and transferred to land where it is desirable. That is, the parcels of land where development rights originate and where they are consumed, are different.

- TDR is purely voluntary for the land owner, with the underlying principle of encouragement and not compulsion. In Mumbai's case, it is one of the options available to the land owner whose land is to be acquired for public purposes. He can choose between monetary compensation and TDR.
- TDR attempts to strike a balance between the profit motive of the private property market and the rigid planning mechanisms that are unable to deliver the most efficient use of land. It uses the very same market forces under a regulatory framework to obtain certain benefits for the city as a whole.
- TDR theoretically makes the entire urban land saleable on which taxes can be levied by local government.
- TDR can be a tool to bring land under reservations on a par with the land under remunerative uses, but can also be used for other purposes, such as conserving heritage/landmark areas/buildings and environmentally critical areas.
- TDR can also contain/control urban sprawl by intensifying (densifying) the use of urban land. Thus the same amount of land can accommodate more people and activities. Considering the worsening land: man ratio, it becomes essential to ensure that every inch of land area is utilized in such a manner that it helps in achieving economic and social objectives.
- Development Rights can be related to the area or value of land where it is earned, for example, higher TDR can be granted on land acquired from prime area.
- TDR receiving zones are designated on the basis of certain criteria, such as their capacity to absorb additional densities, desirability of higher densities, etc.
- Development Rights are taxed as they are negotiable instruments and this improves the local tax base.
- The land owner has the following options in utilizing TDRs granted to him:
  - to use it on the remaining area of land owned, if there is any
  - to use it on any other land owned by him
- To transfer it to others who can use it on other lands

The advantages of TDR over monetary compensation are summarized below:

Advantages of TDR over monetary compensation

Monetary Compensation	TDR
• Monetary compensation is to be given	• Compensation is given in the form of TDR.
• Land acquisition proceedings start irrespective of title disputes. Title clearance is to be done only before compensation is awarded	• Only lands with clear titles are cleared • Land is surrendered un-encumbered. Clearance is done by the owner.
• Process of clearing land of encroachments is to be done by the public authority.	
• Being a lengthy procedure, it can take up to 10 years.	• Speedier procedures, takes only one year at most.
• Use of land is not available at times, even after acquisition, due to encroachments.	• Land is immediately usable.
• Property owners are at a loss as compensation is based on market values, which the owners always undervalue.	• Property owner is free to trade TDR in the open market. • TDR is a negotiable instrument – its transaction is taxable and development charges are payable at the time of consumption.
• Land is removed from tax rolls after acquisition, as the new owner is public authority representing government.	

While CIDCO's operations in the new townships viz : New Bombay, New Nasik, New Aurangabad etc, followed the model of bulk land acquisition-development-disposal, in certain other projects it has innovated approaches that do not depend on bulk land acquisition. These innovations are significant and provide important guidelines to the urban Development Authorities in the country, to explore alternatives to bulk land acquisition.

F. Other Central and State Government Initiatives.[2]

In addition to above, in recent times, however, government intervention are being crafted to policy reforms which could help realize the potential and role of private sector in housing provision.

Some of these reforms which are being propagated aide in the delivery of 'affordable housing' in an efficient and practical manner which include:

- An optional reform under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) scheme which are common to States, ULBs and parastatal agencies to earmark at least 20% - 25% of developed land in all housing projects (public & private agencies) for EWS/LIG category. This reform has been done by 17 states (43 cities) to reserve developed land in public and or/private housing projects.

- In order to encourage social housing mix in the housing projects and to augment the supply of EWS/LIG housing, incentives like waiving of fees and other charges levied for EWS/LIG plots or dwelling units or automatic conversion of land use from conservation to residential use in case of alternative lands provided by owner/developer for EWS/LIG units are available to owners/developers.

- Modification of rent control act under JNNURM to boost rental housing market. 7 out of 12 states have implemented changes in this act/legislation based on suggestions made by Model Rent Control legislation.

- To operationalise the strategy envisaged in the NUHHP, 2007, the states would be encouraged to promote projects in the Public Private Partnership (PPP) mode in a manner in which there are competing private sector suppliers in the market for affordable housing.

- Rajiv Awas Yojana (RAY) – a scheme to give shelter to homeless – aims to make country free of slums and seeks to provide property rights to slum dwellers. The government is likely to use the Public-Private Partnership (PPP) model to build infrastructure under the project.

Various initiatives undertaken by state governments with regard to delivery of 'affordable housing' are as under:

Andhra Pradesh

Master plan initiatives for the city of Hyderabad provide a reservation for affordable housing which comprise of a minimum area of 4 Ha; 5% of the developable area to be developed for EWS housing with the maximum plot size of 50 sq.m. Also another 5% is to be allotted to LIG housing with a maximum plot size of 100 sq.m.

Similar initiatives enlist that for group housing schemes (including apartments, row housing, cluster housing, mixed housing units, gated developments and residential enclaves) with a minimum area of 4,000 sq m., 5% of units are to be set apart for EWS housing with a maximum unit area of 25 sq m. Additionally, 5% of units are to be set apart for LIG housing with a maximum unit area of 50 sq.m. The plan also enlists a waiver of fees and other charges for affordable housing developments to the tune of 25% for LIG housing and 100% for EWS housing.

Gujarat

The government has come out with special provisions for development of low-cost housing, where the owner/authorized developer will provide a minimum built up area of 20 sq.m subject to minimum carpet area of 14 sq m to slum dwellers equipped with water supply, drainage and electricity.

Haryana

Regulations have been framed for the provision of a minimum of 20% of gross area of plotted colonies development for EWS housing.

In case of group housing developments, 15% of flats (each flat of 200 sq ft) for EWS and a minimum of 10% of flats as service flats (each flat of 140 sq ft) to be reserved for the urban poor.

Madhya Pradesh

The Madhya Pradesh State Housing and Habitat Policy enumerate provision for granting additional FSI for EWS/LIG housing.

Almost 30% of area developed on land which is acquired at concessional rates is to be reserved for EWS/LIG housing. This figure has been earmarked as 15% in the case of colonies where land has been purchased by private developers at market rates.

The Madhya Pradesh Nagarpalika (Registration of colonizer, Terms and conditions) Rules, 1998 provide that a colonizer can undertake the development of colonies in the municipal area subject to the provisions of law and rules made on the following conditions –

(i) In every residential colony in the Municipal area, out of the area of developed plots by the colonizer fully developed plots equal to 15% of the prescribed size (32-40 Sq.mts) shall have to be reserved for persons belonging to EWS.

(ii) Such colonizer who wishes to offer the constructed residential houses instead of developed plots in his residential colony for EWS persons under clause (i) has to make available the houses of the prescribed size (20-24 sq.mts) constructed in the prescribed area i.e. 25% of the developed area.

(iii) Such colonizer who does not wish to develop plots or construct houses for EWS in his colony having an area as prescribed shall have to deposit the 'shelter fee' at such rates as may be prescribed towards the Shelter Fund.

(iv) A colony with area of more than 0.4 hectares will have to pay the 'shelter tax' according to the following norms:

Town Size	Rate of Fee
Towns from with the population of 1-3 lakhs	Rs.40/sq.mts
Towns from with the population of 3-5 lakhs	Rs.60/sq.mts
Towns from with the population of >5 lakhs	Rs.100/sq.mts

(v) The allotment and management of plots, flats and selection of beneficiaries would be done by a Committee chaired by the Divisional Commissioner/ District Collector. The list of EWS house will be prepared by the Collectorate.

(vi) The 'Shelter Tax' will be deposited in joint account of Collector and Project Officer. Only after the depositing the Shelter Tax, the permission would be grated for development of land to the colonizer.

(vii) The amount 'Shelter Tax' can be made available as interest free-loan to the Housing Board, Slum Clearance Board and Development Authority which can be used as a seed capital for obtaining loan for construction of EWS houses.

(viii) The amount deposited under shelter tax can also be used in slum rehabilitation colonies for the provision of basic services i.e. water supply, community latrines, Solid waste disposal etc.

(ix) The colonizer has to indicate which option he chooses in his application, which would be examined by the competent authority at the time of approval.

(x) In respect of the land on which the Urban Land (Ceiling & Regulation) Act, 1976 was applicable, the colonizer shall have to reserve developed plots of the prescribed size in the prescribed area for the persons belonging to EWS class.

Maharashtra

The Maharashtra State Housing Policy, 2007 promotes LIG and EWS housing along with rental housing as a key objective. Rental housing can be constructed by land owner, an agency approved by Mumbai Metropolitan Regional Development Authority (MMRDA) or MMRDA itself.

The Mumbai Metropolitan Regional Development Authority (MMRDA) has also come up with FSI rates going up to 4 in order to promote rental housing developments by developers in the city. MMRDA is initiating developers like Matheron Housing and Tata Housing for Public-Private

Partnership (PPP) led affordable housing development.

Tamil Nadu

Chennai Municipal Development Authority (CMDA) allows for 50% additional FSI for EWS units with maximum area of 30 sq. m, and 30% additional FSI for LIG units with areas less than 50 sq.m.

Karnataka

Integrated housing township projects have been taken up by the Karnataka Housing Board as joint ventures in collaboration with private companies in the vicinity of Bangalore and other major towns for provision of housing for both the EWS/LIG as well as to the higher income groups.

Chhattisgarh

Government of Chhattisgarh has made provisions for land for EWS housing which states that:

(i) In every residential colony and group housing in urban area, the colonizer shall have to reserve 15% of the total land for persons belonging to Economically Weaker Sections (EWS). The reserved land has to be handed over to designated government agencies.

(ii) The Urban Local Body (ULB) government agency shall pay the cost of reserved land at the rate of cost of undeveloped land.

(iii) The land so reserved must be suitable for residential purposes.

(iv) The colonizer has the option to pay a shelter fee (ranging from Rs.80 to Rs.200 per sq.mt) in lieu of 15% reserved land and in case he desires to pay the fee, he shall have to deposit the required amount.

(v) The option in (iv) above shall not be available if the colonizer is developing plot of 5 acres or more.

(vi) The cost of the land will be determined by the District Collector.

III. Public-Private Partnership Options in Delhi

The public agencies in most cities play a major role in land development either as active developers or a passive controlling authority. In the now accepted premise of a facilitate role of the public sector, it is important to promote local initiatives which will lead to increased supply of serviced urban lands,

which are largely self financing, and which serve the needs of the urban poor.

The emerging option is to evolve innovative means of participation and joint ventures between public and private sector. There are number of possible ways that this can be done. These include equity participation, sale and lease back of public owned asset, private financing and construction of infrastructure in return to a share of revenue or land etc.

With the objective of i) speeding up the planning, development and construction of residential and commercial spaces which are always in short supply in Delhi urban area and ii) to involve and channelize private sector and resources in development/construction of urban spaces in a controlled and planned way to reduced the growth of sub-standards areas i.e. shanty clusters, unauthorized colonies, extension of villages etc. an attempt is made to find ways to mitigate the problems identified earlier in public-private partnership approached so that the suitable public-private partnership could be evolved in Delhi.

In the new set-up, it is proposed that the Delhi Development Authority should assume a role of facilitator and monitor to meet urban land policy objectives. Involving public-private partnership in the delivery of serviced land in Delhi, the functional distribution of planning, land acquisition, trunk infrastructure development, peripheral infrastructure development, construction, monitoring and coordination work and disposal would be as under;

Delhi Development Authority should remain as an apex agency responsible for:

a. Overall city planning.
b. Land use zoning, sub-division regulation, building by laws, plan approval.
c. Co-coordinating and monitoring agency.
d. Provision of Trunk Infrastructure (Major Roads).

The private sector participation would be as under:

a. Sector planning.
b. Peripheral development of infrastructure.
c. Construction.

The public-private partnership will be in terms of:

a.	Disposal of land/space :	major part	-	Private developers
		Small part	-	DDA
b.	Investment :	Initial capital	-	DDA
		Subsequent capital	-	Private Developers

The functional distribution mentioned above will be applicable to the *Nazul Land* and the leased land. However, in case of freehold land, the different tools of land development such as land

pooling/sharing could be used in specific pockets, owners to participate in the land development process.

The financial arrangements involved in packaging a public-private partnership are quite sophisticated and difficult to pull together. The private developer requires expertise in mobilizing resources from multiple sources. This includes his own equity and the initial installments of prospective buyers, as well as access to commercial and public sector lines of credit. The requisite "proven track record" and the inherent financial risks involved are yet another factor that limits participation by the large developers.

However, the bias in favour of the larger developer must be rectified if India's enormous needs for serviced land are to be met in a formally planned and organized manner by earmarking smaller projects for smaller developers.

An attempt was made by National Institute of Urban Affairs, New Delhi by taking a case study of Dwarka, sub-city of Delhi to develop prototype guidelines for Delhi Development Authority for involving private developers in land development and shelter construction to cope up with the rising demand for land and housing in Delhi. Three alternative options were suggested for joint public-private partnership in land development and housing in Delhi.

The design evaluation and financial analysis for the study were done using the housing and area planning software (HAPS), developed by *Mehta and Mehta' (1992).*

This Model is flexible and amendable to various options. It provided us an opportunity to evaluate various physical design and pricing options to arrive at mix of land-uses, the composition of residential units, prices for certain groups based on affordability and yet maintaining the overall profitability.

With the helps of HAPS, various scenarios were worked out keeping in view the affordability of economically weaker sections of society and taking price rise into consideration. The internal rate of return (IRR) has been worked out with the helps of HAPS model at different land prices, to be charged from the developer by DDA.

After careful investigation of these scenarios in terms of internal rate of return etc., the suitable option was taken into consideration for estimating receipts and expenditure of DDA and private developer for 80 Ha. And 5 Ha. Alternatives in Dwarka sub-city of Delhi. The core dates for on-site costs in the model were generated from CPWD schedule of rates on major construction items. The off-site were estimated from DDA's other projects.

1. The salient feature of the public-private partnership in case of Delhi Development Authority

allotting a piece of land (5ha.) on lease to small private developer for joint public/private development will be as under.

a. The perusal of various scenarios in terms of cost-benefit analysis shows that while the minimum price of land to be sold by DDA to private developer be at least Rs. 1262.00 per sq.mt. (break-even price), the recommended price should be at least Rs. 1,800 per sq.m.. The recommended price at which land is to be sold by DDA to private developer will earn a net profit of Rs. 269.00 lakh to DDA.

b. The private developer will undertake construction of residential buildings. All the EWS houses constructed by private developer will be given back to DDA to sold at an affordable cost of Rs. 40,000 each for allotment to beneficiaries. However, it may be mentioned here, that chargeable cost of each EWS house at the recommended price comes to about Rs. 2.13 lakh. Further, 100 percent of LIG and MIG units constructed by private developer will be either given back to DDA to be sold at current sale price or will be sold by the developer at the current sale price (chargeable cost). The private developer will sell off remaining 50 per cent of MIG and 100 per cent of HIG plots at higher price. The net present value (NPV) at 15 percent discount rate to private developer at the recommended price will be Rs. 33.20 lakh on a total investment of Rs. 1468.80 lakh with an internal rate of return to the tune of 17.3.

c. The DDA will be responsible for provision of off-site infrastructure, on site infrastructure and provision of public-semi public buildings.

d. The development authority, while grant a license, may also impose a condition of time limit for development.

e. Registration and allotment of EWS units shall not be on hire-purchase extending more than six installments.

f. After the construction is complete by the private developer, the area will be handed over to the Development Authority for maintenance. Till such time the responsibility of maintenance would be of a private developer.

g. To ensure compliance as well as the timely completion of project works, the developer is obliged to furnish a bank guarantee (performance bond) for the entire project cost to the Development Authority.

h. After completing the construction of residential and commercial development, the lease is to be entered by the buyer with the Delhi Development Authority.

i. In case, if the developer leaves the development, the license fee which shall be considered as caution money would be fore fitted.

j. No sub-licensing of the development rights in the project area shall be permitted without the consent of Delhi Development Authority.

Funding Pattern

PUBLIC PRIVATE PARTNERSHIP (OPTION – 1)

[5 Ha.]

(Figures in million Rs.)

DDA			
A	**Receipts**		
	1	Land cost Rs.2150 Sq.mt. @15% over the break even price	107.50
	2	50 per cent of the total EWS units	7.00
	3	25 per cent of the total LIG units	5.50
	Total Re ceipts		120.00
B	**Expenditure**		
	1	Off -site infrastructure	15.00
	2	On - site infrastructure	13.50
	3	PSP	1.00
	Total Expenditure		29.50
C	**Net Revenue**		90.50
PRIVATE DEVELOPER			
A	**Expenditure**		
	1	Land cost @ Rs.2150 per Sq.mt.	107.50
	2	Construction of h ouses	96.00
	Total Expenditure		203.50
B	**Receipts**		
	1	50% of EWS units at predetermined price 50% of EWS units at current sale price	7.00 17.50
	2	25% of LIG at predetermined price 75% of LIG at current sale price 100% of MIG units 100% of HIG units	5. 50 33.75 100.00 64.00
	3	Sale of commercial plots/property	50.00
C	**Net Revenue**		64.75

The figures in the above table are based on 1993 prices. Keeping in view the cost escalations in land prices and cost of construction, the current prices can be worked out taking into account the inflationary rates.

However, the above example of funding pattern through public and private partnership in delivering the serviced land to the poor shows that it will be a 'win-win' situation for both parties in terms of receipts and meeting the objectives of affordable housing to all.

1. The salient feature of the private-partnership in case of Delhi Development Authority allotting a large piece of land (80 ha.) on lease to large-private developer for development will be as under:

   a. In this case, while the trunk infrastructure like major roads and off-site infrastructure for water supply and sewerage will be provided by Development Authority, the peripheral off-site and on-site infrastructure will be provided by the private developer. Besides, private developer will also undertake the construction of residential and commercial buildings. The strategy will be as follows:

      i. Dwarka Project. DDA acquires the land, develops and provides trunk infrastructure in

      ii. DDA specifies and monitors facility, infrastructure and construction standards.

      iii. DDA will get back all EWS houses constructed by private developer at a pre-determined price of Rs. 40,000.00 (affordable cost of EWS) for allotment to the beneficiary. The proportion of EWS houses are specified at 33 percent. The other units (LIG, MIG and HIG's) constructed by the private developer will be sold directly by the developer in the market at cost price.

      iv. 1. The private developer will provide city and sector level facilities according to master plan.

      2. The private developer will provide the facilities such as nursery, primary and secondary schools, community room, community hall, dispensary, religious building, local shopping center, milk booth, electric substation, taxi stand, parks and play grounds.

      3. The private developer will sell the non-residential units in the market with a profit margin.

b. The perusal of various scenarios developed for 80 Ha. in terms of cost-benefit analysis shows that while minimum price at which DDA should sell the land to the private developer is Rs. 662.00 per sq.m., the recommended price should be at least Rs. 1000.00 per sq.m. The DDA will get the net revenue of Rs. 2704.00 lakh at this recommended land price. The internal rate of return to the private developer at the recommended price will be 32.1.

c. For working out the internal rate of return and cost to developer, certain assumption were taken into account on the basis of discussions with officials, and secondary data collected from Delhi Development Authority. These were:-

i. Charges for EWS are at affordable cost (at the household income of Rs. 1000) per month, interest rate of 9 percent per annum, income to installment ratio of 25 per cent, 15 years repayment period and down payment of 6 times monthly income.

ii. Market prices are assumed to be Rs. 7500 per sq. m. for EWS and Rs. 12,500 per sq. m. for other categories during 1993.

iii. The total population were worked out on the basis of income distribution & FSI guidelines as prescribed in Master plan for Delhi.

d. The other terms and condition regarding maintenance, the furnishing of a bank guarantee or in case of default remains same as in the case of 5 Ha. Model.

2. The third alternative option of public-private partnership arrangement in Delhi is suggested in which land assembly can be done directly by the land owners and develop such land for residential purposes according to the stipulations which include: a) financial contribution to the development authority for attributable off-site infrastructure cost; and b) the reservation of a portion of the developed land for lower income housing to be allotted through the development authority. In this case, either the developer is licensed and allowed to purchase land directly from landowner, or he purchases it from the Development Authority which has acquired it under the Land Acquisition Act.

Under this option certain planned areas may specially be designated to allow private developers to assemble parcels of land that exceed the limits set by the Urban Land Ceiling Act (ULCA). In these designated areas, the developers may assemble land directly form landowners and develop such land for residential purposes which include: a) financial contributions to the development authority for attributable off-site infrastructure costs; and b) the reservation of a portion of the developed land for lower-income housing to be allotted through the development authority.

The Delhi Development Act, will have to be amended similar to the Haryana Development and Regulation of Urban Areas Act. (HDRUA) to formally involve the corporate private sector in the acquisition, development and disposal of urban land. In this case, private developers will have to first apply for a license from the Delhi Development Authority, stating the details of the land and project intended.

To ensure compliance with these conditions the developer must make out a bank guarantee in favour of DDA. The Development Authority in granting a license, may also impose additional conditions at their discretion, such as a time limit for development.

According to the Delhi Development Act, 1957, the authority may allot *Nazul* land for public utilities, community facilities, open spaces, parks playgrounds, residential purposes, industrial and commercial uses and such other purposes as may be specified from time to time by the Central Government by notification. The disposal of *Nazul* land is governed by DDA (Disposal of Developed *Nazul* land) Rules, 1981 termed under Section 22 of Delhi Development Act, 1957.

However there is no provision in the said Rules for giving permission to a Developer to develop land, construct built-up properties (both flats and shops) and dispose of the same. It is, therefore, necessary that the word "Developer" is appropriately defined under Rule 2 of the said Rules.

"Developer – Developer means a person, or body of persons, whether corporate or otherwise, who is authorized by the Authority, to enter upon the *Nazul* land for the purpose of development and construction in accordance with approved plans and for disposal of developed land/built up space/premises through the Authority on terms and conditions as may be prescribed by means of Agreement to be executed between the Authority and Developer".

Since there is no provision in the *Nazul* Rules, 1981 for allowing a private developer to develop land, construct flats and shops and dispose of the same, a section may be added in Rule 44 to allow the developer to enter upon the Nazul land for the purpose of development of land construction on the said land in accordance with plans, specification and designs as may be approved by the competent authority and on such terms and conditions as may be decided by the Authority, by means of an Agreement, to be executed between the Authority and the "Developer".

The emerging scenario is in keeping with the objectives of the National Housing and Habitat Policy which seek to accelerate provision of serviced land and housing for the economically

weaker section of the society.

The above project conceptualizes a framework in which the DDA and the private developer can work hand-in-hand. By virtue of the privatization process, the DDA would be in position to assess its operational efficiency vis-à-vis private sector.

The model format can be suitably modified and applied in other sectors on the basis of experience gained during the project implementation and execution.

Conclusion

Cities and towns are crucial to the economic well being of India. For this, it is imperative that its cities and towns are transformed and pressures of new growth are dealt with so that they are more livable, efficient, and environmentally sustainable. Only then will the rapid pace of economic growth that India is undergoing be sustained and the targets of environmental sustainability of the world achieved. To manage the transformation of India's cities and towns and effectively manage new growth requires effective urban planning protocols, processes, and institutions underpinned by effective legislation.

To effectively manage the new growth implies that the agricultural land at the periphery of the cities and towns or smaller settlements that are not yet "urban" is transformed to be made suitable for urban or nonagricultural uses. This essentially means that the irregular landholdings and plots will have to be given regular shapes; they must be ordered; each plot must be given access; infrastructure services such as water supply and drainage must be provided; land must be appropriated for providing roads, parks, social amenities, and low-income housing, development controls must be prescribed to result in a good quality-built form and levy development or betterment charges to offset the cost of developing the physical and social infrastructure. But most importantly, all of this must happen in a timely manner and such that it is acceptable to the "land-owners" to avoid conflict in the growth management process. Government of India is planning for Land Acquisition Rehabilitation and Resettlement bill and this will have impact on urban land management process.

End Notes:

1. Payne, Geoffrey and Associates: Public/Private Partnership in the Provision of Land for Housing, Research Project R6541, DFID, 1998.

2. Provision of Land for Housing the Urban Poor: Initiatives by State Governments; Ministry of Housing and Urban Poverty Alleviation (JNNURM Mission Directorate),2010.

3. Dr. Dinesh Mehta & Dr. Meera Mehta, Housing and Area Planning Software (HAPS), model, Ahmedabad, 1992