

Housing Crisis in India (Is Rental Housing a Probable Solution)

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Abstract - India is growing at a rapid pace. With the new schemes launched by the present government and the vision of those schemes such as “The smart city project” and the “housing for all”. The present government is really looking forward to take India to the next level. With these schemes the pressure on the existing urban areas is also increasing. With increasing opportunities in these urban areas the pace of urbanization has touch its all-time high. This shift in rural to urban population has raised the demand of housing and the existing housing lot is either insufficient or is not affordable due to many factors. The latest official Economic Survey says there is a shortage of nearly 20 million homes in India. This paper will try to analyze various factors responsible for this shortage in supply, and majorly it will deal with the present concept of urban rental housing which is being recently introduced in the Indian real estate. The recently drafted National Urban Rental Housing Policy by MHUPA describes the vision, objectives and the need of such a policy.

Index Terms – Housing, Crisis, Rental Housing

UNDERSTANDING RENTAL HOUSING

There is a long debate about the ownership to rent homes. It's a popular belief that all humans has a right to their own home, Many studies has shown that this assumption is true. However, the crucially question is not if the ownership is desired by poor households, but if ownership housing is accessible to them.

Problems with accessibility has come up in housing policy discussions about the governments of countries that are becoming well developed, plan to design their public housing programs to meet the demand for owner-occupied housing. However, studies across the whole world has shown that rental housing is of particular importance to the immigrants. It has been theorized as the first entry point for a migrant in a city. Until an immigrant find a stable job and save earnings to invest in a ownership housing, rental housing can provide him/ her with numerous options of shelters. The problem is that the housing policies do not pay attention to what the rental housing needs.

The Chicago School of Urban Ecology made a Concentric Zone Model of city structure that explains the city in various concentric zone of land use in the early years of industrialization and urbanization processes in US cities. The poorest communities migrating to cities, found their first housing in the CBD (Central Business District) or in the middle of the city, where it was cheapest to live and quality of housing. The new immigrants tend to live in rented homes.

The utmost zone that's called commuters zone is a housed

the suburban and is a high end home for single family residence, the ownership type for households who could afford to spend on travelling daily to the CBD for work.

This model was first questioned by Homer Hoyt who is a land economist. Hoyt said that the rent areas in cities across the US is a pattern of sectors rather than a concentric circle.

In 1945, Harris and Ullman proposed another model called the multiple core model. It differed from the other two because they abandoned the CBD as their contact because there were a number of discrete cores around which individual land uses were targeted. The conditions for locating these nuclei would be different in different cities, therefore no place was proposed for this model. All of these models of urban geography indicate that the poor homes in cities and rent in the worst distances are clearly everywhere.

CURRENT SCENARIO OF RENTAL HOUSING IN INDIA

Rental housing comprises of 30.4 of all housing in urban India as the NSSO's (National Sample Survey Organization's) 65th Round of data of 2008/2009 (NSSO, 2010) the renting has increase from 28.1 per cent in the 48th Round (1993) to 29.0% in the 58th Round (2002).

In the last 20 years there hasn't been a big difference when it comes to renting in urban India. Most of the households owning has increased from 57.3% during 1993-61.6% in 2008/2009. The ownership has taken place from employer housing as well other types of housing that's not rental. It has been proven that the transition from industrialization to the private sector reduces the proportion of employers and housing over time.

The top 3 biggest states in terms of rental households are, Andhra Pradesh where it's 47%, Tamil Nadu where it's 46.7% and Karnataka Where it's 44.2%. The are two other states that are above the national average which is 30%, the other two states are, Delhi with 36.4% and Himachal Pradesh with 31.6%. however Bihar, Jammu & Kashmir, UP (Uttar Pradesh) and MP (Madhya Pradesh) are below the average percent of housing with 20%.

There are some special states such as Himachal Pradesh, Orissa, Chhattisgarh, Jharkhand and Chandigarh the employers' housing is quite significant in proportion. All the housing is likely to be government housing.

The ownership housing has a greater average of floor size in comparison to higher rental housing. There is almost no

difference when it comes to double the size rental housing in terms of average floor area and when it comes to the average per capita floor size area consumption Studies has shown that rental housing around the world is of affordable housing for the poor regions .A single dwelling unit perhaps sublet to other families or single migrant workers. In many cases, families live with relatives so they can share the rent units.

The housing scenario in india is on a different level of urbanization throughout the country . Only 30% of the population hired or renting houses, while most of India's population still lives in owner-occupied dwelling units.

UN (united nations) studies from 1990s show that the highest level of owner-occupation is mostly found in countries that are developing with percentage of homeowners in India during 1961 was 46% while during the 1980s it was 54%.

| State/U.T./all-India | Owned | Employer's quarter | Rented | Others | All |
|----------------------|-------|--------------------|--------|--------|-------|
| Andhra Pradesh | 40.9 | 3.0 | 47.0 | 9.1 | 100.0 |
| Assam | 64.1 | 10.4 | 23.2 | 2.2 | 100.0 |
| Bihar | 78.5 | 3.4 | 18.0 | 5.1 | 100.0 |
| Chhattisgarh | 53.9 | 13.0 | 27.6 | 5.4 | 100.0 |
| Delhi | 51.7 | 6.5 | 36.4 | 5.3 | 100.0 |
| Gujarat | 69.1 | 3.4 | 23.5 | 4.0 | 100.0 |
| Haryana | 73.7 | 4.6 | 20.7 | 1.1 | 100.0 |
| Himachal Pradesh | 39.9 | 24.9 | 31.6 | 3.5 | 100.0 |
| Jammu & Kashmir | 79.1 | 4.8 | 14.4 | 1.8 | 100.0 |
| Jharkhand | 58.0 | 13.2 | 23.8 | 4.9 | 100.0 |
| Karnataka | 51.6 | 2.8 | 44.2 | 1.3 | 100.0 |
| Kerala | 74.8 | 5.6 | 16.9 | 2.6 | 100.0 |
| Madhya Pradesh | 71.3 | 7.2 | 18.9 | 2.6 | 100.0 |
| Continued.... | | | | | |
| Maharashtra | 65.3 | 3.4 | 28.5 | 2.8 | 100.0 |
| Odisha | 60.7 | 14.1 | 23.0 | 2.2 | 100.0 |
| Punjab | 62.9 | 6.5 | 29.1 | 1.6 | 100.0 |
| Rajasthan | 72.9 | 2.8 | 21.2 | 3.1 | 100.0 |
| Tamil Nadu | 48.2 | 3.4 | 46.7 | 1.4 | 100.0 |
| Uttarakhand | 66.9 | 8.0 | 23.3 | 1.9 | 100.0 |
| Uttar Pradesh | 75.3 | 3.4 | 18.8 | 2.3 | 100.0 |
| West Bengal | 65.2 | 5.5 | 26.7 | 2.6 | 100.0 |
| Chandigarh | 42.7 | 15.7 | 30.0 | 11.4 | 100.0 |
| All-India | 61.5 | 4.7 | 30.4 | 3.3 | 100.0 |

TABLE 1
 TENURE STATUS OF DWELLING UNITS IN URBAN INDIA BY STATES SOURCE: NSSO (2010: 58)

ISSUES WITH RENTAL HOUSING.

I. SOCIAL

Discrimination is a big issue when it comes to housing permeates throughout the world. not surprisingly, there is plenty of evidence of discrimination within the rental housing market.

When it comes to ownerships through gaining access, housing etc women and immigrants gets nothing which is sexist and racist and that kind of behavior makes a country go back on their development.

There is some places that won't let you live there according to your religion. In many cases the Muslim immigrant won't get a property due to their religion in Delhi.

Many a times it is also seen that the landlord specifies the nature of the tenant for example it is seen in the informal rental housing market in Delhi that the owner only allows the person with family to acquire the property and is not in favor of bachelors.

All these problems are faced by the people migrating into the urban areas in search of various opportunities. And proves to be a major problem in the informal rental housing market.

II. Quality

People may doubt that in the poor regions in society in most of the well developed countries. large numbers of immigrants/poor people live in very poor housing conditions In fact, many claim that homeowners look after their property while landlords and tenants do not take care of the property and that leads to people who rent to get a bad place to live.

When a property is rented out, it does not take into account the landlord and the tenant. As a result, the property deteriorates and over time the property value is reduced and the country's leaders do not get the desired profit and so that the country's economy goes behind.

III. Financial- Variation in Rent.

It is likewise found in the urban situation that numerous multiple times there is colossal distinction between the lease in a similar region as there is no specialist to check the equivalent and thus the inhabitant is misused in money related terms, which in the end makes a dread in the psyches of the transients.

IV Legal issues.- Legal Rent.

Indian market works for 2 main type agreements:

- Lease Agreement

His agreement is covered by the restrictive rent control laws. The amount of rent that can be charged is based on a formula devised by the legislative or judicial government, as the case maybe.

For Delhi, the maximum annual rent is 10% annually. however the cost of construction and the price of land are based on historical value and not the value for today. The older the property the lower the rent.

Rents can only be increased in improving the property quality.

- Lease and License Agreement

The agreement say , the renter can stay only for the period of 11 months and to the renter renewal option also provided , the rent control act always support to the renter if it is on the lease.

At least 12 months establishing for an 11-month agreement serves as a preemptive measure. These kinds of agreements are renewed every 11 months thereby, they aren't registered under the Rental Agreement and do not give tenants power to partly own the property.

- Rent Control Act

The first Rent Control legislation In India was happened

1918, Bombay straight after WWI (World War One). After WWI the demand of housing was raised, as soldiers got back home from the battle-field.

In 1952 there was a new rent control legislation in Delhi and Ajmer. This act amended in 1958 to protect the interests of the slum dwellers was passed in 1958.

Rent control can be defined as a practice that control the rent of housing in legal. Rent control aims to check uninhibited rent increases and tenant eviction, bringing the notion of social justice in the housing market.

Enforcement is done by state govt. and its their role and responsibility. Thus, most of the states have their own rent control legislations making it difficult to have a generalized understanding to the influence of the rent control acts in Indian housing market.

In 2006 Dev identified two common threads running through almost all the rent control acts in India.

For protect the renter from eviction from households where he is living except for reasons and on defined conditions, and protect renter to pay more then rent or extra money. Academicians and the policy researchers has shown varied opinions on the relevance of rent control acts in India.

Some of the major criticisms about rent control act are:

□ In case of fixation of rent, it's not good for the people who are interested in renting housing because return is very low as compare to others, resulting into loss in available housing in the future for the tenants.

• World over experiences including that of India tells that rent control legislations have led to the formation of black, uncontrolled rental housing markets, negatively affecting not only the tenants but also the owner of the building to be rented.

• Difficult to sell a rented house from which it is difficult to remove renter. This creates low liquidity of ownership housing in the market.

In spite of the fact that been censured vigorously, lease control acts and legislations still have their hugeness as it depends on the thought of equity and value. In the present neo-liberal time, where the hole between the segments of the general public is extending and the assets are getting collected in the hands of the common class, a lease control act with convenient value apportioning framework can be a more practical choice to be received than basically rejecting it just for giving enough adaptability to the lodging market.

FUTURE APPROACH

The current shortage of housing in India stand out to be around 18 million houses which cannot be only catered with an approach of providing housing on the basis of ownership basis. Countries such as Singapore dealt with a housing crisis in early 1960's wherein they formulated the housing development board (HDB) which initially focused on creation of housing stock at large number rather than quality at that too on rental basis and following the path

currently 80% of Singapore population live in their own houses. There are many other success stories across the world where in rental housing has been the key driver for solving the problem of housing.

Though in India there exists a large share of rental housing in the market but it stands informal and there is no regulatory body to look into it, recently government of India has come up with a drafted National Urban Rental Housing policy which lays emphasis on the creation of rental housing stock through various channels such as provision of social housing for weaker sections of the society by the government, provision of incentives in legal and administrative to the private developers, initialization of the existing rental housing market can prove to be beneficial for housing sector. Schemes such as Housing for all 2022, also talks about creation of housing stock in the country but talks nothing about rental housing in general.

It is also become very important for a single regulatory body to function at central level focused on the housing sector as this sector is going to be the most important in the coming days with the increase in population of the mega cities or urban agglomeration such as NCR and MMR.

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