



## **ABSTRACT**

Tamil Nadu Urban Habitat Development Board – Project Monitoring Unit - World Bank financed second Tamil Nadu Housing Sector Strengthening Program (TNHSSP) – Prior Action-2 – Introducing New Segmented Housing Model – Orders - Issued.

## **HOUSING AND URBAN DEVELOPMENT [UHD2(3)] DEPARTMENT**

G.O.(Ms) No.64

Dated: 21.04.2022

சுபகிருது வருடம், சித்திரை -08.

திருவள்ளூர் ஆண்டு 2053.

Read:

1. G.O.(Ms.)No.82, Housing & Urban Development (SC1(2)) Department, Dated 23.06.2020.
2. Government letter No.3654/FS/P/EAP, Finance Department, Dated 01.11.2021.
3. Government D.O.Letter No.17952/UHD2(3)/2021-1, Housing & Urban Development Department, Dated 05.04.2022 addressed to the President, World Bank.
4. From the MD, TNUHDB letter No.TNUHDB/PMU/WB/3103-1/2020, Dated 11.04.2022.
5. Announcement of Hon'ble Minister for Micro, Small and Medium Enterprises (MS&ME) made on the Floor of Assembly on 20.04.2022 (S.No.9).

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## **ORDER:**

In his letter fourth read above, the Managing Director, Tamil Nadu Urban Habitat Development Board (TNUHDB) has stated that the Housing and Urban Development Department, Government of Tamil Nadu had proposed to seek World Bank Assistance for Tamil Nadu Housing and Habitat Development for Urban Poor Project with a total project cost of Rs.5363.00 crore (USD 715 million) with a World Bank loan of Rs.3750.00 crore (USD 500 million).

2. The World Bank approved to finance under two separate financing instruments;

(i) Tamil Nadu Housing Sector Strengthening Program will be financed through 'Development Policy' Loan (DPL) of USD 400 million, with the first DPL of USD 200 million and became effective from July 2020.

(ii) The Government of Tamil Nadu now proposes to prepare a USD 200 million second TNHSSP DPL operation.

3. In the Government letter 2<sup>nd</sup> read above, the Government of India was addressed to recommend the Second TNHSSP with the total project cost of Rs.1500.00 crore (USD 200 million) through "Development Policy Loan" and Rs.375.00 crore (USD 50 million) through Investment Policy Loan. Accordingly the Department of Economic Affairs, Government of India has examined and recommended to the World Bank for favorable consideration based on above request. The Government of Tamil Nadu now proposes to prepare a USD 200 million second TNHSSP DPL operation.

4. "Development Policy Loan" provides rapidly-disbursing budget support to Borrower against "Prior Actions" and "Triggers" comprised of policy reform and/or Institutional actions as per the agreement with the World Bank. The Housing and Urban Development Department is the implementing Agency for World Bank financed second TNHSSP. As agreed with the World Bank, to enhance efficiency and inclusiveness of Economically Weaker Section (EWS) housing Program, issue an Order to offer a menu of housing solutions which take into account affordability for participatory self-selection by households and to facilitate access to private housing finance, is one of the prior actions (PA#2) to be achieved under the Second TNHSSP by the Housing and Urban Development Department of Tamil Nadu.

5. The Managing Director, Tamil Nadu Urban Habitat Development Board has stated that Tamil Nadu Urban Habitat Development Board has been implementing the programme of construction of storied tenements with basic infrastructure for urban poor families. Further, in G.O.(4D)No.54, Housing and Urban Development (UHD-1(2)) Department, Dated: 17.12.2021, the Government has determined the beneficiary contributions for i) Urban In-situ Slum families/allottees of the tenements taken up for reconstruction ii) Resettlement of slum families from vulnerable locations iii) EWS families/Encroachers in tenement schemes and iv) General Poor families. The following key observations are identified during consultations,

- a) A sizeable section among the squatters in reconstruction schemes find it difficult to pay the beneficiary contribution. Smaller dwelling units with lesser plinth area and reduced beneficiary contribution may be more inclusive of vulnerable households, including single women, senior citizens, homeless, renters, etc.
- b) Amongst beneficiaries, there exists a large variety in housing needs and affordability. For example, as per National Sample Survey (NSS) 2018-Urban Tamil Nadu household size data, approximately 60% of urban poor households may have 1-3 members only. They may benefit from small dwelling units with smaller beneficiary contributions.

- c) Within the EWS income category, monthly household income varies drastically from approximately Rs.2,500 at the bottom to the 10-fold EWS income ceiling of Rs.25,000 per month. Consequently, the payment capacity for housing varies drastically. Therefore, households in lower income deciles may benefit from small dwelling units with smaller beneficiary contributions, more generally.
- d) For various reasons, around 30% of the tenements constructed over the last 6 years remain unoccupied. Among others, the reasons for this are the location of the project, affordability, connectivity, labour market access, etc,. Tamil Nadu Urban Habitat Development Board has already taken action to address the above issues, inter alia, assessing and obtaining beneficiaries' willingness for the project locations and to pay respective beneficiary contribution upfront.

6. The Managing Director, Tamil Nadu Urban Habitat Development Board has therefore stated that a New Segmented Housing Model with diversified plinth areas is proposed and the beneficiary contribution is proposed to be fixed based on the plinth area. The selection of dwelling unit options (varied in size and proportional beneficiary contribution) is proposed to be at the discretion of the beneficiary. The objective of introducing the New Segmented Housing Model is also to achieve the three key Policy Principles prescribed in the Tamil Nadu Affordable Urban Housing and Habitat Policy, 2020 i.e. i) Inclusion ii) Sustainability and iii) Transparency and Participation, by considering the need and the affordability of the urban poor. The new segmented housing model also gives,

- a) **Improved inclusiveness** through smaller dwelling units with more affordable beneficiary contribution within a diversified menu of housing solutions.
- b) **Enhanced targeting** with relatively higher subsidy shares for the smaller dwelling units to become accessible for the most vulnerable urban poor.
- c) **Increased land use efficiency** through higher unit density for smaller units.
- d) **Suitable location** providing connectivity and access to life-affirming social and economic opportunities.

7. The Managing Director, Tamil Nadu Urban Habitat Development Board has further stated that on a pilot basis, Tamil Nadu Urban Habitat Development Board proposes to implement about 3 projects by adopting the new Segmented Housing Model with differentiated plinth area and corresponding beneficiary contributions, in this Financial Year 2022-23. The pilot projects will be taken up in suitable locations which provide connectivity and access to life-affirming social and economic opportunities and relatively better suited to accommodate smaller units and segmented

housing. The Proposed segmented housing units' sizes and corresponding beneficiary contributions are detailed as below:-

S. No.	Category	Location	Indicative plinth area (sq.ft)*	Govt. of India share per unit (Rs. in Lakh)	Govt. of Tamil Nadu share per unit (Rs. in Lakh)	Beneficiary share for i) Squatters ii) In-situ slum dwellers iii) EWS market
1	1 Room Unit (1 RU)	Chennai and District Towns	250	1.50	7.00	the higher of (a) 10% of Project cost or (b) Project cost - less Government grant
2	1 Bedroom Hall Unit (1BHU)	Chennai and District Towns	350	1.50	7.00	Project cost less Government grant
3	1 Bedroom Hall Kitchen (1 BHK)	Chennai and District Towns	450	1.50	7.00	Project cost less Government grant

The General Provisions of the New Segmented Housing Model are proposed as follows:

- a. The Consolidated Guidelines issued vide G.O.(Ms)No.10, Housing and Urban Development (UHD-3) Department, Dated: 25.01.2022 will be applicable for eligibility of beneficiaries, demand survey, identification of beneficiaries, identification of land for Greenfield projects, communication plan, obtaining consent for beneficiary contribution, formation of Resident Welfare Association (RWA), allotment of tenements, maintenance by RWA, monitoring, Social Audit and Habitat Development Committee for this Segmented Housing model.
- b. Tamil Nadu Urban Habitat Development Board should take necessary efforts to tie-up Bank loans to the beneficiaries to pay their contribution.

9. The Managing Director, Tamil Nadu Urban Habitat Development Board has therefore requested the Government to consider the above points and accord necessary approval for offering a menu of housing solutions through the New Segmented Housing Model which take into account affordability for participatory self-selection by households, and to facilitate access to private housing finance.

10. The Hon'ble Minister for Micro, Small and Medium Enterprises also announced on the Floor of the Assembly on 20.04.2022 that a segmented housing model with diversified plinth areas will be implemented in which the beneficiaries may select the type of dwelling

unit based on his discretion and the beneficiary contribution will be based on the plinth area.

11. The Government after careful examination accept the proposal of the Managing Director, Tamil Nadu Urban Habitat Development Board and accord approval for new Segmented Housing Model which take into account affordability for participatory self-selection by households, and to facilitate access to private housing finance, subject to condition that additional common space and common amenities to be assessed and provided in concerned projects as, when the per unit area reduces, the density increases.

12. This order issues with the concurrence of Finance Department vide its U.O.No.18/ACS/2022, Finance Department, dated 12.04.2022.

**(BY ORDER OF THE GOVERNOR)**

**HITESH KUMAR S. MAKWANA  
PRINCIPAL SECRETARY TO GOVERNMENT**

To

1. The Managing Director,  
Tamil Nadu Urban Habitat Development Board, Chennai-600 005.
2. The Project Director (WB&ADB Projects),  
Tamil Nadu Urban Habitat Development Board, Chennai-600 005.
3. The Chief Executive Officer,  
Tamil Nadu Infrastructure Fund Management Corporation Limited,  
Chennai-600 028.
4. The Member Secretary ,  
Chennai Metropolitan Development Authority, Chennai-8.
5. The Managing Director,  
Tamil Nadu Housing Board, Chennai-107.
6. The Accountant General (A&E), Chennai-18.
7. The Accountant General (G&SSA), Chennai-18
8. The Pay and Accounts Officer (North/ East/ South), Chennai 01/08/35.
9. The Principal Secretary /Commissioner of  
Treasuries and Accounts, Chennai-15.

**Copy to:-**

1. Office of the Hon'ble Chief Minister,  
Secretariat, Chennai-600 009.
2. Office of the Minister for Micro, Small and Medium Enterprises,  
Secretariat, Chennai-600 009.
3. Office of the Principal Secretary,  
Housing and Urban Development Department, Chennai-600 009.
4. The Finance (EAP) Department, Chennai-600 009.  
Stock file/Spare Copy

**// FORWARDED BY ORDER //**

**SECTION OFFICER**

*M*  
21/04/2022

*E. Raju*  
21/4/2022

