



Ministry of Housing and Urban Affairs
Government of India



Affordable Rental Housing Complexes (ARHCs)

Ease of Living for Urban Migrants/ Poor

Web- Townhall with States/UTs

27 July 2020



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

- ❑ **Coverage:** All Statutory Towns, Notified Planning Areas and areas under Special Area/Development Authorities/Industrial Development Authorities
- ❑ **Duration:** Till PMAY(U) Mission period (March 2022)
- ❑ Mix of **Single Bedroom Unit of up to 30 sqm/ Double Bedroom Unit of up to 60 sqm** with living area, kitchen, toilet and bathroom; and **Dormitory Bed of up to 10 sqm carpet areas** each, including all common facilities.
- ❑ **Institutional Rental Mechanism:** In-block renting for smooth implementation and sustained income
- ❑ **Two-pronged strategy** for implementation (Two Models) **tbd...**

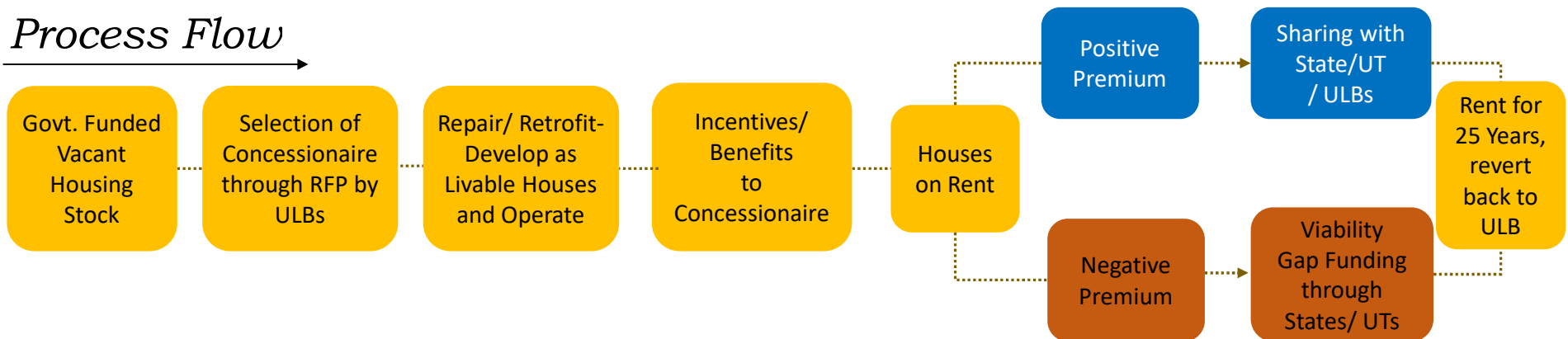
Beneficiaries of ARHCs



Model-1

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

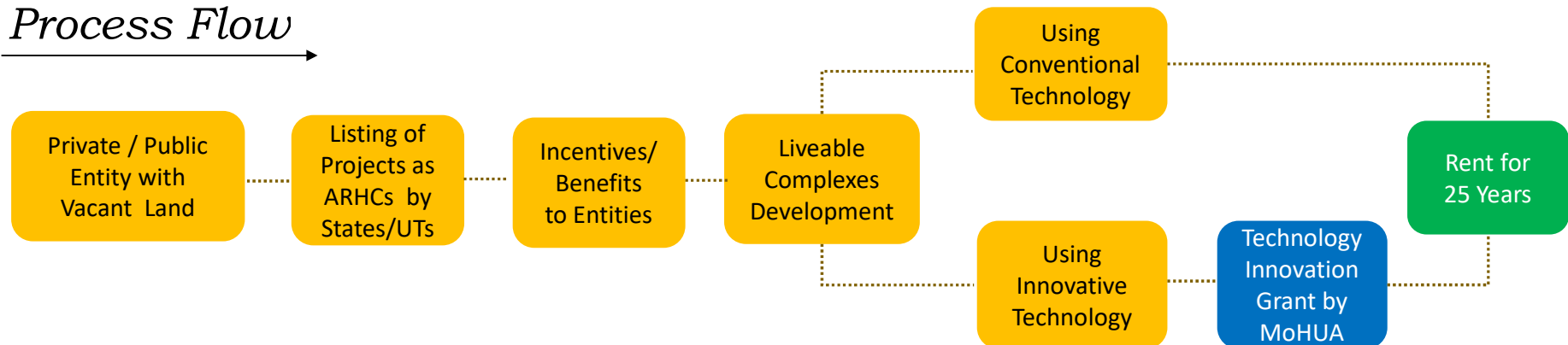
Process Flow →



Model-2

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

Process Flow →



Role of MoHUA

- ❑ Preparation of **model RFP** and circulate to States/UTs for further suitable customization selection of Concessionaire by ULB
- ❑ Issuance of **Expression of Interest** (EoI) for shortlisting of Entities by ULBs to Construct, Operate and Maintain ARHCs on their own available vacant land
- ❑ Developing **ARHC website** for documentation, knowledge sharing and management of projects
- ❑ **CSMC** approval of projects requiring TIG & Monitoring

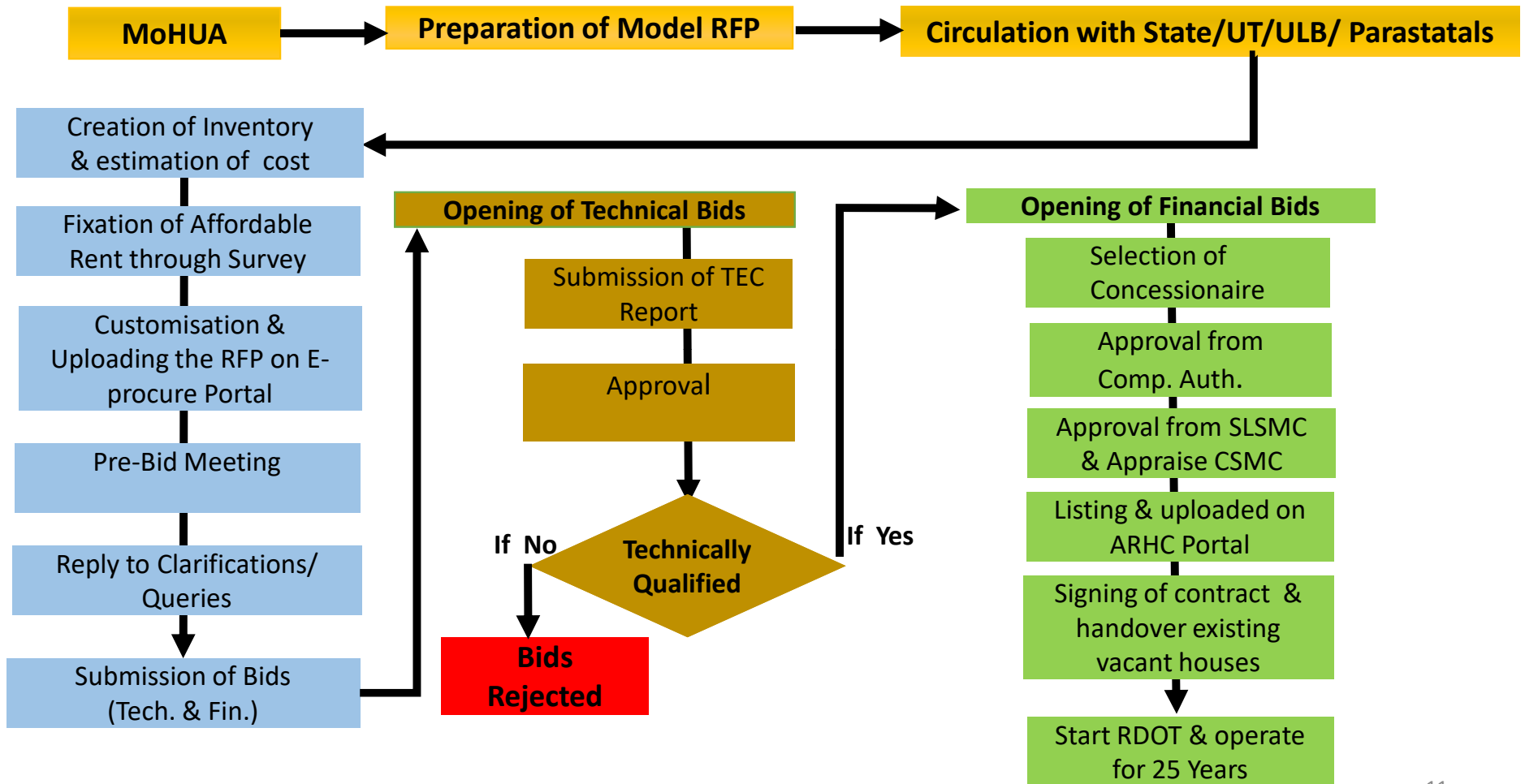
Expectations from States/UTs

- ❑ Signing of **MoA** with MoHUA
- ❑ Designate State Mission Director for PMAY(U) as **nodal officer** for ARHCs
- ❑ Engage a **Procurement Expert** at State/UT level
- ❑ **Consultations/ Dialogue** with:
 - **Concerned Depts., Public Agencies** including State Public Sector Undertakings having available vacant land for ARHCs
 - **State Parastatals**, Municipal Commissioners, District Collectors/Magistrates etc. for their active role in scheme implementation
 - **State Chapters of CREDAI & NAREDCO**, Real Estate Developers/Builders for their active participation

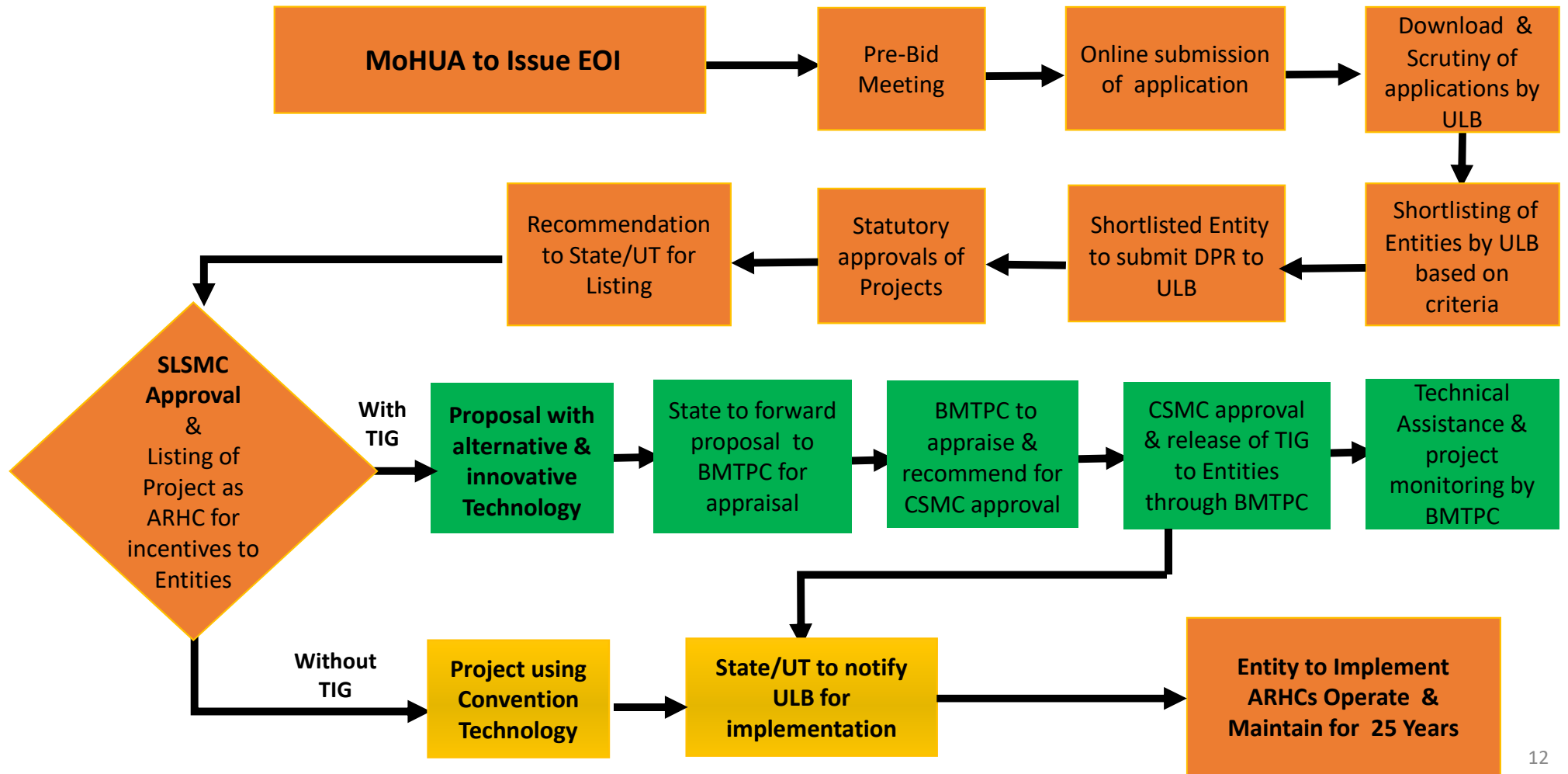
Expectations from States/UTs (Cont.)

- ❑ **Issue necessary directions** for Listing of eligible projects & extending incentives/ benefits
- ❑ **Project inventory & cost estimation** of existing Government funded vacant houses for converting them as ARHCs
- ❑ **Fixation of initial affordable rent** based on local survey, prior to issuance of RFP
- ❑ **Issuance of customized RFP** and selection of Concessionaire
- ❑ **Project Monitoring** through SLSMC
- ❑ Sustained and focused **IEC** for outreach and off take of ARHCs

RFP Process Flow (Model-1)



Eoi Process Flow (Model-2)



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. 1,00,000/ for double bedroom, Rs. 60,000/- for single bedroom & Rs. 20,000/- per Dormitory Bed, for projects using innovative and alternate technology

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

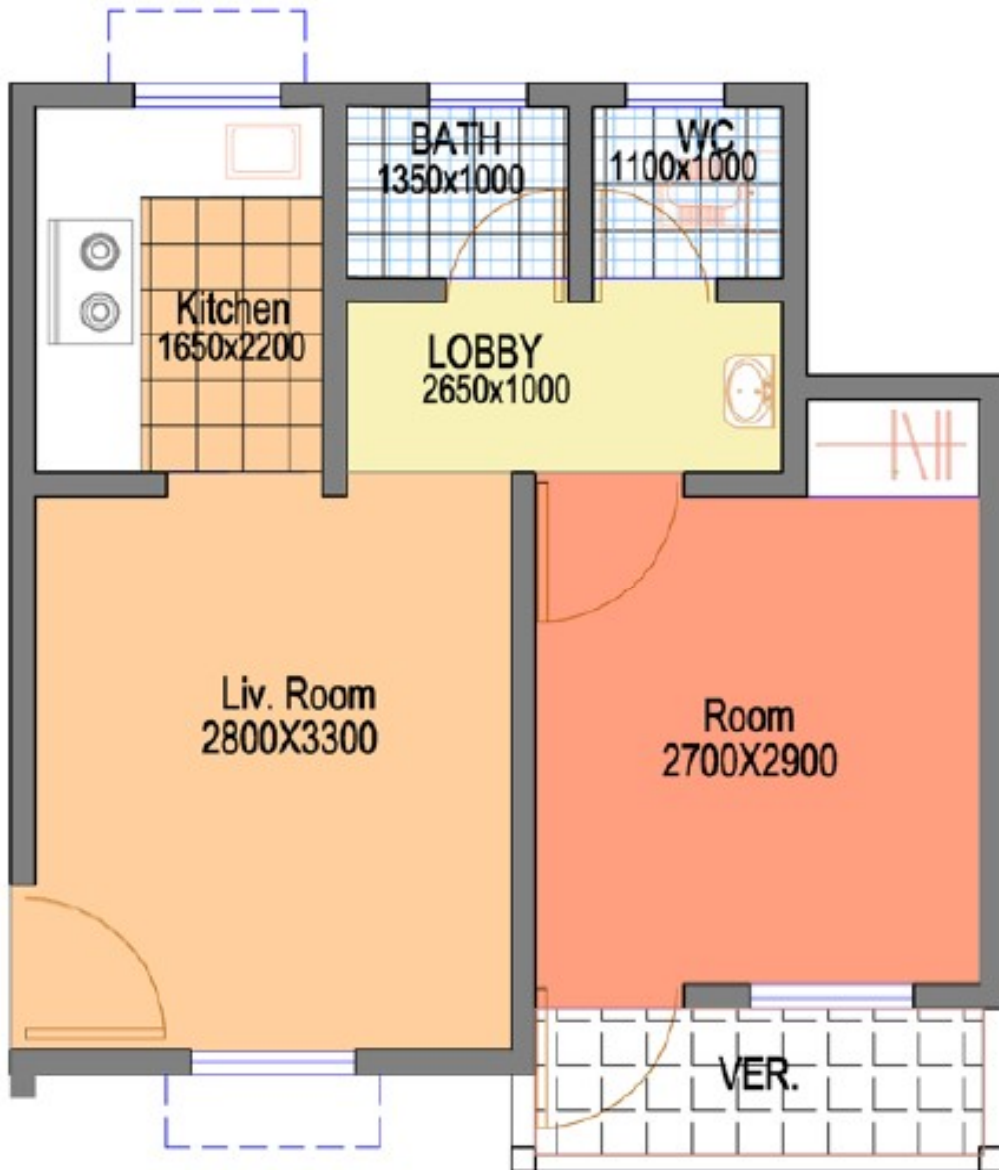
Illustrative Financial Viability Analysis: Model-2 (1 Hect.)

| 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)**



**DORMITORY UNIT
(6 BEDED)**

AREA= 65.95 Sqmts

**Indicative Design of
Dormitory Hall Plan**

Expected Outcomes






Thanks

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