

ISSN 2582 - 211X

LEX RESEARCH HUB JOURNAL

ON LAW & MULTIDISCIPLINARY ISSUES

VOLUME I, ISSUE IV

JULY, 2020

Website - journal.lexresearchhub.com

Email - journal@lexresearchhub.com



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URBANISATION AND CHALLENGES OF AFFORDABLE HOUSING IN SMART CITIES

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ABSTRACT

“In the contemporary era, it has been observed that one of the major essential of an individual’s inter-personal growth is associated with the term “city” or “cities”, it is often observed that an individual’s outlook is judged by the fact that where does (which city) the individual belongs. As nowadays staying in smart cities is considered to be a trend and an essential commodity of an individual’s lifestyle. In modern times, the smart cities are considered to be the locomotives of progress not only in India but in the globe as well. In today’s time, almost half the world’s population resides in the cities and also according to the UN, it has been estimated that in the year 2050 this ratio will be doubled. According to the census of 2011, more than 30% of the Indian Population is staying in the urban ranges which are contributing an estimate of 63% to the Indian GDP. With the advent of increasing urbanisation more and more people are shifting to the urban spaces leaving the rural areas. One of the major initiatives that the government has taken in order to improve the cities in India is the Smart Cities Mission under which 100 cities were chosen to be converted into smart cities which will economically sustain citizens and also provide career opportunities under the larger goal of development of the country. The vision of our PM of housing for all by 2022 under Pradhan Mantri Awas Yojana (PMAY) in the New India of 21st Century can be achieved by providing affordable housing to the weaker and marginalized sections of our society in our future Smart cities. This demands Government intervention in terms of easy loans, subsidy, tax benefits etc. in this segment, thus building an inclusive society.”

Keywords: Urbanisation, Smart Cities Mission, Pradhan Mantri Awas Yojana, Affordable Housing.

INTRODUCTION

“Urbanization is the inevitable outcome of the processes of growth and the processes of modernization”.

- Manmohan Singh

India is witnessing rapid urbanisation which is leading to population explosion in many cities. This is evident through several data analysis and surveys conducted. The 2001 census indicates

that urbanisation had reached 28.53% and in the year 2011 census the percentage has reached up to 31.16%. At this rate of urbanisation, we will be crossing 40% before 2030. The growth in urbanisation is a recent trend as in the 1901 census only 11.4% lived in urban spaces. The Urbanisation entails multiple challenges to any Nation, the most important being the housing problem. Affordable Housing is not an Indian concept per se but it is a globally recognized concept, since 1930s, a period known for the Great Depression. During that time, an eminent economist John Maynard Keynes wrote an open letter to the President of the United States, Franklin D Roosevelt, encouraging him to enact what came to be known as the New Deal, where investment in infrastructure became the silver bullet to pull the world out of the great depression.¹The vision for Affordable Housing for all is instilled in the minds of our country leaders since the inception of independent India. Many schemes were launched to fulfill this vision in the early decades of independence. Various housing schemes were introduced in 1970s apart from the introduction of urban ceilings. The existing schemes are proving to be ineffective owing to the massive population explosion taking place in the urban spaces for the last 50 years. Many people are shifting from rural spaces to urban spaces for better opportunities and facilities and one of those facilities is to have affordable housing. Therefore, in order to cater to the needs of all, there is a need to revamp the housing sector to fulfill the vision of Affordable Housing for all. In this direction, one of the landmark reforms brought in the housing sector in 2015 was the merging of ‘Housing for All by 2022’ scheme under the Pradhan Mantri Awas Yojana (PMAY) with the aim of providing affordable housing for nearly two core people across the country in which 100 cities have been selected to provide economic support to residents and also provide job opportunities within the wider goal of the country's growth. Further reform was implemented in 2016 in the form of RERA for real estate as far as policy changes in the housing sector and reforms are concerned. Both of these policy decisions and reforms have had a significant effect on the residential real estate market in India. It is observed that in order to maintain and provide the best of amenities to the Indian citizens, which has crossed the mark of 1.3 billion the need for the hour is to develop smart cities.

AFFORDABLE HOUSING IN GLOBAL CONTEXT

¹Eric Rauchway, The Money Makers: How Roosevelt and Keynes Ended the Depression, Defeated Fascism and Secured a Prosperous Peace, Economic history, FDR for beginners, 305 pages, www.economist.com/books-and-arts/2015/10/29/fdr-for-beginners.

In the 21st century, the urbanisation across the globe has reached a new height which has impacted the facilities which are provided with it. The population of the urban spacing is increasing drastically which entails the need of providing affordable housing for all.

Housing affordability relates to the amount of capital available to one in relation to the price of the products to be acquired. Community policies are based on the fundamental premises regarding the existence of housing itself.²

The term Affordable Housing varies in its definitive nature from country to country, but some of the countries define Affordable Housing as:

In 1980s the concept of Affordable Housing started flourishing in the United States of America and in Europe, they basically defined Affordable Housing as;

*"It is time for planners to abandon abstract objectives and to focus their efforts on two measurable outcomes that have always mattered since the growth of large cities during the 19th century's industrial revolution: workers' spatial mobility and housing affordability."*³

The definition of Affordable Housing in the United Kingdom is as follows;

*"Social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market."*⁴

In Australia, the National Affordable Housing Summit Group has developed its definition of affordable housing as housing.

*"Reasonably adequate in standard and location for lower- or middle-income households and does not cost so much that a household is unlikely to be able to meet other basic needs on a sustainable basis."*⁵

Affordable Housing is a term used for those households which have a median household income or lower than that which is certified by the government either on a national scale or on a local scale by a recognised Housing Affordability Index. Majorly, affordable housing refers

² UNESCAP, UN-HABITAT, OHCHR, COHRE, CODI (2004). Meeting Report Regional Dialogue on Housing Rights (PDF) (Report). Bangkok, Thailand. Archived from the original (PDF); Office of the High Commissioner for Human Rights OHCHR. Article 25.1 "Universal Declaration of Human Rights (1948)".

³ "10th Annual Demographia International Housing Affordability Survey, published in 2014"

⁴ "Good practice and guidance, Reports and summaries", published on 29th November 2009

⁵ "Definition: Affordable Housing" at the Wayback Machine, Queensland Affordable Housing Consortium, Australia, Archived 26th April 2012.

to mortgages, emergency shelters, transitional housing to non- market rentals (known as subsidized housing).⁶

Affordable Housing is dependent on a person's income and not on the price and availability which plays a secondary role. The primary role in order to have affordable housing is the Income, as income is a key determinant for qualitative and quantitative housing obtained.⁷ Therefore, understanding the obstacles which are faced in obtaining affordable housing requires understanding the trends of disparities between the income and the wealth of an individual. The Affordable Housing is solely dependent on the Income of the individual and not the wealth of the society. Housing is often the single largest expenditure for low-and middle-income families. For low-and middle-income families, their homes are also the largest source of wealth.⁸

Affordable Housing is inter-dependent on certain factors such as Socio-cultural and Economic factors which determines Affordable Housing, it is always different for the lower and middle strata of the society and is different for the upper strata of the society. Although Housing for All focuses on investor support and developer rewards, Smart City Mission focuses on leveraging land supply, improving basic infrastructure services, and implementing under single entity Special Purpose Vehicles (SPV). In a country like India where the population has reached nearly 1.3 billion, requires that almost all cities should be smart cities and not only few cities for the betterment and development of the country. Some of the reasons that Indian cities should become a smart city are growing urbanisation in the cities, the influx of migrants from rural spaces and also from other countries. The need for the Affordable Housing can be addressed through the several public policies which are being implemented by the Government of India.

DEFINING SMART CITIES

Generally, the smart cities are visualized as the integration of information, technology and communication sector together improving the quality and efficiency of public infrastructures,

⁶ "Affordable Housing: Issues, Principles and Policy Options" Canberra, Australia: Australian Council of Trade Unions. July 2007. Archived from the original (PDF) on 26 May 2012.

⁷ Tilly, Chris (2 November 2005). "10" (PDF). *The Economic Environment of Housing: Income Inequality and Insecurity*. Lowell, Massachusetts: Center for Industrial Competitiveness, University of Massachusetts. Retrieved 16 December 2011.

⁸ Tilly, Chris "10" (PDF). *The Economic Environment of Housing: Income Inequality and Insecurity*. Lowell, Massachusetts: Center for Industrial Competitiveness, University of Massachusetts, published on 2nd November,2005.

such as electricity, transport and utilities, with a view to reducing resource use, waste and total costs. The overarching goal of a smart city is to improve the quality of life of its citizens through smart technology.⁹ Affordable Housing for all should include a housing which could meet the reasonable standards for the poorest of the poor. People nowadays prefer houses which match the expectation of modern society; they are not satisfied with the mundane idea of having a simple house.

“Husam Al Waer” and “Mark Deakin” in their research publication “*From Intelligent to Smart Cities*”, they have mentioned certain factors to determine the city which can be classified into a smart city.¹⁰

- Applying a broad range of physical and traditional technology to the city and its populations
- Works on the principle the use of ICT to improve life and the working environment in the region
- Group Integrating these ICTs into Government Services
- Territorialization of processes that bind people and ICT together in order to promote creativity and improve the expertise that they deliver.

Due to this demanding nature of humans, the requirement of housing for all has now started creating an acute shortage of resources. In a developing nation like India, to fulfil the minimal requirement for providing affordable housing in a smart city, it is necessary that the city should have all facilities and resources, some of the pointers listed below in order to determine a smart city:

- Appropriate supply of water
- Guaranteed supply of electricity
- Good sanitation;
- Effective waste management program (including solids and liquids)
- Strong urban mobility and public transport
- Affordable housing, particularly for poor people
- Secure IT networking and digitalisation

⁹ Gharaibeh, A.; Salahuddin, M. A.; Hussini, S. J.; Khreishah, A.; Khalil, I.; Guizani, M.; Al-Fuqaha, A. "Smart Cities: A Survey on Data Management, Security, and Enabling Technologies". IEEE Communications Surveys & Tutorials. 19 (4): 2456–2501, published in 2017.

¹⁰ Mark Deakin & Husam Al Waer “From intelligent to smart cities, Intelligent Buildings International”, 3:3, 140-152, published in 2011.

- Good governance, in particular e-government and citizen engagement
- Safe environment:
- Protection and protection of people, particularly women, children and the elderly;
- Health and employment.

The above-mentioned are just few pointers for a city to become a smart city. Further, The Smart City programme and the Smart City Mission which includes area-based development Retrofitting, Redevelopment and Greenfield which are also known as City Development, City Renewal and City Extension respectively.

Retrofitting which can also have said as city development works within the ambit of planning an existing build-up area to meet smart city goals, along with other goals that aim to make the current area more productive and welcoming. In general, an area of approximately 500 acres will be identified by the city in conjunction with residents in the retrofitting process.

Redevelopment, means that the existing area will be replaced from the prevailing develop the ecosystem and co-create a modern architecture of improved infrastructure using mixed land use and increased density. In most cases, Regeneration envisages an area of more than 50 acres, defined by urban local authorities in consultation with residents.¹¹

Greenfield development can be seen as a solution or a step of progress in creating a smart city or Smart Strategies in a previously vacant area (more than 250 acres) using creative planning, plan funding and plan execution methods (e.g. land pooling/land reconstruction) to provide affordable housing, particularly for the elderly. Developments in Greenfield around cities are needed to meet the needs of the increasing population.¹²

Area-based planning would convert existing areas (retrofit and redevelop), including slums, into better-developed areas, thereby increasing the viability of the City as a whole. New areas (Greenfield) around cities will be developed.¹³

¹¹ Smart City Mission Transform-Nation, Mission Statement & Guidelines, Ministry of Urban Development Government of India, published on 2015

¹² Smart City Mission Transform-Nation, Mission Statement & Guidelines, Ministry of Urban Development Government of India, published on 2015

¹³ Smart City Mission Transform-Nation, Mission Statement & Guidelines, Ministry of Urban Development Government of India, published on 2015

SMART CITY AND AFFORDABLE HOUSING IN INDIA

In the year 2017-2018, the Indian Economic Survey projected that India needs \$4.5 billion of infrastructural investment in the country to provide affordable housing for all. In 2030, 40% of the country's population (600 million people) will be living in cities. With this dream in mind, our Hon'ble PM Narendra Modi has embarked on the most ambitious planned urbanization program in the world to meet the rising needs and importance of urban growth which are the Pradhan Mantri Awas Yojana (PMAY), Smart Cities Mission, and Atal Mission for Rejuvenation and Urban Transformation (AMRUT)¹⁴ in June 2015.

The vision of our PM through these programmes is to ensure that every Indian citizen should have a home. This programme is expected to be implemented by the year 2021 by which all the beneficiaries will receive a home through various governmental schemes and the title of the home will be issued in the name of the female of the household in order to encourage women empowerment.

The aim of the Smart Cities Project is to build the next generation of Indian cities, where infrastructure is easily accessible and affordable, and where citizen-government engagement is efficient and effective. Our goal is to accomplish this by embracing the latest technological advance — whether this is RFID tags that make garbage collection simpler or automated traffic control systems that minimize road congestion — technology offers 'smart' solutions to many of our infrastructure challenges.¹⁵ Gross investment in the Smart Cities Mission is expected to surpass Rs 2,05,000 in 5.151 projects. 896 projects worth approximately Rs 15,000 crore have been completed and another 1,895 projects worth Rs 75,000 crore have been initiated. The Mission works closely with private companies, including international companies, to leverage their wealth, expertise, human resources and technology.¹⁶

Primarily, we will be discussing the Smart City Mission in depth through the course of this research paper and the other schemes will be briefly touched upon. AMRUT complements the efforts of both PMAY and the Mission of Smart Cities. It aims to provide sanitation, sewerage,

¹⁴Hardeep S Puri, How India is building cities of the future, The objective of the Smart Cities Mission is to build the next generation of Indian cities, The Economic Times, published on 27th June, 2019.

¹⁵ Hardeep S Puri, How India is building cities of the future, The objective of the Smart Cities Mission is to build the next generation of Indian cities, The Economic Times, published on 27th June, 2019.

¹⁶ Hardeep S Puri, How India is building cities of the future, The objective of the Smart Cities Mission is to build the next generation of Indian cities, The Economic Times, published on 27th June, 2019.

urban mobility and safe public spaces for residents of urban centers in 500 cities with a population of over 1,000,000¹⁷. The cumulative project outlay is expected to be Rs 1,000,000 crore. Projects worth Rs 4,263 have already been completed and contracts worth Rs 61,093 crore have already been awarded.¹⁸

Along with the various schemes related to Affordable Housing in Smart Cities, one of the diameters through which the Affordable Housing can take place is through State Annual Action Plans (SAAP) which the central government is only subject to limited competition and the center provides support for these schemes in compliance with the guidelines. In either way, Housing for All and the Smart City Project are two big initiatives that have changed the real estate industry for the better and made a huge promise for the future. Not surprisingly, development in the real estate sector is now expected to come from several regions and not just major cities, as has been the case in recent years.

CHALLENGES FACED

India, which is a developing country with a large population, has many contemporary issues. Affordable housing for its citizens in a smart city is a big challenge. India being such a diverse country, there are several issues faced in the Affordable Housing such as lack of land in cities like Mumbai, Delhi, Bengaluru, Chennai, etc. For a growing population, there is a significant need to address the housing needs of the Lower and Middle Income Groups (MIGs). It is, therefore, necessary that more land is freed by the government. When new land areas are given, the needs of current home seekers will be greatly addressed.¹⁹ Some other challenges faced are regarding efficient town planning and management which is essential for the emergence of a Smart City. It is important to build more efficient systems and to instill a habit of making maximum use of space while at the same time ensuring minimum waste. Encouraging rental housing along with the sustainability of real estate developers would also allow the government to achieve the 'Housing for All' objective by 2022.²⁰

¹⁷ Radheshyam Jadhav, What's smart about Smart Cities? India Files, The Hindu Business Line, Published on 25th February, 2019

¹⁸ Radheshyam Jadhav, What's smart about Smart Cities? India Files, The Hindu Business Line, Published on 25th February, 2019

¹⁹ Diana Alarcón, Nicole Hunt etc., World Economic and Social Survey, 2013, Sustainable Development Challenges, Department of Economic and Social Affairs, United Nations publication, published in 2013.

²⁰ Diana Alarcón, Nicole Hunt etc., World Economic and Social Survey, 2013, Sustainable Development Challenges, Department of Economic and Social Affairs, United Nations publication, published in 2013

Further, the challenges of a Smart City should be seen in its totality, it can be divided into two parts; one part is relating to the legislative and policies approach, implementation of government schemes and policies which includes the on-paper work that is done in order to get into the process of building a smart city and the second part is the practicality which includes the practical challenges faced such as lack of infrastructure availability, lack of land or property, non-availability of other resources, etc.

One of the major indicators which should be kept in mind while discussing the challenges in the affordable housing is the well-integrated approach between Centre and State, which means, it would be necessary as the coordination between the Centre and the State ensures proper regulation in the planning and development of the Smart City. It should be noted that in a country like India, there are some issues which need to be resolved before implementing the Smart City Mission such as assured water resources for everyone, availability of electricity for every household, to maintain cleanliness, convenient transportation, etc. The symbiotic model has the potential to boost the trajectory of 'right time right place' for the construction of affordable housing across India. An enabling environment can promote well-planned and sustainable urbanization that meets the needs of housing. Sanity-certification would be the law of the game with a clear carrot and stick strategy to dramatically reduce project creation costs. The development of affordable housing areas, along with the implementation of advanced construction technologies, can be a win-win situation.

CONCLUSION

In modern times with the growing degree of urbanisation, a large percentage of the rural population of India has started shifting to the cities. Due to this, the cities are expanding at a massive rate; one of the examples of this can be seen in the case of the capital of India, Delhi. In the past 20-30 years, Delhi has expanded extensively, now Delhi is known as Delhi-NCR, comprising of parts of Uttar Pradesh, Haryana and Rajasthan, (recently it was announced by the government that 3 nearby districts of Rajasthan will also be included in NCR²¹). This is happening because of the large-scale influx of migrant populations in the urban spaces which entails various challenges including the basic need for affordable housing. Affordable Housing as an essential component especially in the cities has always been in the minds of the country's

²¹ Ravi Teja Sharma, National Capital Region gets bigger as Jind, Karnal and Muzaffarnagar get included, The Economic Times, published on 9th June,2015

leaders since the inception of Independent India. The vision for affordable housing is also now supported by the RERA Act. This Act has created a huge impact on the residential real estate sector in India. In order to provide and maintain the best of amenities to the Indian citizens, where the population has crossed 1.3 billion, we have to endeavour that every city should become a smart city in order to cater to the needs and aspirations of the population. The overarching aim of a smart city is to enhance the quality of living for its citizens through smart technology. The main agenda of the Housing Sector is to provide Affordable Housing to all in Smart Cities especially in these times with the growing level of urbanisation. This agenda can be fulfilled with various schemes which have been introduced by the government such as the Pradhan Mantri Awas Yojana (PMAY), Smart Cities Mission, and Atal Mission for Rejuvenation and Urban Transformation (AMRUT)²². Furthermore, it should be understood that the sustainability of the Smart Cities Project could be accomplished by bringing the information, technology and communications sectors together to enhance the quality and efficiency of urban services. Smart cities are specifically visualized to enhance the quality of life of their residents through smart technology. Urbanisation cannot, therefore, be reversed but efficiently tackled through the efficient introduction of programs such as Smart Cities and the development of affordable housing for everyone.

²²Smart City Mission Transform-Nation, Mission Statement & Guidelines, Ministry of Urban Development Government of India, published on 2015