PUBLIC-PRIVATE PARTNERSHIP IN SLUM UPGRADING AND HOUSING FOR THE POOR

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Preamble

India has widespread poverty in its cities and towns

20.9 percent of India's urban population is below the poverty line of Rs. 859.6 MPCE (2009-10)

Number and Percentage of Poor, India

Year	Number and			Poverty ratio (%)		
	Percentage of Poor					
	Rural	Urban	Total	Rural	Urban	Total
1993-94	328.6	74.5	403.7	50.1	31.8	45.3
2004-5	326.3	80.8	407.1	41.8	25.7	37.2
2009-10	278.2	76.5	354.7	33.8	20.9	29.8
Annual Average Decline: 1993-94 to				0.75	0.55	0.74
2004-05						
(percentage points per annum)						
Annual Average Decline: 2004-05 to				1.60	0.96	1.48
2009-10 (percentage points per						
annum)						
Source: Planning Commission						

Slums account for 17.5 percent of urban population (2011), and informal employment is in the range of 50-70 percent of total urban employment.

Slum Population (million) - Census of India

2001	42.58
2011	66.20
2009	104 (Un-Habitat)

The post-2005 initiatives represent a paradigm shift in India's approach to and thinking on "urban poverty" and "slums". This presentation outlines the main ingredients of the post-2005 approach to slums and housing for the urban poor, as embodied in Jawaharlal Nehru National Urban Renewal Mission (JNNURM) and Rajiv Awas Yojna (RAY). The RAY aims at Slum-free cities.

1. Introduction

Slum-free India a key goal enshrined in the Twelfth Five Year Plan (2012-17).

Rationales underlying the concept of slum-free India.

- Slums a form of sub-optimality -- upgradation aims at neutralizing the sub-optimality;
- ii. Although 'slums', a kind of an inferior or degraded physical condition, they have a large economic base upgradation aims at tapping the economic base of slums and enhance their productivity;
- iii. Slum upgradation an economic necessity- productivity differentials between an improved and unimproved slum estimated at about 0.25 percent of GDP.

- iv. Slum upgradation not necessarily a public good; innovative financial architectures allow in private capital and enterprise in slum upgradation
- v. Slum upgradation an instrument of inclusive growth.

2. Slums in India: What are they?

Slums in India a compact area of poorly built tenements, unfit for human habitation, lacking basic services and infrastructure, and often built in disregard of planning bye-laws.

Slums, a group of 60-70 households, who live under conditions of inadequate income, unstable and irregular employment, tenurial insecurity, and poor services.

Proliferation in the numbers and population of slums post-1960 period

Studies attribute proliferation of slums to –

- a failure of government policy in managing urbanization and urban growth, and
- laws and regulations relating to the urban land market that restrict land supply, especially for the poor
- existing laws in India, adverse to the interests of the urban poor, especially those who are in slums.

3. Policy Framework for Slum Upgrading and Housing for the Poor

Slums, long been on the country's development agenda -

1950s: Slum clearance a principal policy choice

1970-90s: Focus on alleviation and amelioration

(i) Environmental Improvement of Slums (EIUS), and (ii) Urban Basic Services for the Poor (UBSP) – ameliorate

the poor living conditions

Post-1990: Address policies and systems that cause slums rather

than address the symptoms.

Encapsulated in

(i) Jawaharlal Nehru National Urban Renewal Mission

(JNNURM), and (ii) Rajiv Awas Yojna (RAY).

With an annual budget of US \$ 1.7 billion in urban infrastructure, the Jawaharlal Nehru National Urban Renewal Mission calls for "reform" of the statutes and systems that have a direct bearing on -

- (i) urban land market
- (ii) fiscal empowerment of municipalities
- (iii) governance
- (iv) inclusion of the poor in city development

Budgeting involved financial participation between the federal, state, and municipal governments.

JNNURM reforms relating to inclusion of the urban poor (slum households) are

- i. Internal earmarking of budgets (municipal) for basic services to the urban poor;
- ii. Provision of basic services and tenurial security
- iii. Earmarking of at least 20-25 percent of developed lands in housing projects for economically weaker sections and low-income households with a system of cross-subsidization.

4. Rajiv Awas Yojna (RAY)

Rajiv Awas Yojna (RAY) envisages a "Slum-Free India" with the following ingredients:

- i. Bringing all existing slums within the formal system and enabling them to avail of the same level of basic amenities as the rest of the city or town;
- ii. Redressing the failures of the formal system that lie behind the creation of slums; and
- iii. Tackling the shortages of urban land and housing that keep shelter out of reach of the urban poor and force them to resort to extra-legal solutions in a bid to retain their sources of livelihood and employment.

Operational guidelines for RAY comprise -

- i. Set aside 20-25 percent of developed lands in all housing development projects for economically weaker and low income households.
- ii. Give primacy to Public Private Partnership (PPP) in the development of affordable housing, cross-subsidise construction between housing for different income categories and provide land use concessions to the private sector in the form of higher FAR.
- iii. Use viability gap funding for promoting public private partnership (PPP).
- iv. Introduce legislative provisions for reservation of 10-15 percent of lands in private housing, by giving higher Floor Space Index or Floor Area Ratios to the private sector.

The RAY requires every eligible city to formulate - a Slum-free city plan; such a plan means

- i. enactment of a State-wide legislation for assignment of property rights to slum households;
- ii. preparation of a geo-referenced city basic map -
 - Inventory of existing spatial map;
 - Satellite image of the city and its environs;
 - Delineation of slums areas and mapping slum infrastructure
- iii. undertaking a slum socio-economic survey and preparation of slum MIS

- iv. integration of spatial and socio-economic information to create GIS-enabled MIS
- v. preparation of slum upgradation and redevelopment plan
- vi. Capacity building strategy and plan to support the implementation of the slum upgradation plan

5. Anecdotal Evidence on PPP in Slum Upgradation and Housing for the Poor

- RAY commenced in 2011; still to yield results
- Slum-free plans of a few cities providing for PPP in in-situ upgradation of slums and affordable housing show
 - i. "upgradation" which is all inclusive, has been unbundled to attract the private sector – several private entities are engaged in extending water supply to slum settlements or building community toilets, or constructing tenements for slum households

- ii. Financial architecture for PPP centres around -
 - Giving higher FAR to the private investor
 - Rights to advertise in return for managing toilets and facilities
 - Viability gap funding

Still a long way to yield benefits of PPP. The principle advantage is that slum upgradation is no longer seen as a purely public responsibility, it can be designed as a partnership between different stakeholders.

India's urbanization still in an incipient stage the numbers are

phenomenal -



Trends towards urbanization of poverty and presents to India a formidable challenge.

6. Private sector involvement in housing in Pune An Example

Pune Nirvana Hills Slum Rehabilitation Project entails the rehabilitation of 76 acres in Pune at Nirvana Hills. The project was undertaken in 2011 under the Slum Rehabilitation Scheme (SRS) developed by the State of Maharashtra and regulated by the Slum Regulatory Authority. There are about 4,324 slum households on the land, which are home to approximately 14,000 people. The project also entails the development of residential (about 1,800 apartments), commercial (about 300,000 sq. ft.) and retail space (approximately 1.3 million sq. ft). Amenities and infrastructure form a part of the project include a housing society office, self-employment centre for women, playgrounds, daycare facilities, exercise rooms, community and senior citizen recreation centres, libraries, primary and secondary school, and a park area. The infrastructure component would consist of water supply, storage and rainwater harvesting systems, sewage treatment and disposal systems, fire fighting systems, power supply and back-up systems for elevators and water pumps. The project has been undertaken by Kumar Urban Development Limited, a successful, well-known real estate developer based in Pune; with technical and loan assistance from ADB. Private sector loan (approved) by ADB is 35,000 US\$. The objective of the project are to provide new, free housing with joint titles (to husbands and wives, where applicable) to the eligible slum dwellers currently living on the site. The project outputs are defined to include (i) new housing for current slum dwellers; (ii) construction of commercial residential housing; (iii) construction of commercial and retail space; (iv) employment generation; and (v) contribution to local economy. This project would greatly improve the of slum households quality of lives through access to better shelter and sanitation; while also addressing the shortage of residential housing in Pune, and providing needed commercial and retail space for local businesses. The project combines infrastructure development with targeted poverty reduction components, which are be critical to improving urban environment so that Indian cities can handle larger populations, facilitate rapid but inclusive economic growth.

Thank you