



Ministry of Housing and Urban Affairs
Government of India



Affordable Rental Housing Complexes (ARHCs)

Ease of living for Urban Migrants/ Poor



17th August 2020

Social Security and Welfare Measures

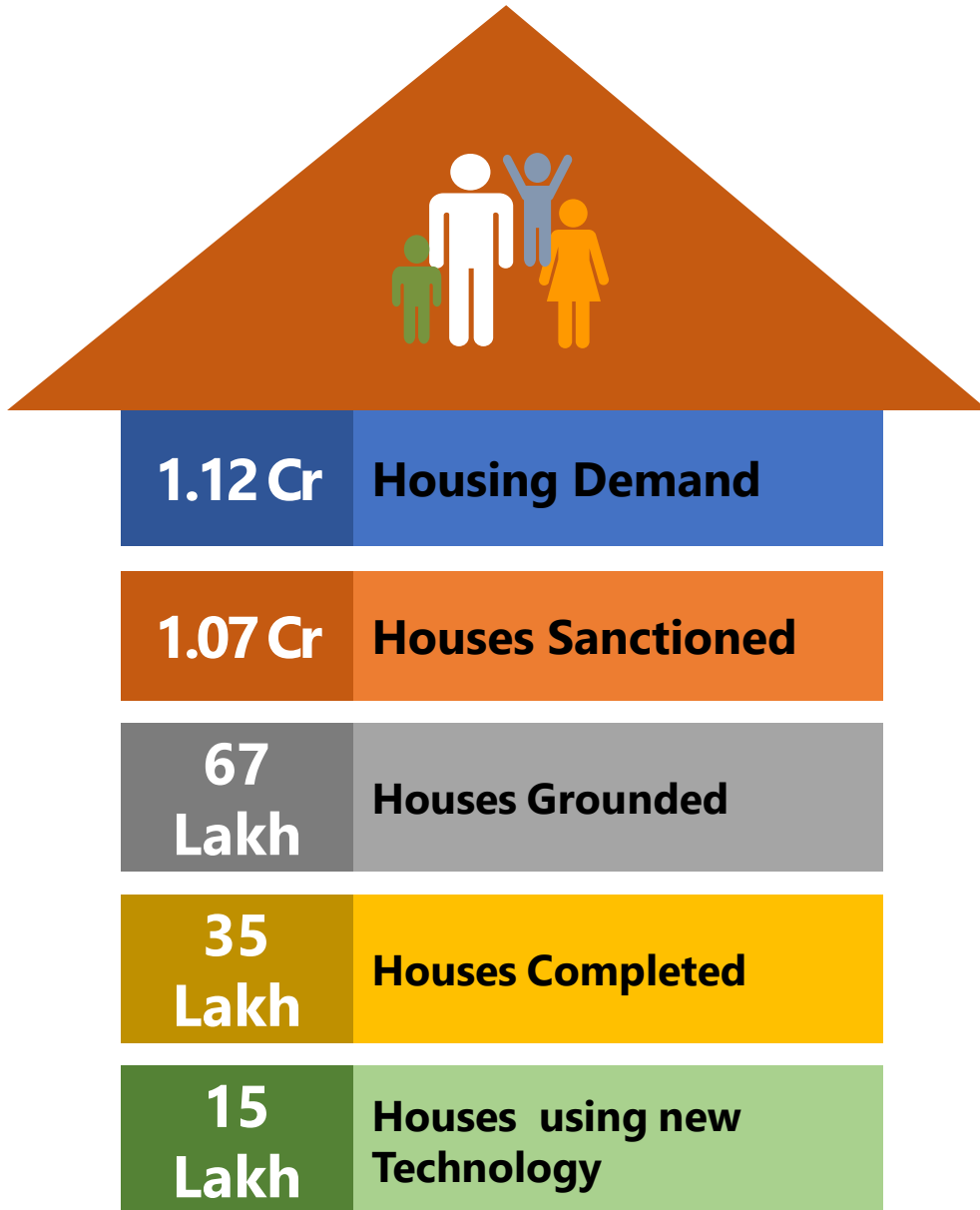
for Inter-State migrant, unorganized and informal sector workers

- ❑ “Welfare of Labour” & “Employment and Unemployment except Rural Employment and Unemployment” falls within the **jurisdiction** of Ministry of Labour and Employment (MoLE) (*Allocation of Business Rules, 1961*)

- ❑ MoLE has promulgated following **Acts** to deal with the welfare of unorganized sector workers:
 - i. The Building & Other Construction Workers (*Regulation of Employment and Conditions of Service*) Act, 1996;
 - ii. The Inter-State Migrant Workmen (*Regulation of Employment and Conditions of Service*) Act, 1979; and
 - iii. The Unorganized Workers Social Security Act, 2008

- ❑ MoHUA has recently launched **Affordable Rental Housing Complexes (ARHCs)** as a sub-scheme under Pradhan Mantri Awas Yojana– Urban to provide dignified living to urban migrants/poor near their workplace, at affordable rent

PMAY(U) Progress



AHP Houses
28 Lakh

BLC Houses
63 Lakh

CLSS Houses
10.78 Lakh

ISSR Houses
4.6 Lakh

Total Investment

Rs 6.42 Lakh Cr

Central Assistance Approved
Rs 1.68 Lakh Cr

Central Assistance Released
Rs 72,646 Cr

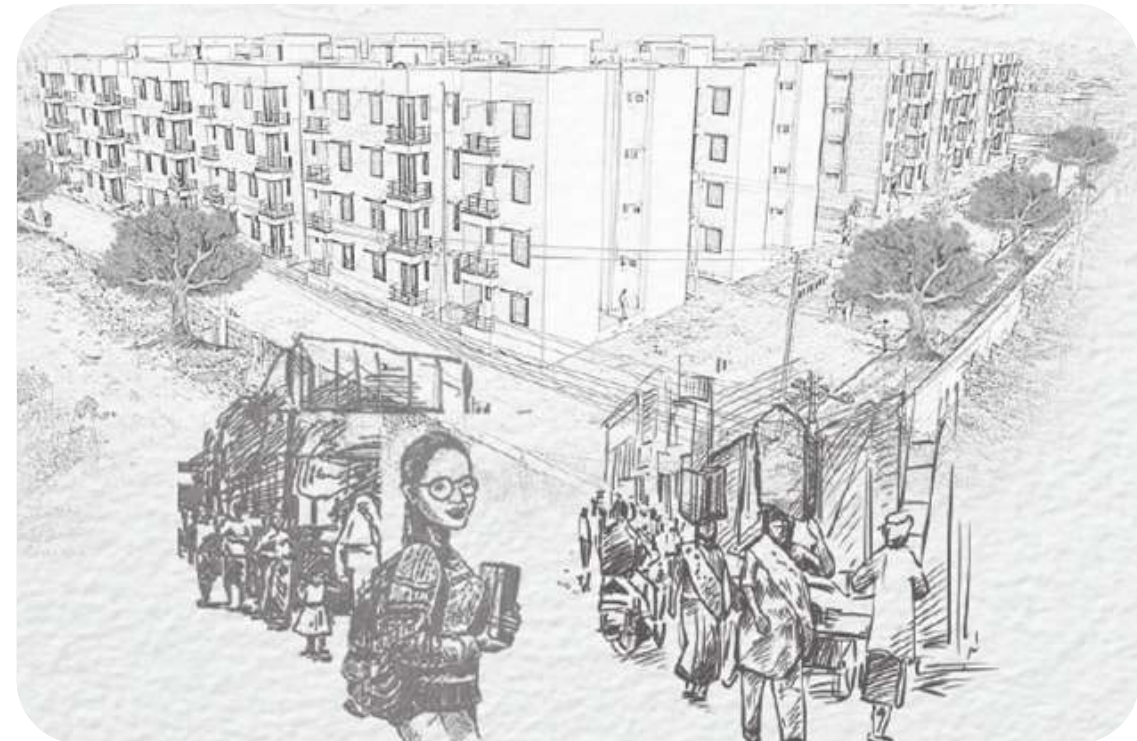
ARHCs: Background

- ❑ Large scale **reverse migration** of urban migrants/ poor due to COVID-19
- ❑ Urban migrants **stay in slums/** informal settlements/ unauthorised colonies/ peri-urban areas to save cost on housing
- ❑ Non availability of **housing close to workplace** adversely impacts productivity
- ❑ Requirement of affordable **rental housing** rather than ownership



Objectives

- ❑ Address the vision of **‘AatmaNirbhar Bharat’** by creating affordable rental housing for urban migrants/ poor
- ❑ Provide **dignified living** with necessary civic amenities near their workplace on affordable rent
- ❑ Create conducive **ecosystem** for Public/ Private Entities to **leverage investment** in rental housing



Salient Features

- ❑ To be implemented in **all Statutory Towns**, Notified Planning Areas and areas under Special Area/Development Authorities/Industrial Development Authorities
- ❑ Projects to be considered **till March 2022**
- ❑ **ARHCs** can be a **mix of Single/Double bedroom DUs** (30/60 sqm carpet area) with living area, kitchen, toilet and bathroom and **Dormitory Bed** (10 sqm carpet area) with common kitchen, toilet and bathroom
- ❑ **A maximum of 33%** houses with double room permissible in a project
- ❑ **Institutional Rental Mechanism:** In-block renting for smooth implementation and sustained income
- ❑ **Two-pronged strategy** for implementation (Two Models)

Beneficiaries of ARHCs

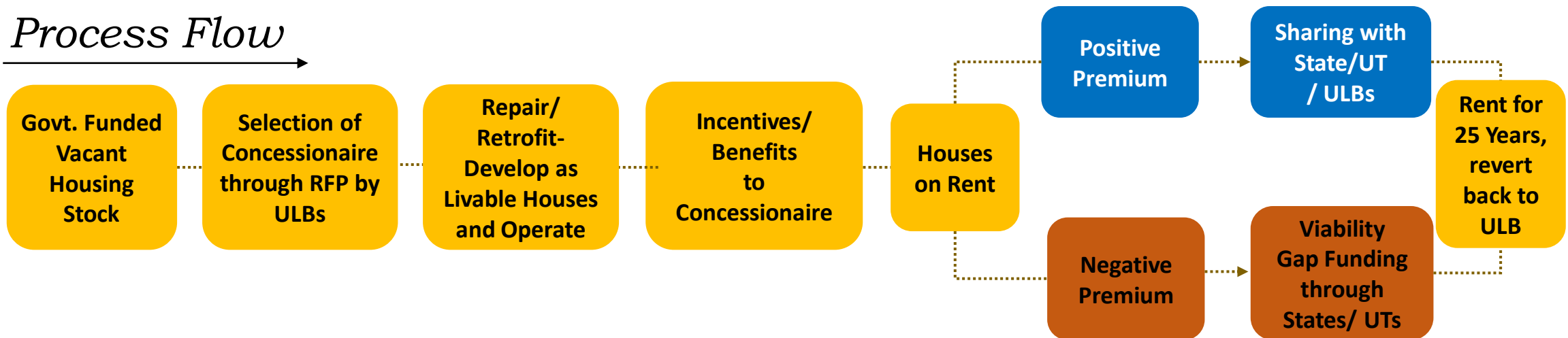


Illustrative list

Model-1

Converting existing Government (Central/State) funded vacant houses into ARHCs under Public Private Partnership (PPP) mode or by Public agencies

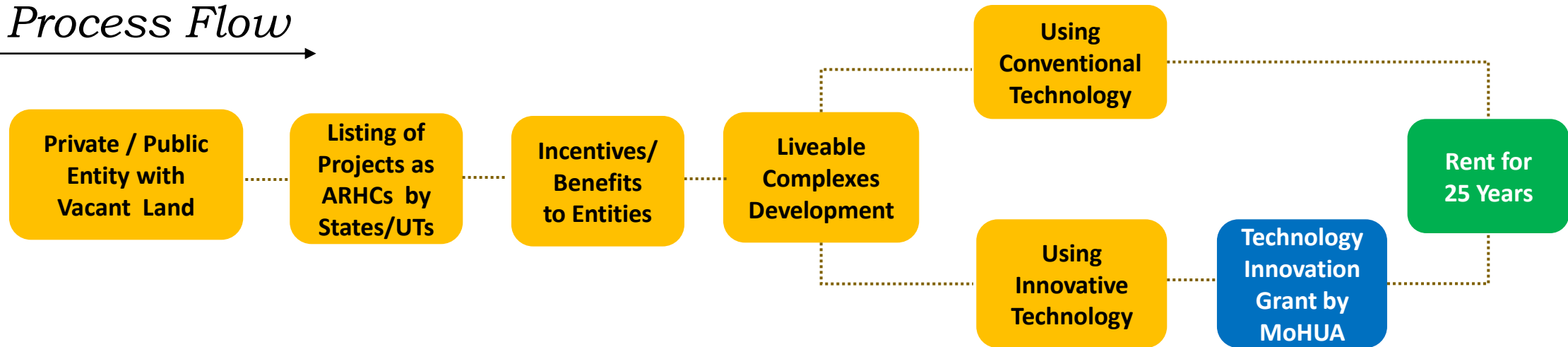
Process Flow



Model-2

Construction, Operation and Maintenance of ARHCs by Private/ Public Entities on their own available vacant land

Process Flow →



Proposed Incentives/ Benefits

Central Govt.

- ⑩ Concessional Project Finance under Affordable Housing Fund (AHF) & Priority Sector Lending (PSL)
- ⑩ Exemption in Income Tax & GST on any profit & gains from ARHCs
- ⑩ Technology Innovation Grant* (TIG) for promoting use of innovative technology

States/UTs/ULBs/Parastatals

- ⑩ Use Permission changes, if needed
- ⑩ 50% additional FAR/FSI, free of cost
- ⑩ Single window approval of ARHC projects (within 30 days)
- ⑩ Trunk infrastructure up to the project site
- ⑩ Municipal charges at par with residential property

**TIG is provisioned under Technology Sub Mission (TSM) of PMAY(U) for facilitating adoption of innovative, sustainable, green and disaster resilient technologies for cost effective, faster and quality construction of ARHCs.*

Funding Pattern

Model- 1

- ❖ Investment by Concessionaire
- ❖ VGF from Central Assistance released to States/ UTs for JnNURM/ RAY projects, if needed
- ❖ Approximately 75,000 Govt. funded existing vacant houses to be converted as ARHCs, initially

Model-2

- ❖ Investment by Entities
- ❖ TIG of Rs. 1,00000/ for double bedroom, Rs. 60,000/- for single bedroom & Rs. 20,000/- per Dormitory Bed, for projects using innovative and alternate technology

- *Around **1.08 lakh vacant houses in 159 cities***
- *Some of the States having most unoccupied houses under JnNURM/RAY include **Maharashtra: 32,202; Delhi: 29,245; Gujarat: 8,654, Rajasthan: 7,045, Uttar Pradesh: 5923, Haryana: 2545 etc.***
- *An investment of around **Rs. 1,880.00 crore as Central Assistance** has been made on these houses only*

Expected Outcomes





Thanks

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Illustrative Financial Viability Analysis: Model-1

Indicators	Ernakulam	Faridabad	Ludhiana	Delhi	Dehradun	Kohima	Agra
No. of Vacant Houses	120	2545	1008	14500	148	1152	240
Per unit Cost of Retrofitting/Repair (in Rs.)	90,000	90,000	90,000	90,000	90,000	90,000	90,000
Investment (Rs. in Cr.)	1.08	22.91	9.07	130.50	1.33	10.37	2.16
Loan amount (100%) (Rs. in Cr.)	1.08	22.91	9.07	130.50	1.33	10.37	2.16
Rent per month (in Rs.)	3000	3000	3000	3500	2500	2500	3000
Total Interest in 20 years @ 8% (Rs. in Cr.)	1.08	23.07	9.13	131.47	1.34	10.44	2.17
Cost of O&M (Rs. 1/sq. ft.) (Rs. in Cr.)	1.01	21.38	8.47	121.80	1.24	9.68	2.02
Total Outflow (Rs. in Cr.)	3.17	67.35	26.67	383.77	3.92	30.48	6.35
Total Rental Income after 25 years (Rs. in Cr.)	11.49	243.63	96.49	1,619.77	11.79	91.84	22.98
Net Income in 25 Years (Rs. in Cr.)	8.32	176.28	69.82	1,236.00	7.87	61.36	16.63
Recovery Period (Month)	86	86	87	76	102	102	83
Recovery Period (Years)	7	7	7	6	9	9	7

Note:

1. Occupancy Rate @ 90%
2. Cost of retrofitting/repair has been assumed at average Rs. 90,000 Per unit which is indicative and may vary as per project requirement
3. Loan period is considered at 20 year, if Concessionaire repays loan before 20 years, profit margin will change accordingly
4. Depreciation cost is not considered, as the Concessionaire does not have ownership of the building. It will be returned to ULB after concession period

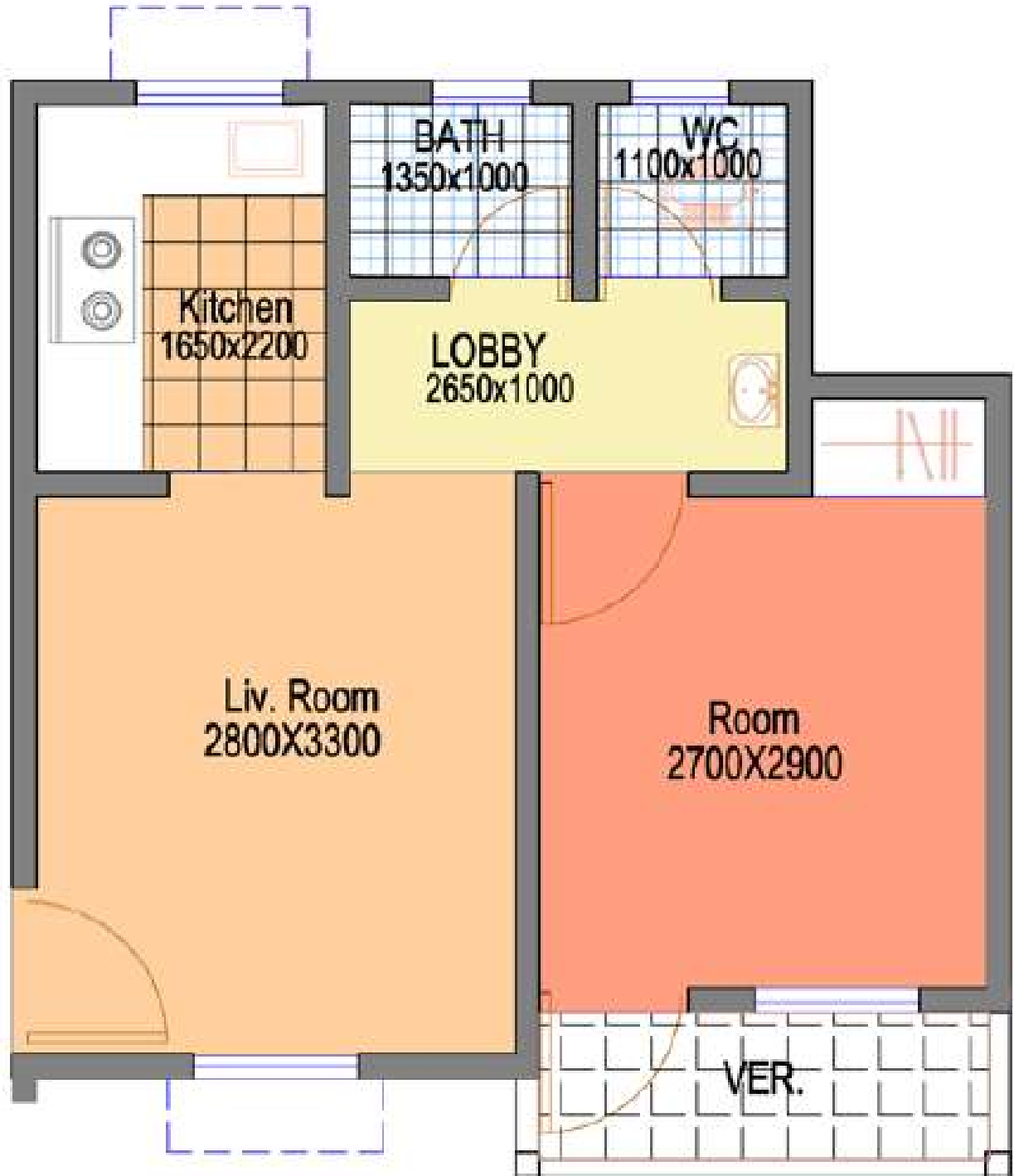
Illustrative Financial Viability Analysis: Model-2 (1 Hect.)

S.No.	Particulars	Amount in Rs.	Units/Links	
1	Project Outlay	5805,04,650		
1.1	Land Cost (Promoter's Equity)	1287,15,000	33.33%	of 1.2
1.2	Construction Cost	3861,45,000		
1.3	Project Period Expenses	193,07,250	5%	of 1.2
1.4	Construction Period Interest	386,14,500	10%	of 1.2
1.5	Cost Escalation, etc.	77,22,900	2%	of 1.2
2	Project Contribution	5805,04,650		
2.1	Promoter's Equity (Land)	1287,15,000		
2.2	Loan	4213,69,650		
2.3	Technology Innovation Grant	304,20,000		
3	Project Period Revenue (25 year) (Earning)	38399,12,894		
3.1	Rental Income for 25 years	29460,62,756		
3.2	Other Income for 25 years	1473,03,138	5%	of 3.1
3.3	Land Value after 25 years	5148,60,000	400%	of 1.1
3.4	Residual Building Value after 25 years (after 40% depreciation for the project period)	2316,87,000	60%	of 1.2
4	Project Period Expenses (25 year)	9791,69,412		
4.1	Loan Repayment for 20 years	8458,81,102		
4.2	Administrative, Management & Insurance Expenses	589,21,255	2%	of 3.1
4.3	Major Repairs & Maintenance Expenses	154,45,800	4%	of 1.2
4.4	Risk Fund	589,21,255	2%	of 3.1
5	Project Period Surplus	28607,43,482	3 less 4	

6	Loan Terms			
6.1	Loan Repayment Period	20	Years	
6.2	Payment Per Year	12	months	
6.3	Average Rate of Interest	8%	p.a.	
6.4	EMI	35,24,505		
7	Hurdle Rate Calculation @8% discounted			
7.1	Total Inflow @8% Discounted	10436,45,786		
7.2	Project Outlay @8% Discounted	-5545,59,144		
7.3	Total Surplus @8% Discounted	4890,86,642		
8	IRR	13.70%		
8.1	Present Value of Project Outlay	-5373,90,299		
8.2	Present Value of Inflows	5373,97,750		
8.3	Net Present Value (NPV)	7,451		
9	Average DSCR	2.47		

Assumptions:

Particulars	Amount in Rs.	Units/Links	
Total Construction (Built-up area)	22,500	Sq. m.	2.25 FAR
No. of Dwelling Units (DU)	231	Units	
No. of Dormitory beds	868	Units	
Area of Commercial Space	2,250	Sqm	
Occupancy – DUs & Dormitories	90%		
Occupancy – Commercial	90%		
Monthly Rent – DU (1 BHK)	6,000	per unit	
Monthly Rent – DU (2BHK)	8,000	per unit	
Monthly Rent – Dormitory Bed	3,000	per unit	
Monthly Rent – Commercial	1,300	Per Sq. m.	
Maximum Construction Period	18	Months	



**Indicative Design of
Single Bedroom (up to 30
sqm carpet area)**



**Indicative Design of
Double Bedroom (up to 60
sqm carpet area)**



Indicative Design of Dormitory Hall Plan

**DORMITORY UNIT
(6 BEDED)**

AREA= 65.95 Sqmts