Rental Housing
Current Scenario and Emerging Needs

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Statistics

- Housing is a major contributor to the GDP of the country. As per CSO estimate, housing contributed 4.5 percent to India’s GDP in 2003-04.
- The residential property accounts for 80 percent of the overall real estate market in India in terms of volume and has been growing at 34 percent annually, as per NHB estimates.
- The housing shortage is around 24.7 million DUs.
- In urban India, the share of rental housing is low compared to developed countries where it is around 40-50 percent.
- Share of rental housing in urban areas is 30 percent, according to NSS 65th Round, 2008-09.
- In most cities in India, over 30 percent of the population live in slum like conditions.
- India’s urbanisation is only around 30 percent while in other countries, it is much higher.
- According to McKinsey Report 2010, 70 percent of all jobs in the next 20 years will originate in urban areas.

Policy Overview

- In various countries, clear cut policies have been framed for rental (social) housing. In India, we do not have a comprehensive stated Rental Housing Policy.
- In India, the National Housing and Habitat Policy, 2007 states “a Model Rent Act will be prepared by the Government of India to promote rental housing on the principle that rent of a housing unit should be fixed by mutual agreement between the landlord and the tenant for a stipulated lease period prior to which, the tenant will not be allowed to be evicted and after the expiry of the said lease period, the tenant will not be permitted to continue in the said housing unit”.
- The Government of India gives some tax incentives under the Income Tax Act so as to encourage investments in rental housing.
- Under JNNURM, one of the items on the reform agenda is reform of Rent Control Acts in various states of India.
- Some state governments viz. Maharashtra and Rajasthan have in the recent past initiated schemes for Rental Housing and this is a welcome sign.
Rental Housing Need

- Single Male Students
- Single Female Students
- Young Executives
- Newly married Couples
- Migrant Families
- Elderly

Rental Housing Options

<table>
<thead>
<tr>
<th>High Income</th>
<th>Middle Income</th>
<th>Low Income</th>
<th>EWS / Poor</th>
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<tbody>
<tr>
<td>- Hire an apartment / bunglow in a</td>
<td>- Hire a smaller apartment / part of a house /</td>
<td>- Hire accommodation in unauthorised layouts / urban</td>
<td>- Hire single rooms in urban villages, squat in</td>
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<td>posh area</td>
<td>‘barsati’</td>
<td>villages</td>
<td>marginal areas</td>
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<td>- Hire a room with toilet facilities</td>
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Rental Housing in Pandav Nagar, East Delhi

Typical Floor Plan - 1BHK dwelling unit
Pandav Nagar – Rental Housing on 100 sq.yd. plot
Supply – Demand Mismatch

Supply

- Few Suppliers at Select Locations
- High Priced / Large Size

Demand

- Variety of Options (Bed Space, 1/2/3 room)
- All Geographic Locations
- A Full Range of Rentals

Law vs. Practice

- Few are aware of provisions of Rent Control Laws
- Sluggish pace of reforms
- New Tenancy Bill 2011 not appropriate - still has a **fixation with ‘fixation of rent’** – totally against the principle stated in the NHHP which advocates that rent should be fixed between landlord and tenant.
Popular Perception on Landlord Tenant Relationship

Outcome and Concerns

- Landlords do not build to let out
- Too few options, all sections not covered
- Landlords prefer to keep properties vacant
- Professional ‘tenant check’ not available
- Proliferation of illegal settlements
- High rents
- Lack of facilities
- Lack of safety
- Income Tax and Property Tax evasion
- Landlords prefer to accept cash
- Landlords perception is that it is very difficult to get the tenant vacated
- Supply being limited, tenant feels exploited, paying a high rent
- Discriminatory nature of letting out (social issues)
- Security issues
- Monopoly of landlords in the absence of public intervention in rental housing supply
- Urgent need for professionally managed rental housing condominiums (either by public sector or by private sector players)
- Urgent need for Comprehensive Policy and Incentive Package for Rental Housing

Thank you.