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## How does EWS housing pan out in a gated community

**POLICY GAPS** At the heart of the policy, there is an intent to bridge the gap between haves and have not's and create an equal society

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Like the EWS quota in schools, is this also a subject of use as well as abuse by every stakeholder in the value chain?

Every private developer who builds a gated community is mandated to reserve a section for the urban poor through economically weaker section (EWS) housing. While different states have different rules, the policy was formulated to bridge the demand and supply gap in the low cost housing segment in urban areas, by asking real estate developers to earmark dwelling units in housing projects for the EWS and low income group (LIG) category. For instance in Maharashtra, buildings constructed on a private land above 4,000 sq m, have to reserve 20 percent of the total flats while in UP, all government, private and cooperative housing schemes above 3,000 sq m area are required to allocate 20 percent of total dwelling units to people from EWS and LIG. In Odisha, this requirement is ten percent.

"Every state government has prescribed 10-20% of flats to be constructed for EWS category especially for a group housing development," says Piyush Singh, Partner PSP Legal, "but this is usually violated by the builders. Some builders do not build it while some others sell it to category other than EWS."

Some builders seek to reap benefit out of it, by selling the flat at an exorbitant rate.

Typically the rules do not allow the EWS flat allocated to a beneficiary to be registered to another buyer five years from the date of allotment. In reality, even though there is a lock-in period of five years, a large number of flats meant for the EWS are being sold in the open market in less than 15 days of allotment. Legal experts say that while the terms and conditions may vary from case to case, there is no fixed norm as such but in majority of the cases the minimum time duration is 5-7 years when no transfer can be made.

After the NDA government went to power in 2014, building of EWS apartments was made compulsory in private as well as in government housing projects, says Zulquer Nain GM - Projects, REPL (Rudrabhishek Enterprises Ltd.) The aim behind EWS apartments is to provide living conditions in housing society for EWS and BPL categories.

Like any other policy, there are instances of manipulation as well as genuine beneficiaries. A builder in a certain case sold two units to members of a particular family who later combined them to make one flat, though it was shown as reserved for EWS, only on paper, to obtain essential licenses. A beneficiary in another, ended up selling the house to third person for a much

higher rate.

There are even cases where these units were picked up by well-to-do families who fully furnished these small sized units and put state-of-the-art gadgets such as microwave, oven, fridge etc, only to lease it out to aggregators such as Oyo rooms for a handsome sum-in one case a 500 sq ft EWS unit in South West Delhi generated an income of Rs 20,000 per month for the landlord. Clearly, neither the tenant nor the landlord were from EWS category.

It is illegal to sell house meant for EWS to any other person. Any such sale can be challenged, says Sanjay K Chadha, Managing Partner BSK Legal. "But people are doing this." Take the case of primary resident of a premium gated community in South West Delhi 45 year old Bharat Puri, who received a formal letter from the builder stating "Acknowledging you as the biggest stake holder in the project, we offer you the first priority of allotment of such EWS apartments. To reserve your right to allotment of such apartment you may express your interest for the allotment of the unit by way of deposit of Memo of Express of Interest. The actual price of EWS apartment will be Rs. 24,75,000." Legal expert Sanjay Chadha says if this is brought to knowledge of authorities, the builder will be punished and such sales can get cancelled. The EWS certificate is actually issued by the office of



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the concerned Sub Divisional Magistrate (SDM) but they scrutinise it only upon some complaint. Chadha adds that there is always a suspicion that beneficiary might be using a fake or forged certificate, and there is a requirement to have a more transparent policy for this.

At the heart of the policy, there is an intent to bridge the gap between haves and have nots and create an equal society. The policy is noble in intent, says Parveen Jain, Vice Chairman NAREDCO, "and practical too because mostly the EWS inhabitants get employment with the residents of the main residential towers for domestic work etc and

within the gated community." He adds that it is a misconception that the developers get tempted to offer EWS housing to the primary residents because only economically weaker sections of the society within a certain range of income are eligible for EWS homes.

The idea is to create homogenous societies where people live in an environment that is similar in terms of facilities, says Pradeep Aggarwal, Co-Founder & Chairman, Signature Global and Chairman - ASSOCHAM National Council on Real Estate, Housing and Urban Development. He adds that the problem is not to do with the construction

part of it but the amalgamation part, which is more of a societal issue. Most of the times, the people of these two different strata find it difficult to adjust to each other's way of living.

We try to make it as comfortable as possible by making structural changes that can help the two be a part of a project and bring value to the whole noble idea. One other flaw is that the premium homes projects come at a place where cost of the project is very high and it becomes financially difficult to come up with housing that costs less. This leads to cutting down on many aspects of housing. Having said that people of EWS

need a roof and this provides them an opportunity to have one at a good location.

There is no uniform policy on EWS housing and that often becomes a pain point for most developers.

According to Manoj Gaur Chairman of Affordable Housing Committee, CREDAI, "Due to lack of a marquee policy at a national level, that could set standards for states across, all state governments are working on their own versions of PMAY - Pradhan Mantri Awas Yojana. Under these state versions of PMAY projects, there are a number of EWS stocks under construction, with no standard procedures or parity amongst states, as each is working according to their individual state requirements."

Developers bemoan the fact that fixing the value of EWS LIG category, is done by government, whereas it should be done according to region and location. For instance, if Rs 20 lakh is considered affordable in UP, in Mumbai Rs 1 Cr comes under affordable housing. However, in metro anything between 30 lakhs to 40 lakhs is quite affordable in areas like NCR or Noida or Greater Noida region.

But builders say that the allotment of units is not their job. According to Manoj Gaur, "There are hardly, one or two states which have adopted this policy of builders allotting. Generally the EWS units are allotted by the government not builders. We just give them the numbers and they select the beneficiaries and allot it directly, there is no role of builders to allocate the

houses."

There is a lot of debate if the EWS housing should be adjudged in the same complex or outside. EWS housing within gated community is a touchy topic for most primary residents. Many refuse to get drawn into a discussion. But the few who talk privately say that they would not want the same complex for both as there can be social disparity. A home-buyer of a Gurgaon based project calls it "passing the buck from State to taxpayer" saying that it is the States' duty and not his to provide for urban poor and in a way "we are subsidising their homes in addition to paying the taxes."

As of now, while some people are benefitting from EWS housing policy, there is an equal number taking economic advantage out of it that includes everyone from the developer to buyer to bank and even government officials. However, the onus must be on citizens too. In a nation, some of the things must come as a sense of duty towards the nation itself, says Neeraj Bansal, ASIANHEAD & Partner, KPMG. With so much demand for low cost housing and so many points of sale, it is impossible for the State to "police this and set up that kind of machinery. Like in the case of Ujjwala scheme where people did voluntarily give up the LPG cylinder subsidy under the government's Give It Up scheme, anyone from non EWS must use discretion and refuse even when offered. After all this is a scheme to benefit the lower economic sections of the society and we must allow it to reach the right set of people."