



GOVERNMENT OF GUJARAT

Construction of 5750 Units under Affordable Housing on PPP (in situ Redevelopment of Slums) under Smart City Mission, Surat

Urban development
Government of Gujarat



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Affordable Housing Overview

- ▶ Affordable housing is defined as any housing that meets some form of affordability criterion. The affordability criterion is different for different countries.
- ▶ For example in United States and Canada, a common accepted criterion for affordable housing is that the cost of housing should not be more than 30 percent of a household's gross income. Housing costs include taxes and insurance for owners, and utility costs.

Defining Affordable Housing In India

- ▶ The Confederation of Real Estate Developers' Associations of India (CREDAI) has developed definitions of affordable housing for Tier I, II and III cities, based on three key parameters-- income level, size of the dwelling unit, and affordability.

Income categories	Income level	Size of unit	Affordability
Economically weaker section (EWS)	<INR 150,000 per annum	Up to 300 sq ft	EMI to monthly income - 30 to 40%
Lower income group (LIG)	INR 150,000 to 300,000 per annum	Up to 300 sq ft	EMI to monthly income - 30 to 40%
Middle income group (MIG)	INR 300,000 to 1 million per annum	600 to 1200 sq ft	House price to annual income - less than 5.1x

- ▶ According to the task force on Affordable housing setup by MHUPA in 2008, affordable housing is defined by size of dwelling and household income of the population.

Income categories	Size	Cost	EMI or Rent
Economically weaker section (EWS)	300 - 600 sq ft carpet area	not exceeding four times the household gross annual income	not exceeding 30% of gross monthly income of buyer
Middle income group (LIG)	not exceeding 1,200 sq ft carpet area	not exceeding five times the household gross annual income	not exceeding 40% of gross monthly income of buyer

Need For Affordable Housing

- ▶ Prior to the economic slowdown of 2009, the construction activity was primarily financed from customer advances collected through pre-construction bookings. Thus, construction activity was largely dependent on advance bookings by customers.

Before Crisis



- ▶ However, after the outbreak of the economic slowdown, the real estate demand muted leading to a decrease in collections from advanced bookings. The homebuilders faced liquidity crunch resulting in project delays and distressed sales at deep discounts.
- ▶ Thus the crisis led to the emergence of affordable housing in India.

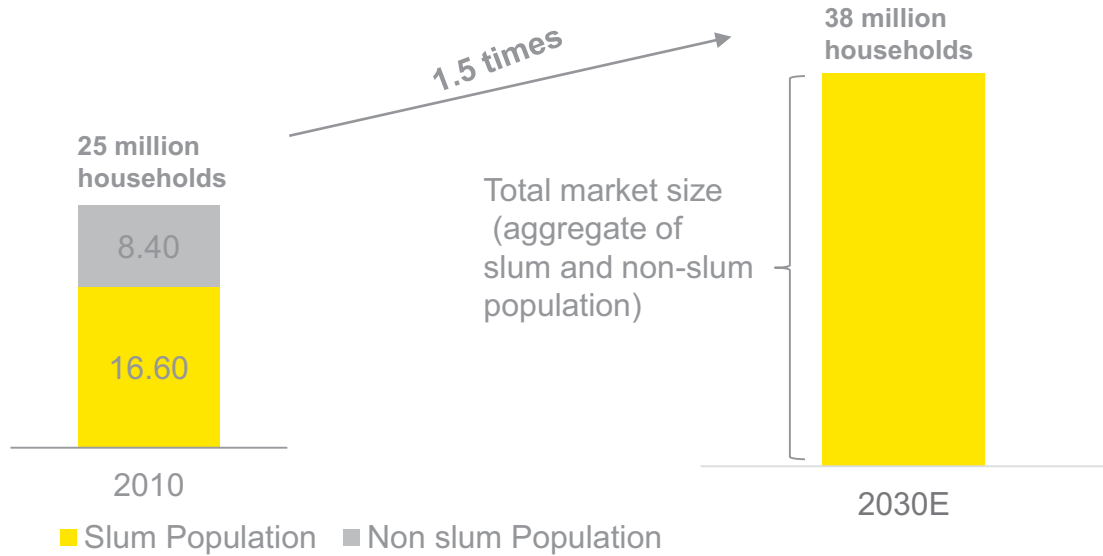
Affordable Housing



Benefits of Affordable Housing

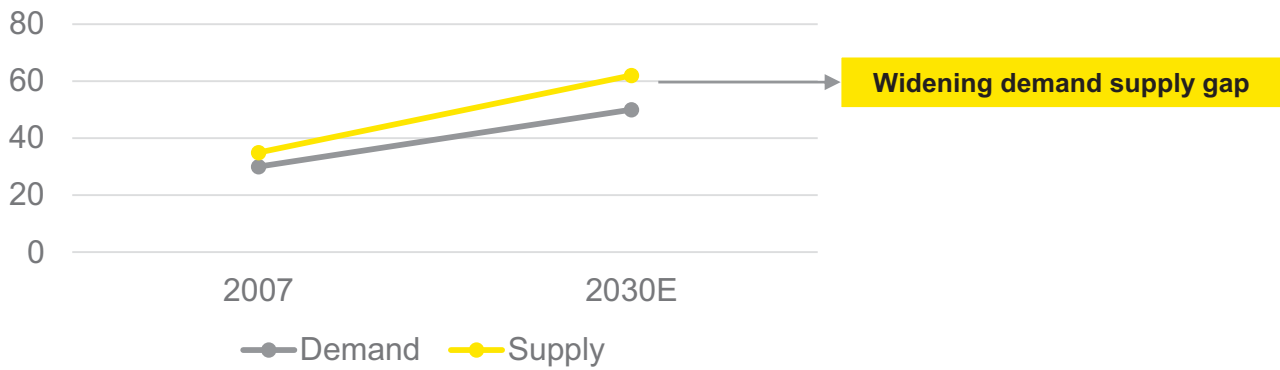
- ▶ Affordable housing has mass appeal. As a result collections from volume sales outpace the collections from premium housing sale resulting in larger proceeds.
- ▶ Affordable housing projects have lower development costs leading to improvement in developers finances.
- ▶ Affordable housing helps to diversify the risks faced by developers when there is sudden fall in market demand of mid income and high end housing segments.
- ▶ It helps to improve the basic quality of life of the lower income group by providing basic amenities such as sanitation, adequate water supply and power.

Affordable Housing Market – India



- ▶ Affordable housing segment is forecasted to grow about 1.5 times from an estimated 25 million households in 2010 to 38 million in 2030.
- ▶ Maximum potential is believed to be in the Tier 1 cities that have considerable population of urban poor, and in lower-income Tier 4 cities

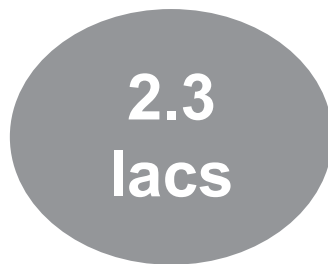
Shortage of affordable housing (million units)



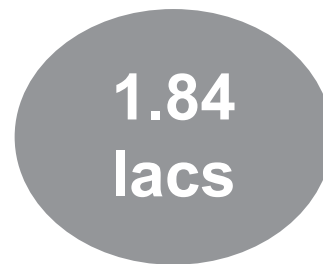
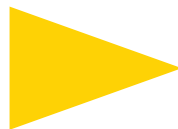
- ▶ There is strong demand for affordable houses and is expected to grow. The supply on the other hand has been low, thus creating substantial opportunities to bridge the gap.
- ▶ The current environment of high economic activity and low inflation. Is likely to trigger a growth in the demand for affordable housing, especially from the expanding urban middle class

Affordable housing market in Surat

- ▶ In the next five years , demand for housing in Surat is estimated at 2.30 lacs residential units during 2016-2020
- ▶ Nearly 80% demand is derived from lower income and middle income group
- ▶ Affordable housing is one segment which has still gained ground in Surat amid recession in the realty market.
- ▶ Industrial development and opening up of new areas in service sector have propelled the demand for affordable housing
- ▶ Demand for housing is likely to increase at a strong rate of 6-7% resulting in a cumulative incremental demand of 2,30,000 till 2020



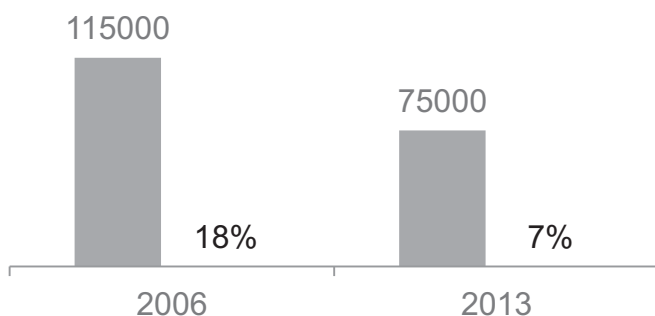
Demand for total housing in Surat



Demand by lower income and middle income group

Slum decline

Decline in the number of slums



- ▶ Percentage of slums has come down to 7% from 18% in just 7 years
- ▶ The city had 70-75,000 slum units left in 2013 involving 3.50 lakh to 3.75 lakh slum population
- ▶ SMC wants to make Surat a zero-slum city by 2019
- ▶ These slum areas would be given to private developers to rebuild multi-storeyed houses for slum dwellers.
- ▶ Private developers would be given additional FSI for their work.

1 Rapid Growth of Real Estate in Surat

- ▶ Surat's real estate market grew at 11% in 2011-12 and the real estate business is growing at a rate of 15-20% per annum.
- ▶ This is mainly attributed to high demand and low supply of residential and commercial project. Also skilled professionals working in industrial towns like Vapi, Ankleshwar and Valsad prefer Surat as their residence due to comfortable amenities and transportation facilities.

2 Rise in income levels

- ▶ The under deprived category in India declined to 54 % of total population in 2005 and is expected to further decline to 22% by 2025.
- ▶ This was mainly on account of rising income levels that have created a sizeable layer of middle income class, who are the primary driver of affordable housing.

3 Rising demand for affordable homes

- ▶ There is an inclination towards home ownership in the Indian culture. Even people in lower income groups are determined to purchase a home.
- ▶ However high prices of homes in urban areas have made them unaffordable. This has increased the demand for affordable homes in India.

4 FDI in real estate

- ▶ The government has allowed 100 per cent FDI for townships and settlements development projects through automatic route.
- ▶ The minimum capitalisation for FDI investment has been reduced to US\$ 5 million from US\$ 10 million. This will help to further boost urbanisation.

5 Land Acquisition Bill

- ▶ In December 2014, the government passed an ordinance amending the Land Acquisition Bill.
- ▶ This will help to speed up the process for industrial corridors, social infra, rural infra, housing for the poor and defence capabilities.

Surat ranks fourth in a global study of fastest-developing cities in the world in terms of economic prosperity.

Booming Real Estate Sector

- ▶ Real estate is a new emerging business in Surat and is growing at annual rate of 15-20%.
- ▶ The housing sectors is one of the most preferred segments with leading property developers coming up with all kinds of affordable and luxury housing projects.

High Quality Infrastructure

- ▶ Surat has adequate water supply network covering 95 % of the city with some parts having 24*7 water supply.
- ▶ 95% of the city is covered by underground sewerage system. Surat has waste to energy plants installed for converting sewage waste to energy.

Effective Governance system

- ▶ The city has an efficient and effective governance system with most of the civic services being available online and citizens can do most of the transactions online on Surat Municipal Corporation (SMC)'s website and Mobile application.

Advanced systems and capabilities

- ▶ Advance systems like CCTV surveillance, Mobile APP, Tertiary Treatment Plan for recycling waste Water, Underground Cabling , Energy from Renewable sources, WiFi hotspots etc are already present in Surat.
- ▶ This makes it an ideal investment destination

High GDP growth rate

- ▶ Surat has registered high GDP growth rate of 12 to 13% from 2013-15.
- ▶ It contributes to 42% of world's total rough diamond cutting and polishing; accounting for US\$ 10 billion, which forms approximately 65% of the total diamond exports from India.

Manpower Availability

- ▶ More than 70% of Surat's population is under 35 years of age. This indicates availability of potentially large working population.
- ▶ Fast development of various industries in and around Surat City makes it a preferred destination for job seekers from all around the country.

Project Information

Project at a Glance

Project Name	Construction of 5750 Units under Affordable Housing on PPP (in situ Redevelopment of Slums) under Smart City Mission, Surat
Location	Surat, Gujarat
Area of the Estate	60 acres
Focus Sector	Real Estate – Slum Development
Target Audience	Real estate developers and Indian corporates

Project site – Surat, Gujarat



15 Talukas
10 Sub-Districts
22 Towns
713 Villages

- ▶ The city is located in the southwest part of Gujarat on the banks of Tapti river with a geographical spread of over 326 sq.km. It shares border with Bharuch, Narmada in north, Navsari in south, Bharuch and Gulf of Cambay to the west.
- ▶ Surat Municipal Corporation (SMC) is responsible for making Surat self-reliant and a sustainable city with all basic amenities and providing a better quality of life.
- ▶ SMC also takes care of affordability in housing sector and has constructed more than 80,000 houses for the urban poor and 2,460 units under slum redevelopment
- ▶ Diamond city Surat's population grew from 28.12 lakh in 2001 to 60.81 lakh in 2011 — a rise of 58.68%
- ▶ Spiral in Surat's population is due to "immigration" from other parts of Gujarat as well as other states of India.

Description	Rural	Urban
Population (%)	20.26 %	79.74 %
Total Population	1,232,109	4,849,213

Affordable housing market under PMAY-PPP

- ▶ In Gujarat, Mukhya Mantri Housing Scheme has been announced during the 12th Five Year Plan in the financial year 2013-14 to make urban area slum free to provide affordable housing to lower income group urban families.
- ▶ About seven lakh families live in slums in urban areas. State government aims to give priority to rehabilitate them in situ. They shall be provided houses of minimum 25 sq. mtr. carpet area and having basic facilities free of charge.
- ▶ Following are the In-situ slum redevelopment (PPP) projects of Gujarat.

City	Number of Projects
Ahmadabad	6
Surat	8
Rajkot	10
Vadodara	6

- ▶ **Construction of 5750 Units under Affordable Housing on PPP** aims at providing permanent shelter with basic social and physical infrastructure and access to various amenities to the slum dwellers of Surat City.
- ▶ The project includes "In-situ" slum rehabilitation using land as a resource with private participation , provision of Pucca houses to eligible slum dwellers inclusive of physical and social infrastructure.
- ▶ As per the "Pradhan Mantri Awas Yojana" Housing for All (Urban), Scheme Guidelines, 2015, the SRS-PPP projects of Surat Municipal Corporation (SMC) are eligible for Central Assistance under the "In-situ" Slum Redevelopment component.

SMC as per the PMAY policy guidelines requests a contribution of Rs. 10200 lakhs for 10200 units from the Central Government.

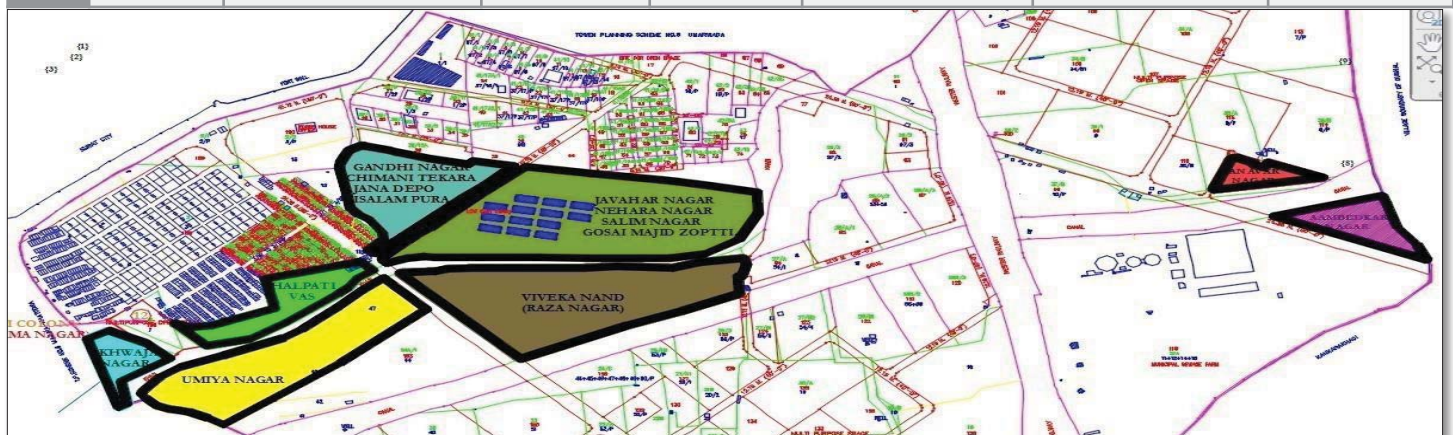
Contribution of Gol for each Housing Unit (In Rs.)	1 Lakh
Number of Housing Units	10200
Total Contribution of Gol (In Rs.)	10200 Lakhs

Project Information



SMC has selected 11 slums to be redeveloped under private partnership under Pradhan Mantri Awas Yojana for which Total project cost is 464 Cror, time limit for completion of project is 2 years and tenders published for PPP-1, PPP-2, PPP-7, PPP-8

Sr. No.	PPP ID	Name of Slums	Location	Final Plot Area In SQM	Approximate No.of Huts	Approximate Area Of Slum In SQM	Jantri Value As Per ASR 2011 In Rs Per SQM
1	PPP-1	Gandhinagar	TPS No 7 (Anjana) F.P.No 191	28542	400	7394	21250
2		Chimani Tekro			800	5775	
3		Juno Depo & Ishalampura			300		
4	PPP-2	Jawaharnagar	TPS No 7 (Anjana) F.P.No 45	73331	400	2800	17250
5		Nehrunagar			300	5086	
6		Salimnagar			300	2883	
7		Gausiya Masjid			200		
8	PPP-3	Ambedkarnagar	TPS No 7 (Anjana) F.P.No 118	10556	600	10556	12000
9	PPP-4	Anavarnagar	TPS No 7 (Anjana) F.P.No 117	8129	850	8129	12000
10	PPP-7	Halpatiwas	TPS No 7 (Anjana) F.P.No 187	13997	800	13997	21250
11	PPP-8	Khwajanagar	TPS No 7 (Anjana) F.P.No 185	8981	850	8981	14500
		TOTAL		143536	5800	65601	



Infrastructure availability/ connectivity



Rail

- ▶ Surat is connected with other districts of the state such as Rajkot, Vadodara and Ahmedabad by rail.
- ▶ The proposed site in South West Zone of Surat is ~15 kms away from the Surat railway station.

Proposed

- ▶ The Mumbai-Ahmedabad bullet train project will have Surat as one of the stations.
- ▶ In 2016, the Gujarat government assigned Delhi Metro Rail Corporation as a consultant for the proposed metro connectivity in Surat.



Road

- ▶ The city is connected to Delhi Mumbai Industrial Corridor (DMIC) which links Ahmedabad, Vadodara and Surat.
- ▶ Proximity to NH-8 and NH-6 further enhances connectivity in the city.
- ▶ Surat also has very good connectivity with other cities of the state such as Vadodara (154 km) and Ahmedabad (265 km).

Proposed

- ▶ Proposed four-lane highways which are expected to improve connectivity in Surat include – Dakor-Savli, Vadodara-Dabhoi & Surat-Olpad-Bardoli.



Air

- ▶ Surat domestic airport is well connected to various parts of the country. The city is located ~275 kms from the international airport at Ahmedabad.

Proposed

- ▶ In January 2015, Airports Authority of India gave an in-principle approval for cargo terminal at Surat airport worth INR70 million. The terminal is expected to be operational in 2017.
- ▶ In February 2016, Surat Airport Action Committee filed an online petition for an international airport at Surat.



Port

- ▶ The nearest port is Hazira which is 25 km from Surat.
- ▶ Additionally, Hazira port is well connected to Mundra port and Jawaharlal Nehru Port Trust (JNPT) – India's largest container port
- ▶ Thus, it provides a convenient textiles-related trade gateway to International (Europe, Africa, America and the Middle East) and domestic markets.

Utilities



Water

- ▶ Water for industrial purposes can be obtained from four sources viz. Gujarat Water Supply and Sewerage Board (GWSSB), an irrigation canal, dams, and surface reservoirs.



Power

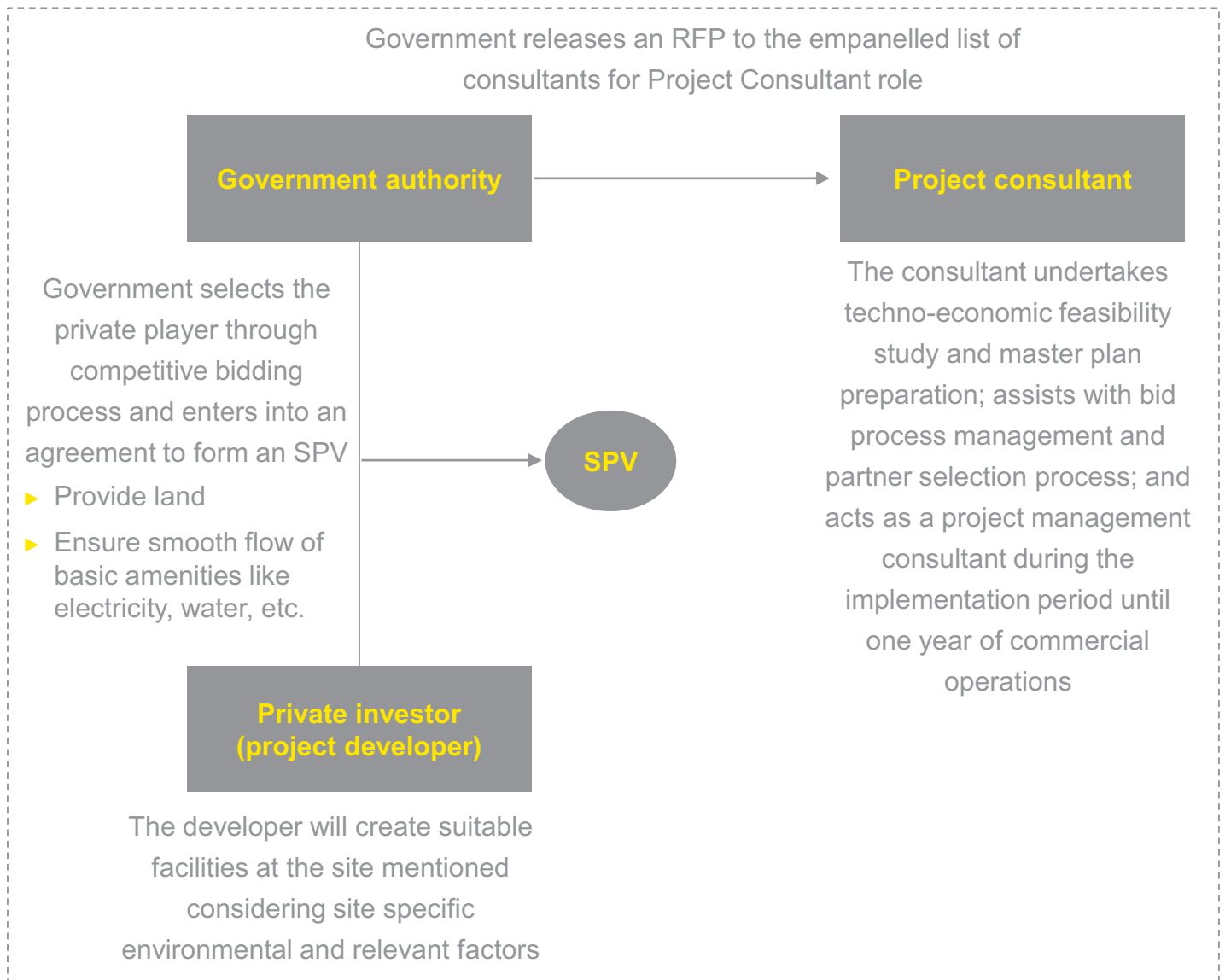
- ▶ The main source for the power supply is Torrent Power Limited in Surat

Key Considerations

- ▶ **Challenges faced by Surat:** Due to the booming industries in Surat there is a high population influx. This could impact the infrastructure of the city which can collapse anytime. The city is also periodically prone to floods.
- ▶ **Lack of Availability of Urban Land:** Rapid growth of urbanization has led to high population density in urban areas thereby creating a huge demand for land. The shortage is further exacerbated by poorly conceived central, state and municipal regulations resulting in high land prices.
- ▶ **Lack of Marketable Land Parcels:** Government authorities or state-owned entities such as railways and ports own large tracts of urban land, which are nonmarketable resulting in inefficient use. There is also proliferation of slums and squatter settlements in these areas.
- ▶ **Lack of Access to Home Finance for Low-Income Groups:** Low-income groups (LIGs) lack access to housing finance. Majority of the loans (~80 %) disbursed by Housing Finance Companies (HFCs) are to Mid-Income and High-Income Groups (>INR 10 lakhs). Risk of loan turning into NPAs and uneven repayment pattern deprives LIGs from availing loan.
- ▶ **Regulatory Constraints:** Real estate development projects are subjected to lengthy approval process resulting in project delays which escalates construction cost. Also there is lack of clarity in building bylaws and rules for Floor Space Index (FSI), zoning and development plans formulated by the Urban Local Bodies (ULBs) and Urban Development Departments (UDDs) in India.
- ▶ **Lack of transparency in governance:** There have been instances around conflict of interests like being a franchise and a league owner at the same time, controversial auctioning of players and spot-fixing. Such incidents have raised questions on professional governance and transparency

Project Structure & Implementation Model

- ▶ In the proposed PPP model the government would essentially provide land to a private player to develop the required number of units.
- ▶ The Government will also set performance measurement targets and a monitoring mechanism to ensure sustainable development
- ▶ The private player will develop the requisite units as per key performance Indicator specified in the tender document



Implementation Model

State government decides to follow Rehabilitation policy by private developers' partnership of slums situated on public lands

Scope and Commencement

- ▶ The policy shall apply to slums situated on public lands.
- ▶ Public lands shall include government lands, lands released under Urban Land Ceiling Act, lands owned by Urban Local Self-government Bodies, Urban Development Authorities, Public Boards, Undertakings and Public authorities.
- ▶ The policy shall be extended for other lands also in future as decided by the State government.
- ▶ Urban authorities shall be established at State and urban level
 - ▶ There may be minimum 12 numbers in the Slums Rehabilitation Authority at State level

Benefits admissible to the beneficiaries

- ▶ The families who live in slums as on 1-12-2010 shall be considered as beneficiaries under the policy.
- ▶ A list of beneficiaries shall be preferred on any of two criteria out of four for rehabilitation by Implementing Agencies, viz.; Electricity Bill, Voters' Identity Card, Slum Survey or Ration Card.
- ▶ Benefits shall be given of Anganwadi/Health Centre having minimum 50 sq. mtr. areas for each such 500 houses as per rules.

PPP partnership

- ▶ Rehabilitation of slums situated on public lands shall be made by public-private partnership
- ▶ Private players to get place vacated, obtain sanctions and make necessary financial fund for Rehabilitation of the slums
- ▶ Maximum three F.S.Is shall be given to private developers for the purpose of development on land for slums rehabilitation.
- ▶ If after Rehabilitation of slums in-situ, vacant lands are saved, the developers shall develop free sales on vacant land under existing rules
- ▶ Selection of private developers shall be made by public and transparent tender system

Transferable Developmental rights

- ▶ Transferable Developmental rights of the price equivalent to the price paid by the selected developers for slums rehabilitation scheme shall be given to the developers
- ▶ The lands which are on the roads having 18 meters or more width shall be entitled to get height of construction up to 70 meters

Partnership of slum-dwellers

- ▶ Cooperation shall be sought for planning of slums rehabilitation scheme, to prepare maps, survey, assignment, and database.
- ▶ Microscopic planning of slums rehabilitation scheme shall be made by their cooperation

Allocation of houses

- ▶ Selected developers shall allot to the entitled slum-dwellers the houses prepared under slums Rehabilitation schemes by computerized draw in their presence under supervision of the prescribed authority
- ▶ Prescribed authority/Urban Local Self-government shall be the owners of the land
- ▶ Minimum 200 sq. meters or 8% area of building units, whichever is more shall be allotted for common plot
- ▶ After deducting margin place, the area of the plot-margin shall be kept as per rules proposed in DP 2021 of AUDA
- ▶ If the width of road is 18 meters or more, height of the building upto 70 meters shall be accorded sanction

Project Financials



Project Cost and Means of Finance*

Project Name	Project cost (in crores)	Central assistance involved(in crores)	Houses involved (in numbers)	Houses yet to start (in numbers)
Redevelopment of Slums at Ambedkar Nagar behind Textile Market, Ring Road, Anjana	48	6	600	600
Redevelopment of Slums at Halpatiwas Behind Textile Market, BRTS Road, Anjana	64	8	800	800
Redevelopment of Slums at Khwajanagar Behind Textile Market, BRTS Road, Anjana	68	8.5	850	850
Redevelopment of Slums at Anvarnagar near Textile Market, BRTS Road, Anjana	68	8.5	850	850
Redevelopment of Slums at Jawaharnagar, Nehrunagar, Salimnagar and Gausiya Masjid near Textile Market, Ring Road, Anjana	96	12	1200	1200
Redevelopment of Slums at Umiyanagar Behind Textile Market, BRTS Road, Anjana	112	14	1400	1400
Redevelopment of Slums at Gandhinagar, Chimni Tekro, Juno Depo and Islampura near Textile Market, Ring Road, Anjana	120	15	1500	1500
Redevelopment of Slums at Vivekanandnagar Behind Textile Market, BRTS Road, Anjana	240	30	3000	3000
Total	816	102	10200	10200

PMAY : Report for latest Progress at Project & City level in In situ Slum Redevelopment (ISSR) [as on 1st August 2016]

Approvals

Approval of building plans

- ▶ Approval from Surat municipal corporation is required.

Acquisition of land

- ▶ In case of Government land approval from concerned district collector/district development officer is required.

Clearance from Pollution Control Board

- ▶ No Objection Certificate (NOC) to be obtained from Gujarat Pollution Control Board (GPCB).
- ▶ Environmental clearance to be obtained from Ministry of Environment and Forest and Government of Gujarat (State Impact Assessment Committee)

Arrangement of power

- ▶ Approval from Torrent Power is required.

Arrangement of water

- ▶ For water supply approval from Surat municipal corporation is required.

Incentives from Government of India

Central Level Schemes

- ▶ Several policies have been adopted by Central Government to provide affordable housing for the EWS, LIG and lower MIG.
- ▶ These include National Urban Housing and Habitat Policy (NUHHP), Jawaharlal Nehru National Urban Renewal Mission (JNNURM), Pradhan Mantri Awas Yojana (PMAY) etc.

FDI Policy

- ▶ The government has allowed 100 per cent FDI for townships and settlements development projects through automatic route.

Financial Support

- ▶ Proposed allocation of INR 40 Billion for low cost affordable housing will be anchored in the National Housing Bank (NHB).
- ▶ INR 80 Billion has been allocated for the NHB with a view to expand and continue to support rural housing in the country.

Incentives from Government of Gujarat

FSI Incentive

- ▶ Under affordable housing policy private developers will be eligible for FSI(Floor Space Index) up to 3. This FSI can be utilized only on plots where affordable houses are built and cannot be transferred to some other place.

Tax Benefit

- ▶ The private developer is entitled to receive tax benefit of 100% deduction of profits for the developing and building affordable housing projects.

Exemption from Municipal Charges

- ▶ The developer will be given exemption from municipal charges for plots that are used for construction of EWS/LIG category houses.

Interest Subsidy

- ▶ The state government will provide interest subsidy to the beneficiaries (EWS/LIG people) on interest charged on housing loan up to INR 1 lakh .

Gujarat Housing Board

<http://www.gujarathousingboard.org/>

Urban Development and Urban Housing Department

<http://http://www.udd.gujarat.gov.in/>

Surat Municipal Corporation

<https://www.suratmunicipal.gov.in/>

Forest and Environment Department, Gujarat

<https://fed.gujarat.gov.in/>

Industries and Mines Department, Gujarat

www.imd-gujarat.gov.in/

iNDEXTb - Industrial Extension Bureau

www.indextb.com

This project profile is based on preliminary study to facilitate prospective entrepreneurs to assess a prima facie scope. It is, however, advisable to get a detailed feasibility study prepared before taking a final investment decision.

For further details:

iNDEXTb
INDUSTRIAL EXTENSION BUREAU
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