



ABSTRACT

Tamil Nadu Urban Habitat Development Board - Implementation of the World Bank financed Second Tamil Nadu Housing Sector Strengthening Program – Development Policy loan of USD 190 Million - Administrative Sanction – Orders - Issued.

=====

HOUSING AND URBAN DEVELOPMENT [UHD-1(1)] DEPARTMENT

G.O.(Ms) No.18

Dated:08.02.2023

சுபகிருது வருடம், தை-25,
திருவள்ளூர் ஆண்டு 2054

Read:

1. G.O. (Ms) No.82, Housing and Urban Development (SC1(2)) Department, dated 23.06.2020.
2. From the Managing Director, Tamil Nadu Urban Habitat Development Board letter No.TNUHDB/PMU/WB/3103-1, 2020, dated 28.10.2022.

= = =

ORDER:

In the letter second read above, the Managing Director, Tamil Nadu Urban Habitat Development Board has stated that the Government has submitted the proposal seeking World Bank Assistance for Tamil Nadu Housing and Habitat Development for Urban Poor Project with the total project cost of Rs. 4647.5 crore (USD 715 million) with a World Bank loan of Rs.3347.5 crore (USD 500 million). The World Bank proposed to finance as two projects – Tamil Nadu Housing and Habitat Development Project through Investment Project Financing of USD 50 million from International Bank for Reconstruction and Development and the Tamil Nadu Housing Sector Strengthening Program through Development Policy Financing of USD 450 million with first Development Policy Loan of USD 200 million.

2. In Government Order first read above, the Government have accorded Administrative Sanction to implement the Tamil Nadu Housing and Habitat Development Project through Investment Project Financing of USD 50 million from International Bank for Reconstruction and Development and the Tamil Nadu Housing Sector Strengthening Program through Development Policy Financing of USD 450 million with first Development Policy Loan of USD 200 million.

P.T.O.

3. In the Budget Speech of the Financial Year 2021-22, it is stated that "The Second Tamil Nadu Housing Sector Strengthening Program with the World Bank assistance will be taken up shortly".

4. The Second Tamil Nadu Housing Sector Strengthening Program Development Policy Loan with the World Bank Loan of USD 190 million were appraised by the World Bank from 9th – 11th May,2022 and the Loan Negotiation minutes signed 20th May,2022. Subsequently, on 1st August, 2022 the Loan Agreement and the Program Agreement of the said Program with the loan amount of USD 190 million have been signed between the Government of India and the World Bank and between the Government of Tamil Nadu and the World Bank respectively. And the Program became effective from 30th September,2022. Further, the preliminary preparation works are in process to take up the proposed Land and Housing Development Project with the World Bank financial assistance to an amount of USD 60 million.

5. The Project details of Second Tamil Nadu Housing Sector Strengthening Program are given below:-

- i. The Second Tamil Nadu Housing Sector Strengthening Program is financed by the International Bank for Reconstruction and Development (IBRD-World Bank) through Development Policy Financing (DPF). The Development Policy operation is a part of the World Bank's programmatic engagement to support the transformation of the housing sector in Tamil Nadu. Development Policy Loan provides rapidly-disbursing budget support to the Government of Tamil Nadu against "Prior Actions" and "Triggers" comprised of policy reform and/or institutional actions as per the agreement with the World Bank.
- ii. Prior Actions are the policy and institutional actions that have to be completed before the appraisal of the Second Tamil Nadu Housing Sector Strengthening Program. And the "Triggers" are the indicative prior actions for the subsequent operations in the series. The Triggers are the indicative policy and institutional actions that have to be completed before the appraisal of the Second Development Policy Operation.
- iii. The objective of the Second Tamil Nadu Housing Sector Strengthening Program is to support the Government of Tamil Nadu to increase the access to and sustainability of affordable housing by deepening policy reforms and strengthening institutions. The Program will build upon the enabling policy, institutional and regulatory environment and deepen policy reforms targeted to make affordable housing sector more efficient and inclusive, by introducing new housing programs and implementing the new institutional architecture while ensuring long-term sustainability of the housing sector.

- iv. The Development Policy Financing is structured in three pillars: (i) strengthening policies and institutions for increased access to affordable housing; (ii) enhancing the enabling environment to increase affordable housing supply; and (iii) mainstreaming regulations to promote sustainability and climate resilience in the housing sector.
- v. The Nine Triggers of the Second Development Policy Loan Operation stated in G.O.(Ms) No.82, Housing and Urban Development (SC1-2) Department, dated 23.06.2020 are the indicative prior actions which have been reread and the below "Prior Actions" of the Second Tamil Nadu Housing Sector Strengthening Program Development Policy Loan have been completed by the Housing and Urban Development Department, Tamil Nadu Urban Habitat Development Board and the Chennai Metropolitan Development Authority
- vi. The Prior Actions completed under the Second Tamil Nadu Housing Sector Strengthening Program are given below:-

Pillar 1: Strengthening policies and institutions for increased access to affordable housing

The first pillar of strengthening policies and institution supports the Government of Tamil Nadu's efforts to transform the housing sector from its current state-led model to a market model that enables the development of solutions for multiple needs and one that leverages private sector and beneficiary contributions towards increased access to housing.

Prior Actions under Pillar 1:

- To align the Tamil Nadu Housing Board with the Tamil Nadu Affordable Urban Housing and Habitat Policy, the Government of Tamil Nadu has issued a Government Order to empower Tamil Nadu Housing Board to better serve lower-income households, use inclusive cross-subsidies, mobilize the private sector and develop mixed-use and mixed-income adequate habitats.
- To enhance the efficiency and inclusiveness of the Government of Tamil Nadu's EWS housing program, the Government of Tamil Nadu has issued Government Orders to: (i) offer a menu of housing solutions which take into account household affordability through a participatory approach; and (ii) facilitate access to private housing finance.
- To promote the sustainability and climate resilience of new assets, the Government of Tamil Nadu has issued a Government Order mandating the establishment of community- driven operation and maintenance systems in new Government sponsored EWS housing units.

- To improve monitoring and support informed decision-making in the housing sector, the Government of Tamil Nadu has issued a Government Order mandating: (i) the establishment of an integrated information system; and (ii) the publication of an annual report on the state of the housing sector.

Pillar 2: Enhancing the enabling environment to increase affordable housing supply

The second pillar of enabling environment is focused on unlocking regulatory barriers that will effectively increase the supply of affordable housing. In particular, high price and limited access of land in well located urban centres make the provision of affordable housing uneconomical for developers. There are several ways in which policies can unlock access to land for affordable housing, thereby improving the affordability of well-located units.

Prior Actions under Pillar 2:

- To improve the operation and maintenance in multistoried apartments and promote climate adaptation, the Government of Tamil Nadu has submitted to the State Legislative Assembly for approval thereof, a bill to repeal the Tamil Nadu Apartment Ownership Act, 1994 and replace it with the Tamil Nadu Apartment Ownership Act, 2022.
- To enhance business environment, the Government of Tamil Nadu has issued a Government Order mandating all planning authorities to move to an online single-window approval system for issuing planning permissions.

Pillar 3: Mainstreaming regulations to promote sustainability and climate resilience in the housing sector

The third pillar of increased private sector participation supports the creation of a new institutional set-up to incentivize private sector participation in affordable housing.

Prior Actions under Pillar 3:

- To promote energy efficiency and build climate resilience in EWS and LIG housing, the Government of Tamil Nadu has issued a Government Order to adopt mandatory thermal comfort and energy efficiency design criteria, in accordance with the Eco-Niwas Samhita 2018 Code, for all new housing developments supported by Tamil Nadu Housing Board and Tamil Nadu Urban Habitat Development Board.
- To promote resilient urban growth in Chennai, the Government of Tamil Nadu has amended the Master Plan for Chennai Metropolitan Planning Area Rules 1974 to adopt an integrated land use and infrastructure planning approach to reduce carbon footprint and

incorporate climate resilience measures in the preparation of master plans.

6. The Government will implement the Second Tamil Nadu Housing Sector Strengthening Program and monitor the progress and evaluation of the result indicators. The project is expected to be completed by 30th June 2024.

7. The Managing Director, Tamil Nadu Urban Habitat Development Board has therefore requested the Government to accord Administrative Sanction for the implementation of the World Bank financed Second Tamil Nadu Housing Sector Strengthening Program Development Policy Loan on USD 190 million.

8. The Government after careful examination, accept the proposal of the Tamil Nadu Urban Habitat Development Board and accordingly accord Administrative Sanction for implementation of the World Bank financed Second Tamil Nadu Housing Sector Strengthening programme with USD 190 million.

9. This order issues with the concurrence of the Finance Department vide its U.O.No.5986/Hg&UD/2023, dated: 07.02.2023.

(BY ORDER OF THE GOVERNOR)

**APOORVA
PRINCIPAL SECRETARY TO GOVERNMENT**

To

The Managing Director,
Tamil Nadu Urban Habitat Development Board,
Chennai – 600 005.

The Joint Managing Director and Project Director (WB&ADB Projects),
Tamil Nadu Urban Habitat Development Board,
Chennai – 600 005.

The Managing Director,
Tamil Nadu Housing Board, Chennai-600 107.

The Directorate of Town and Country Planning,
Chennai-600 107.

The Member Secretary,
Chennai Metropolitan Development Authority,
Chennai-600 008.

The Chief Executive Officer,
Tamil Nadu Infrastructure Fund Management Corporation,
Chennai-600 028.

The Principal Accountant General (A&E), Chennai-600 018.

The Principal Accountant General (G&SSA),
Chennai-600 018.

The Pay and Accounts Officer (Secretariat),
Chennai-600 009.

The Principal Secretary /Commissioner of Treasuries and Accounts,
Chennai-600 035.

Copy to:-

The Hon'ble Chief Minister's Office, Chennai-600 009.

The Special Personal Assistant to Hon'ble Minister(MS&ME),
Chennai-600 009.

The Senior Personal Assistant to Hon'ble Minister (Finance and Human
Resources), Chennai-600 009.

The Private Secretary to Principal Secretary to Government,
Housing and Urban Development Department,
Chennai-600 009.

The Finance (Hg & UD, EAP) Department, Chennai-600 009.

The Housing and Urban Development (OP-I /UHD2) Department,
Chennai-600 009.

Stock file / Spare Copy

//FORWARDED BY ORDER//

21/2/2023
SECTION OFFICER
21/2/2023