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ABSTRACT

Indian cities have long struggled with the challenge of inadequate housing amidst rapid urbanisation and worsening urban poverty. Government policies have failed to fill the gap, focused as they are on ownership housing alone and neglecting rental housing. The 2015 draft National Urban Rental Housing Policy and 2019 draft Model Tenancy Act aim to rectify this situation. For these policies to be successful, however—and for India to realise its goal of ‘housing for all’—the government must provide incentives and encourage all states to be equal partners in the endeavour.

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INTRODUCTION

India's Directive Principles of State Policy encourages the State to secure, among others, a decent standard of living for all.¹ This goal cannot be achieved without providing adequate shelter. As India has rapidly urbanised in recent decades, with the urban population growing from 62.4 million in 1951² to 377.1 million in 2011,³ its cities have failed to provide sufficient housing for all residents, especially for migrant populations. According to a 2012 report, “[a] substantial housing shortage looms in Urban India and a wide gap exists between the demand and supply of housing, both in terms of quantity and quality.”⁴ The housing deficit mounts every year,^a and was estimated at 18.78 million over the 2012-17 period.⁵

Much of this crunch was in housing for the poor and lower-income groups,⁶ forcing a substantial number to seek refuge in slums and other informal dwellings that have poor ventilation, limited access to water and sanitary facilities, and compromised safety. According to the 2011 Census, of India's 78.86 million urban households,⁷ 13.7 million were in slums,⁸ 32.13 percent of which were one-room tenements. About 54.5 million households—or 69.16 percent of all—owned their dwellings and 27.55 percent lived in rented accommodation.⁹

In the two decades following India's independence, the government's focus was on post-Partition rehabilitation,¹⁰ while its broader endeavour of urbanising the country and tackling the challenge of urban housing wavered. At the time, there was no official housing policy, and housing programmes that targeted beneficiaries—from dock workers to

a Housing shortage is primarily caused by urban congestion due to a typology of low-income areas, illegal land sub-division, slums, urban villages, low income resettlement colonies and other fringe areas.

government employees—were siloed.¹¹ Although the preoccupation with villages and rural poverty, decidedly enormous issues at that time, was a cause for the inadequate focus on housing policy, the government also failed to fully comprehend the impact of the steady shift of populations from villages to towns and the urbanisation of poverty.^b

The first significant policy move to address the urban housing issue came in 1970 with the establishment of the Housing and Urban Development Corporation as a private limited company under the Companies Act 1956 to assist in the construction of affordable housing.¹² This was followed by the Environmental Improvement of Urban Slums Scheme in 1972 and the Urban Basic Services Scheme (UBS) in 1986, both focused on infrastructure and basic services,¹³ and the establishment of the National Housing Bank in 1986.¹⁴ In 1988, the government announced a National Housing Policy, which was revised in 1994.¹⁵

In the 1990s, the government introduced the Urban Basic Services for the Poor, an enlarged version of the UBS; the Nehru Rozgar Yojana (NRY), which combined housing, employment, provision of skills and financial assistance for self-employment; and the National Slum Development Programme, which attempted to fuse the NRY's housing component with poverty alleviation.¹⁶ These were followed by the Valmiki Ambedkar Awas Yojana, Basic Service for Urban Poor and the Integrated Housing and Slum Development Programme under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) and Rajiv Awas Yojana.¹⁷ The National Urban Housing and Habitat Policy was launched in 2007 with the goal of providing 'affordable housing for

b Urbanisation of poverty refers to the migration of the rural poor to cities in search of jobs and, in the process, replacing the poverty of income with the poverty of living conditions.

all' by earmarking land for lower-income groups in new housing projects, while maintaining the government's role in social housing to make affordable housing available for such groups.¹⁸ In 2015, the government launched the Pradhan Mantri Awas Yojana (PMAY),¹⁹ setting a target to provide housing for all by 2022. The PMAY supports the construction of ownership houses for the urban poor and offers central assistance of up to INR 1 lakh per house. It has four verticals that subsume JNNURM's housing for all and basic services for the urban poor components.

These interventions all focused on the creation of ownership housing stock. The public sector was concerned with providing affordable housing to the vulnerable populations, while the private sector addressed the needs of the moneyed segments. Despite its large size and potential, the private sector found affordable housing unattractive given the lack of a nurturing policy framework and governmental support. The public sector, meanwhile, appears to have concluded that 'housing for all' only meant ownership housing.

Almost all housing being *ownership housing* is better suited to the rural context where residents are primarily engaged in agriculture and remain in the village they are born in. For instance, the Maharashtra government runs a '*gaothan* (land) extension' programme to allow new agricultural or community lands to be converted for residential use by large families.²⁰ Businesses and services in the small towns and villages may also attract people from other settlements, who will require housing spaces. But these requirements are marginal and can be met by existing properties.

In cities, however, rental housing is a far more viable option when those seeking accommodation are from both the formal and informal sector.

URBAN RENTAL HOUSING

Although rental housing is crucial in urban areas, India has historically given little attention to the segment. In cities, rental housing is a vital and growing need for a diverse group of people. For people who relocate to different towns and cities for work, students who move for education, public sector employees who are given postings without accommodation provisions, or informal sector workers, owning a house will likely not be an option since their stay in the city may be temporary, or they do not have the financial means to buy a house.

Young people who move to urban areas for jobs will likely opt for rental housing even if they plan to live in the same city indefinitely. Unlike the past, young migrants now “seek mobility and don’t want to stick to one geography. Renting offers more flexibility and freedom of moving base when a more exciting job opportunity presents itself,”²¹ and are “slower to marry and have children than previous generations, thus delaying the life events that typically precede first-time home ownership”.²² The youth “would rather travel to 50 countries before they turn 30, have three jobs or own their business rather than buy a home. This has led to a paradigm shift in the Indian real estate industry”.²³

At the same time, the need for rental housing is even larger and more pressing for those at the lower end of the employment spectrum. For low-income groups, daily wagers and other informal sector migrant workers, rental housing is the only affordable option in an expensive housing market. According to government estimates, between 26-37 million families in urban India live in informal housing.²⁴

Additionally, there is also a group of people innately averse to purchasing property and think it wiser to live in rented units than be

harried by the issues that property owners face, including maintenance and the payment of taxes.

Similar trends of increased rental housing demand have been seen around the world. In the US, for instance, there has been an unprecedented surge in rental demand. “In 2015, 43 million families and individuals lived in rental housing, up nearly 9 million from 2005 – the largest gain in any 10-year period on record. In addition, the share of all US households that rent rose from 31 percent to 37 percent, its highest level since the mid-1960s.”²⁵ About 145 million Americans live in households owned by Real Estate Investment Trusts (REITs).²⁶ Modelled on mutual funds, REITs own, operate or finance income-generating real estate, including rental housing. The demand for rental accommodation is driven by the bursting of the housing bubble, a fall in household incomes and the larger demographic percentage of millennials.²⁷ In 2016, the US rental housing stock comprised 1.2 million public housing units, 1.5 million federally assisted and privately-owned affordable homes, 2.78 million low-income housing tax credit units and 5.5 million unsubsidised affordable rental units.²⁸ The US government appears to play a proactive role in the provision of affordable rental housing and provides assistance and subsidies to meet this goal.²⁹

In 2018, about 70 percent of all European Union (EU) residents lived in owner-occupied dwellings, 20.8 percent were tenants with a market price rent, and 9.3 percent resided in reduced rent or free accommodation.³⁰ However, some of the more developed EU nations had a higher percentage of rented dwellings. Nearly “two fifths of the population in Germany (40.8 %) and Denmark (39.4 %) lived in rented dwellings with a market price rent, as did more than one-third of the population in Sweden (35.0 %), around three tenths of the population in the Netherlands (30.2 %) and Austria (29.7 %), and around one fifth in Luxembourg (23.4 %), Greece (21.3 %) and Belgium (19.4 %). The share

of the population that lived in rented dwellings with a market price rent was even higher in Switzerland where it exceeded half (51.1 %). The share of the population living in a dwelling with a reduced-price rent or occupying a dwelling free of charge was less than 20.0 % in all of the EU Member States.”³¹

In the UK, a 2018 housing survey (based on 2016-17 figures) revealed that a fifth of the population lived in privately rented accommodation, accounting for 4.7 million households.³² Exorbitant housing prices in the UK have forced people to remain in rented accommodations,³³ opting to rent rather than buy.³⁴

At the same time, rental housing remains unexplored as a policy position in the developing world. According to the World Bank, “It is amazing that rental housing as a critical component of any housing policy has remained virtually untouched in most if not all emerging economies, despite being the object of considerable attention and support in most developed economies. Simply said, every country has a segment of the population that cannot afford to buy a home, should not qualify for a mortgage, or simply does not want to own a home at a certain stage in their lives.”³⁵

India’s 2015 draft National Urban Rental Housing Policy (NURHP) was the first official government acknowledgement that homeownership was “unlikely to solve the housing shortage in urban India keeping in view that majority of the urban housing shortage pertains to EWS [economically weaker sections] and LIG [lower income groups] categories”³⁶ who are unable to afford decent housing. These groups face multiple financial constraints—negligible disposable incomes, weak creditworthiness, and an inability to procure a formal bank loan. Housing loans to the economically weaker sections are also on the wane—between 2012-13 and 2013-14, loans of up to INR 2 lakh

declined from 2 percent to 1 percent; up to INR 5 lakh fell from 14 percent to 9 percent; and up to INR 10 lakh from 34 percent to 26 percent.³⁷

The 2011 Census reported that over 27 percent of urban residents live in rented accommodation. This was down from 54 percent in 1961, although the household data in that Census was based on a 20-percent sample.³⁸ According to the National Sample Survey, 25 percent of hired dwelling units are informal and only 5 percent are formal.³⁹ Migrants to urban areas form the single largest population segment living in such units.⁴⁰ In 2019, India's rented households were estimated to total 21.72 million,⁴¹ with eight states and union territories—Tamil Nadu (16.5 percent), Andhra Pradesh (13.8 percent), Maharashtra (13.5 percent), Karnataka (11.3 percent), Gujarat (6.1 percent), West Bengal (5.9 percent), Uttar Pradesh (5.1 percent) and the National Capital Region (4.3 percent)—accounting for 76.5 percent of these households.⁴²

Impact of rent control laws

According to the 2011 Census, 11.09 million houses in urban areas were lying vacant.⁴³ While speculative housing (buying a house only to sell when prices skyrocket), investing in housing to park money and harsh rental property tax rules have played a role in the housing crisis, the foremost reasons are the absence of a policy framework for rental housing⁴⁴ and legislation brought in by states through rent control laws. Initially introduced in India in 1948, the first- and second-generation rent control laws were enacted “with the objective to counteract the inequality of bargaining power between landlords and tenants”.⁴⁵ The laws fixed standard rent based on construction costs and the market value of the property, which these could not be increased beyond the maximum determined by law. Further, they prevented the eviction of

the tenant, with tenancy transferred to family members if the tenant were to die.⁴⁶ The laws created “many market distortions which proved detrimental for the rental housing market to flourish in India”.⁴⁷ They ignored any consideration on the impact of inflation on rents, the cost of property maintenance, and the just return on investment for property owners. Unfortunately, such laws remain on the statute book beyond their utility.⁴⁸

The collapse of India’s urban rental housing sector—down from 54 percent in 1961 to 31 percent in 2011, and steadily falling⁴⁹—is overwhelmingly an outcome of the archaic and draconian rent control laws. Similar laws were enacted around the world in the aftermath of World War II but have since been abandoned or radically reformed in most of the developed world. In India, however, legislators are unable to fundamentally restructure the rent laws over fears of upsetting tenants, who outnumber lessors as a voting bloc.

“For several decades after World War II, rents in Mumbai (and the erstwhile Bombay province) were regulated by the Bombay Rents, Hotel and Lodging House Rates Control Act of 1947.”⁵⁰ The Act was to expire in 1973 but was extended repeatedly until being replaced by the Maharashtra Rent Control Act in 1999. The 1999 Act provided an annual rent increase of no more than 4 percent from the date that the standard rate is fixed; protects tenants from eviction on unfair grounds; recognises ‘*pagdi*’ (a lumpsum principal amount retained by the lessor as a deposit) as legal; and exempts leave and license agreements from rent control.⁵¹ Other state rental laws, such as those in Karnataka and Delhi, also remain heavily in favour of tenants.⁵²

The most obnoxious feature of rent control laws is the rent cap (standard rent), which is fixed at the time of initially letting and is only allowed a marginal annual increase that is far below the rate of

inflation.^[53] The cap applies to old and new housing units. As a result, in Mumbai, for instance, while self-occupied and tenanted units were nearly equal in number in 1961, by 2010, an overwhelming 95 percent of new residential construction were owned and the rest leased.⁵⁴

With rents capped and “unable to evict defaulting tenants, landlords have allowed their buildings to either deteriorate or collapse,” leading to the dilapidation of existing rental housing stock.⁵⁵ Also, owners of unrented newer properties chose to keep them vacant over fears of losing them, given that the laws heavily favoured the tenant.

India’s regressive rental laws have had a cascading effect. It has been a drag on the health of the rental housing sector and has driven away a substantial portion of potential private investment by eliminating profitability due to virtually frozen low rents. This, in turn, has had a huge negative impact on the urban economy. By depressing rental housing activity in cities, the laws have slowed down India’s urbanisation—many would like to work in cities but are unable to afford reasonably decent and cost-effective rental housing. The laws are also responsible for the ‘slumisation’ of India. The lack of affordable rental housing has pushed a large portion of the urban population, mostly migrants, into slums. In effect, the laws have led to the decline of formal rental housing and driven the sector into informal housing arrangements.⁵⁶

Additionally, in a bid to sidestep the draconian rental laws, the leave and license agreement—a formal contract allowing the licensee to temporarily occupy (generally for a period of 11 months and open to renewal on expiry) the licensor’s immovable property for a fixed rent without creating property rights—found increased favour.⁵⁷ However, such agreements remain few in number over fears that the government could declare leave and license subject to rent control.

Co-living spaces: A cost-effective urban rental housing solution?

Despite the lack of a strong policy framework and the regressive rent laws, the Indian housing market has responded to the demand for cost-effective rental housing, especially for the young, middle-class working population, giving rise to co-living spaces (private living area with shared common areas).⁵⁸ “In 2018, millennials constituted around 42 percent of the workforce in India across top seven cities (Mumbai, Delhi NCR, Bengaluru, Hyderabad, Kolkata, Pune and Chennai) and are expected to grow at 6 percent compound annual growth rate (CAGR) by 2023.^[59] Moreover, 40 percent of the millennial workforce are migrants who have limited budgets, but rate flexibility and convenience at the top.”⁶⁰ The co-living market is expected to reach INR 1 trillion in the next five years.⁶¹

The basic concept of co-living is not unknown in India, with many cities and towns already having paying guest accommodations and other similar housing models.⁶² In the current avatar, the private sector is catering to the needs of young professionals who prefer shared rental accommodation at a fraction of the cost of independent rentals. Co-living offers flexible lease terms, with low costs for lessors and service providers as well (who have adopted the hospitality sector’s ‘asset-light model’).⁶³

The co-living rental housing market is expected to drive the residential real estate sector in the coming years, and several innovators and real estate companies have entered the segment.⁶⁴ But India needs a robust regulatory infrastructure that systematises and aids the growth of the sector. While there are key challenges, such as the creation of ‘relevant supply’ for co-living operations, it is expected that the market will respond to the development of build-to-suit products. In addition

to the development of a regulatory framework for the sector, clarity over approvals and licenses for co-living operators, and fiscal and non-fiscal incentives for developers and operators will go a long way in shaping the co-living market.⁶⁵

TACKLING THE URBAN HOUSING CRISIS: EVALUATING CURRENT POLICIES

Despite some market innovations, such as the emergence of co-living spaces, India continues to struggle to provide adequate homes for the lower middle class and the economically weaker sections in cities. However, the government appears to be willing to address the issue of urban rental housing in cities and regressive rental laws through two policy initiatives—the 2015 draft NURHP, which seeks to provide thrust to the creation of urban rental housing stock; and the 2019 draft Model Tenancy Act (MTA), which attempts to make the current rent laws impartial.⁶⁶

National Urban Rental Housing Policy

The draft NURHP, issued by the Ministry of Housing and Urban Affairs (MHUA) in 2015, defined rental housing as “a property occupied by someone other than the owner, for which the tenant pays a periodic mutually agreed rent to the owner,”⁶⁷ who could be an individual or a legal entity. The draft policy segments rental housing into five categories:

- **Formal and informal:** In formal rental housing, the owner and tenant enter into an agreement, which is registered with a competent authority. In informal rental housing, there is no such registered agreement.
- **Market driven:** Individual owners, institutions or private rental

housing operators (such as hostel owners) finance the construction and management of the housing unit without any assistance or aid from the government.

- Need based: Catering to the need of different groups (such as students, teachers, working women or men, nurses, construction workers, migrants) who have a source of income, but find it difficult to afford rent.
- Public: Social rental housing owned by the government, local authority or its entities.
- Social: Rents are set at a below-market-rate level to be affordable by economically weaker sections and low-income groups. Can be owned and managed by the government, local authorities, public sector undertakings, non-profit organisations, or private and charitable institutions.

According to the NURHP, the “main factors preventing investment in rental housing are rent control laws; unrealistically low rental yields; poor maintenance of rental stocks; low quantity of housing constructed for rental purposes; holding back unoccupied houses for fear of losing control etc.” It lays out a vision “to create a vibrant, sustainable and inclusive rental housing market in India”. Its broad objectives are:

- to create adequate rental housing stock by promoting social rental housing (SRH)
- to promote shelter facilities for the most vulnerable groups within the homeless population
- to promote need-based rental housing (short/mid/long term basis) for specific target groups

- to promote private rental housing and institutional rental housing
- to facilitate fund flow from the government and private sector through innovative financial Instruments to incentivise rental housing
- to promoting public-private partnerships

The NURHP envisions the central government, state government and urban local bodies as enablers and facilitators for urban rental housing by enacting relevant policies and regulations. It also envisages that the government will provide fiscal and non-fiscal incentives to the tenants, including “tax exemptions, housing vouchers etc,” and will encourage states “to repeal/amend their respective Rent Control Acts and adopt the Draft Model Tenancy Act, 2015” and facilitate “income tax concessions for institutional owners that create mass rental housing especially catering to the affordable SRH sector.”

According to the draft NURHP, since housing is a state subject, “it is the primary responsibility of State Governments to ensure housing for all”, and they must “Develop State Rental Housing Policy in consultation with the respective Urban Local Bodies (ULBs) based on local needs and demand assessment and...undertake appropriate reforms and create conducive environment to make Social Rental Housing viable.”

Deficiencies in NURHP

Although the NURHP makes several progressive recommendations, it also lacks on many fronts. First, the central government’s low financial commitment will mean tremendous difficulties in housing the urban poor. India’s major cities have the highest demand for rental housing, but rents are exorbitant. In Mumbai, for instance, the 2019 annual

ready reckoner (ARR)^c puts the average cost of one square metre of land at over INR 1.5 lakh. Since the introduction of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act in 2013,⁶⁸ double the ARR must be paid to the landowner, putting the cost of land upwards of INR 3 lakh. If a 30 square metre rental unit is built, with a floor space index^d of three, the land cost will be INR 30 lakh. If the construction cost is added, and even if all other costs (stamp duty, premium, transaction cost) are ignored, the total base cost will be around INR 3.5 lakh. Further, if the general rule for evaluating rent is applied (at least 1 percent of the purchase price as monthly rent), the tenant will need to pay about INR 35,000 per month. This is an unaffordable sum for low-income families. Monthly housing costs should ideally not exceed 30 percent of a family's gross monthly income.⁶⁹

How can urban rental housing be made more affordable for economically weaker sections and low-income groups? The central and state governments must bear the cost of land or offer public-owned lands for low-cost rental housing. Additionally, governments should incentivise the private sector to invest in low-cost housing with fair profitability.

Model Tenancy Act

In early 2019, the central government announced plans to enact a model tenancy law to catalyse rental housing since India's current rental laws do not address "the relationship between the Lessor and the Lessee

c Published annually by the state government, the annual ready reckoner lists property rates by area, and is the base on which stamp duty and registration charges are calculated and levied.

d Floor Space Index is the ratio of the total area of a building on a plot of land to the size of the land plot. It is an indicator of how much one can build on a plot of land.

realistically and fairly”.⁷⁰ The aim was “to boost housing stock to a level where people do not have to spend a large slice of their income on rent. And to have sensible rent laws that foster a market for rented accommodation, rather than hoarding of empty houses by owners fearful of losing possession of their investment to permanent tenants.”⁷¹

In July 2019, the MHUA released the draft MTA, which proposes a legal framework to balance the lessor-tenant relationship, which could “give a fillip to rental housing”.⁷² The MTA applies to any premise that is let separately for residential, commercial or educational use. Hotels, lodging houses, rest houses, premises owned by religious and charitable institutions, and government-owned properties are beyond its mandate.

The MTA proposes the establishment of adjudicating authorities—rent authority, rent court and rent tribunal—which will speed up the resolution of tenancy disputes and relieve some of the stress on the lower courts.

The rent authority can fix or revise the rent on an application by the lessor or tenant; it can investigate and decide cases where the tenant deposits the rent with the rent authority if the lessor does not accept the rent; it can allow the tenant to vacate the premises if it becomes uninhabitable in the absence of repairs by the lessor and conduct an inquiry and compensate the tenant or levy a penalty; and it can also penalise any person who interferes with any essential supply or service in the premises occupied by the tenant or the landowner.

The MTA gives exclusive jurisdiction to the rent court and rent authority to hear and decide on applications on disputes between landowners and tenants and related matters. The rent court and rent tribunal are mandated to dispose of cases within 60 days of receiving the

application or appeal, and must record the reasons in writing if cases exceed this period. The orders of the rent court and rent tribunal are executable as a decree of a civil court.

The draft Act includes several initiatives to protect the interests of lessors—a tenant is barred from subletting rented premises without the written consent of the lessor; lessors are allowed to make deductions from the security deposit amount for any liability of the tenant; lessors can seek the intervention of the rent authority if the tenant disconnects or withholds any essential supply or service at the premises; the lessor can evict the tenant on the rent court's direction on grounds such as a failure to pay rent, subletting without permission or misusing the premises.

At the same time, the MTA also seeks to protect tenant interests by mandating that rent cannot be increased during the tenancy period unless the amount of increase or method for increase is expressly stated in the tenancy agreement; lessors must provide a written acknowledgment of rent received; and that security deposits must be refunded when vacating the premises after deducting a liability amount if applicable.

Deficiencies in MTA

The MTA has no or limited clarity on several fronts, which could pose a challenge to its implementation.⁷³ For instance, it is unclear if leases entered into under the Transfer of Property Act 1882 and other relevant legislations will automatically be covered by the MTA.⁷⁴ There is also no clarity on the treatment of premises that provide paying guest facilities.⁷⁵ Additionally, since the term 'rent' is not defined under the Act, the form in which the rent is payable is unclear.⁷⁶ The MTA also does not address the situation that could arise from the failure to execute a

tenancy agreement, the failure to obtain lessors' consent for subletting, the inability to refund security deposits, and the failure to observe obligations imposed on both parties. The Act also does not cap the rental revision percentage, which could lead to further disputes between lessors and tenants.⁷⁷

A significant shortcoming is the lack of clarity regarding the roles of the central government, the state government and urban local bodies. "This could have been done in conjunction with another policy to avoid the long gestation period fraught with implementation challenges which were faced in the case of RERA^e."⁷⁸

The government's role is defined as that of a 'facilitator' or 'enabler'. It will merely extend fiscal and non-fiscal concessions for rental housing created by states, through a public-private partnership or under corporate social responsibility. It classifies rental housing into two broad categories—social rental housing for urban poor and market-driven rental housing. Social rental housing is targeted at the economically weaker sections, low-income groups and "tenants by constraint" (which includes the urban poor belonging to scheduled castes, scheduled tribes and other backward classes, migrants, transgender people and senior citizens). Market-driven rental housing includes institutional rental units such as hostels for students and working men and women, public rental housing⁷⁹ for government and public sector employees, and private rental housing for everyone else.

The MTA shirks off the central government's fiscal responsibility by merely stating, "Housing being a state subject, it is primarily the responsibility of state governments to ensure housing for all." The draft

e The Real Estate (Regulation and Development) Act, 2016, protects the interests of homebuyers and promote investments in the real estate industry.

Act includes only one instance of a budgetary provision in the setting up of a fund for a pilot scheme of providing rental vouchers (to partially offset the cost of rent incurred by the urban poor) in select smart cities even though the rental accommodation will likely be part of the existing stock of private housing at prohibitive market rates. The Centre's role is restricted to demand-side intervention, but what is needed are measures to increase the supply of social rental housing.

CONCLUSION

Despite their shortcomings, the implementation of the NURHP and MTA will have substantial positive impacts on housing in India's cities. The urban housing profile will change dramatically and likely produce spin-off effects in other urban sectors—businesses will become cheaper since lower housing costs will be considered in employees' pay packages, and better housing will lead to fewer slums and improved sanitation.

However, since housing and property is a state subject, individual states will be required to adopt the MTA. Experience shows that this is a tough ask,⁸⁰ and the states' unwillingness to enact rent control reforms will bury these initiatives and the rental housing space will continue to suffer, with broad ramifications that will go beyond the sector. The Union government can encourage the states to adopt the MTA through proactive incentivisation. State and city governments should also offer tax concessions to promote the construction of low-cost housing and fast-track permissions for rental housing.

Moreover, cities will need to address targeted spatial planning for the provision of rental housing. City development plans and development control regulations must look beyond ownership housing and promote affordable rental housing. Land could be earmarked for rental purposes, either exclusively or in combination with other

accommodation, so that a sizeable percentage of all housing becomes available for rentals.

Employee housing in the public and private sector has enormous potential to enlarge the availability of urban rental housing, and governments must assist employers by identifying urban land for this purpose. Further, urban rental housing under incremental housing (step-by-step construction depending on the availability of money and material) can be encouraged if specific concessions in taxes are built in to promote its creation.

Given the importance of urban housing in creating livable cities, moving housing to the Concurrent List of the Constitution needs serious consideration. This will encourage the Centre to take a more critical role in housing provision. The central and state governments must also enact institutional changes regarding housing in peri-urban areas and towns to drive the creation of affordable housing stock instead of speculative housing. India will also gain through better convergence among different missions that seek to assist the creation of adequate urban housing, such as the PMAY, Deendayal Antyodaya Yojana National Urban Livelihoods Mission, and Swachh Bharat Mission. Each can be responsible for a percentage of rental housing stock creation, with a focus on affordable rental housing. It is only by driving urban rental housing that India can meet its housing-for-all goal. ©RF

ENDNOTES

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