

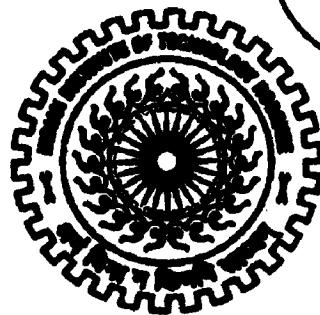
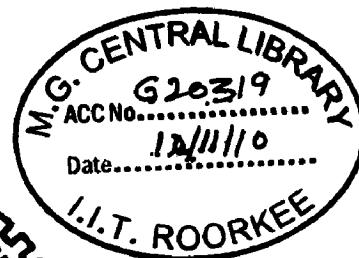
RENTAL HOUSING, CASE OF DELHI

A DISSERTATION

***Submitted in partial fulfillment of the
requirements for the award of the degree
of
MASTER OF URBAN AND RURAL PLANNING***

By

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CANDIDATE'S DECLARATION

I hereby certify that the work, which is being presented in the dissertation, entitled "**RENTAL HOUSINF, CASE OF DELHI**" in partial fulfilment of the requirement for the award of the degree of **Masters of Urban and Rural Planning**, submitted to the Department of Architecture and Planning, Indian Institute of Technology Roorkee, is an authentic record of my own work carried out during the period from July 2009 to June 2010 under the supervision of **Prof. R.Shankar**, Department of Architecture and Planning, Indian Institute of Technology Roorkee.

The matter embodied in this dissertation has not been submitted by me for the award of any other degree.

Dated: 15 June 2010

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This is to certify that the above statement made by the candidate **Ms. Sunita Redhu** is correct to the best of my knowledge.

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15th June 2010

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ACRONYMS

CFV:	Centraal Fonds Volkshuisvesting (Housing Fund)
DDA:	Delhi Development Authority
DRCA:	Delhi Rent Control Act
DUA:	Delhi Urban Area
FDI:	Foreign Direct Investment
FSI:	Floor Space Index
HCV:	Housing Choice Voucher
HFI:	Housing Finance Institutions
ISHS:	Integrated Subsidized Housing Scheme
IT/ITES:	Information Technology/ Information Technology Enabled Service
JNNURM:	Jawaharlal Nehru National Urban Renewal Mission
LIHTC:	Low Income Housing Tax Credit
MCD:	Municipal Corporation of Delhi
MHUPA:	Ministry of Housing and Urban Poverty Alleviation
MIGHS:	Middle Income Group Housing Scheme
MMR:	Mumbai Metropolitan Region
MMRDA:	Mumbai Metropolitan Region Development Authority
MPD 2021:	Master Plan for Delhi 2021
NCR:	National Capital Region
NCT:	National Capital Territory
NDMC:	New Delhi Municipal Council
NIUA:	National Institute of Urban Affairs
NSSO:	National Sample Survey Organisation
PHA:	Public Housing Authorities
RCA:	Rent Control Act
RH:	Rental Housing
RHM:	Rental Housing Market
SHO:	Social Housing Organisation
UNCHS:	United Nations Centre for Human Settlements (Habitat),
UNESCAP:	United Nations Economic and Social Commission for Asia and the Pacific
UN-HABITAT:	United Nations Human Settlements Programme.
WSW:	Waarborgfonds Sociale Woningbouw (Housing Fund)
YMCA:	Young men Christian Association

GLOSSORY

Affordable Housing: Housing, whether for rent, shared ownership or outright purchase, provided at a cost considered affordable in relation to incomes that are average or below average, or in relation to the price of general market housing.

Broker: A person who, for a commission or a fee, brings parties together and assists in negotiating contracts between them.

Building code/ Bye laws: Local regulations that control design, construction and materials used in construction. Building codes are based on safety and health standards.

Chawl: A row tenement in Mumbai usually informally developed but sometimes produced by the authorities.

Contract: An oral or written agreement to do or not to do a certain thing.

Commission: The fee charged by a broker or agent for negotiating a real estate or loan transaction. A commission is generally a percentage of the price of the property or loan.

Informal Housing: Housing that begins informally, without a title deed or services, and which the members of the household design, finance and often build with their own hands. Such housing usually belongs to the poor and gradually improves over time. In this report, the term is used synonymously with self-help and spontaneous housing.

Landlord: Someone who rents out property to a tenant. The term includes landlady, the latter only being used when it is clear that the latter is the landlord, e.g., in the case of a widow without adult sons. In many cases, the sex of the landlord is irrelevant because the householders are a couple. In some places, the man will manage the tenants; elsewhere it will be the woman.

Lease: A written agreement between the property owner and a tenant that stipulates the conditions under which the tenant may possess the real estate for a specified period of time and rent.

Owner: Those with legal or de facto right to occupy, let, use or dispose of a dwelling. This includes those who are in the process of acquiring the right to ownership (e.g., through payments on a mortgage).

Real estate agent: A person licensed to negotiate and transact the sale of real estate on behalf of the property owner.

Recession: The cancellation or annulment of a transaction or contract by the operation of a law or by mutual consent. Borrowers usually have the option to cancel a refinance transaction within three business days after it has closed.

Shared Housing: *“The sharing of a one-kitchen dwelling unit by two or more unrelated adults with or without children.”* In most countries of Africa and Asia, this definition is too limiting. Many adult children with their partners and children often share part of the home, or even the lot, with their parents, and vice versa. In places, and particularly in West Africa, sharing involves a much wider set of kin. The key difference with renting is that there is rarely a regular rental payment, although money is frequently offered to cover the costs of services and general expenses. One of the key characteristics of shared housing is that it is highly flexible. Sharer families include both households sharing a property with the owners, but not forming part of the owner’s household, and households living as part of an extended household, in any kind of tenure, without being the householders.

Slum: Pejorative term for poor quality housing, e.g., *“a contiguous settlement where the inhabitants are characterized as having inadequate housing and basic services. A slum is often not recognised and addressed by the public authorities as an integral or equal part of the city”* (UN-HABITAT, 2002d:6).

Social Housing: A vague term increasingly reserved for housing that is developed by non-profit making institutions, predominantly for the poor. The institutions involved may range from educational institutions, through charities, to housing associations and cooperatives. However, sometimes the term is applied to all formal housing built for poor people, and sometimes to all kinds of housing built by non-profit organizations. In Latin America, the term social-interest housing is occasionally used meaning, formal housing built for poor people and often subsidized, but produced by private sector companies. In this report, the term is confined to private nonprofits making institutions building housing for poor people.

Sub-tenant: The tenant of a tenant.

Tenant: Households paying a prearranged rent for the exclusive occupation of all or part of a dwelling unit. This tenure also includes both formal and informal situations. That is to say, the term renting embraces households who pay a regular sum of money to a landlord whether the landlord is a government institution, a cooperative or a private individual and irrespective of whether a formal contract has been issued. A landlord in a self-help settlement who has established a verbal contract with the tenant is still a landlord. So long as the tenant recognizes that there is a contractual relationship with another individual who has ownership rights over the property and a regular payment is being made, the distinction between owners and tenants is a real one.

EXECUTIVE SUMMARY

Shelter is basic need of human life. Urban India has always struggled with issue of providing sufficient housing stock in accordance with demand. This shortage of housing in metropolitan cities can be resolved by rental housing. As a large proportion of households in current market situation are unable to own a house, it will take considerable time to provide them ownership houses. Also, many households prefer rental accommodation due the stage in life cycle or nature of their migrant status and employment in the city. Hence a healthy mix of tenures is needed for sustainable development of cities.

The study has been divided into six chapters; the chapter 1 involves the background and importance of Rental Housing. Chapter 2 focus on the understanding the processes of rental housing markets to all sector employees within the middle and low income range within the formal and legal housing market of metropolitan cities. It attempts to develop an understanding of this market: what factors affects the choice of tenure, diversity of rental housing to capture the nature of rental agreements, various types of suppliers, various nature of accommodation, legality, landlord tenant relationships. Chapter 3 reviews programmes and policies of rental housing in other countries and India based on literature reviews. Chapter 4 broadly discuss the structure and suppliers of rental housing in NCT Delhi. Chapter 5 is the analysis stage, where the demand assessment is done on based of field surveys on Delhi's rental housing market. The present situation of Delhi is analysed from two surveys, the collection of data from secondary sources of media and primary survey conducted through questionnaire.

Based on the issues and analysis, Chapter 6 aims to formulate strategies and guidelines for increasing the stock and availability of rental in NCT Delhi and can also be applicable to the metropolitan cities phasing similar situation.

This study suggests there is a need for a range of rental options for different types of migrants including migrants with family, single migrants and floating population.

CHAPTER 1: INTRODUCTION

1.1 RENTAL HOUSING CONTEXT

Since 1960's there has been a steady increase in ownership housing in Urban India. But consequent to the changes in the life style and mobility pattern on account of the globalization and privatization phenomenon since 1991, there has been a rise in the demand for rental housing in select metropolitan cities including Delhi, Bangalore, Chennai, Hyderabad, Pune and Mumbai. Large number of young professionals, aspiring, entrepreneur and jobseekers keep moving between booming metropolitan cities, creating a demand for a variety of rental accommodation. Now due to employment market like IT sector's the increase in jobs, makes the employers to move from place to place, this has increased in demand for rental accommodation for students and single persons.

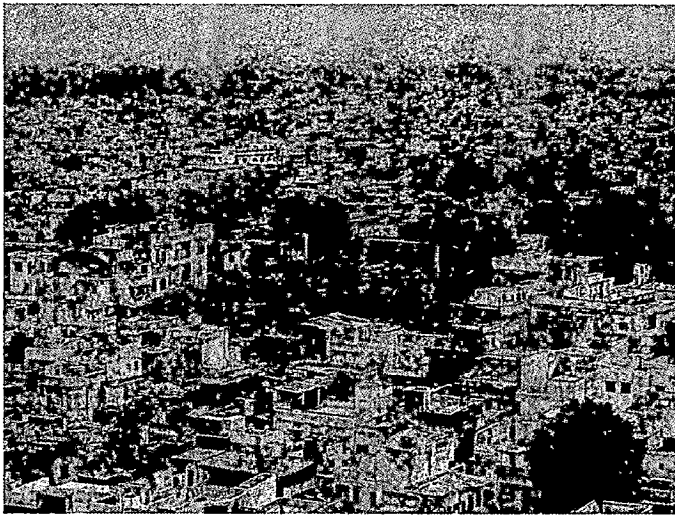
The rental scenario always varies widely from country to country, city to city and location to location, depending on the historic demand-supply ratio and the rationality of prevalent capital values in each. (Figure: 1.1)

Housing tenure in countries				Housing tenure in cities			
	Owners	Renters	Other		Owners	Renters	Other
Germany	40%	60%	—	Berlin	11%	89%	—
Netherlands	53%	47%	—	Cairo	37%	63%	—
USA	66%	34%	—	Bangalore	43%	55%	2%
U.K.	69%	31%	—	New York	45%	55%	—
South Africa	69%	31%	—	Rotterdam	26%	49%	25%
Brazil	74%	25%	11%	Johannesburg	55%	42%	3%
Egypt	77%	22%	2%	Bangkok	54%	41%	5%
Bolivia	60%	18%	22%	London	58%	41%	—
Thailand	87%	13%	—	Santa Cruz	48%	27%	25%
India	87%	11%	3%	Sao Paolo	70%	20%	10%

Figures include both formal and informal urban housing. Sources: UN-HABITAT, 2003 and Kumar, 2001

Figure 1.1: Housing Tenure in Countries and cities

Demand for rental housing quantifies from low-income and high demand end users in housing market. As rental housing can be made available to all sectors and all sector employees. The



rental properties include flats, independent houses, bungalows, paying guest accommodation, apartments, rooms within a house and time share property (Figure 1.2). Many of the companies provide accommodation for their staff. One can get commercial property, office space, industry property, storage space and retail space on rent for business purpose.

Figure 1.2: Photo showing Housing in metropolitan cities

1.2 ROLE OF RENTAL HOUSING IN URBAN DEVELOPMENT

The rental housing improves the urban problems, its supports migrants in its initial stage of life, as renters can chose to live near their work place this will also reduce the transportation charge and indirectly will influence the economy of city. It can also help in reducing the slum population as it can be a choice for low income group people for affordable housing.

Since rental housing plays the functional role of housing as shelter, it is important for **owners** (its ability to generate income by renting rooms or establishing home based micro-enterprises) as well as **tenants** (opportunities to locate close to employment and services). It is responsive to changes in the life cycles. Rental housing is an option or reason of unaffordability of owning house due to lack of finance support or by choice. (Kumar October 2001). Particularly there has been an unfulfilled need for affordable housing by low-income group of the urban population.

In the context of increasing shortage of urban housing and rising demand for a variety of temporary residential accommodation in metropolitan cities, promotion of rental housing will bridge the gap between demand and supply in urban housing.

The rental housing challenges facing the nation are great and persistent. They include substantial shares of renters that spend half or more of their income on rent, a smaller but still

significant number of renters that live in physically deteriorated housing or housing with known hazards, concentration of many low-income renters in distressed areas of high poverty, and the loss of affordable rental housing. tenant –landlord disputes, rent control acts and other problems. Despite government efforts to address these problems, they remain enduring outcomes of the operation and regulation of housing and land markets.

1.3 NEED FOR STUDY ON RENTAL HOUSING

In the light of the re-emergence of the importance of rental housing and better perception of its potential there is a need to have comprehensive understanding of urban rental housing in India. That existing information on rental housing is not only grossly in decay but also highly fragmented.

There are number of rental housing issues which have not been studied satisfactory or in an inter related manner such as

1. Choice and Affordability
2. Quality of Rental housing
3. Housing stock, availability for rent
4. Transparency regarding information
5. Disadvantaged- Special groups needing attention
6. Building bye laws & Rental housing
7. Pertaining practices
8. Limited availability of formal housing, low income group depending more on informal housing
9. Security issues related to rental properties

Only real estate developers and consultants, in recent times have been conducting market surveys to come out with some facts and figures on rental housing pattern in select metropolitan cities of India, but this is restricted only to the high income group. There is a need for undertaking studies to focus on the rental housing demands trends and problems of middle and low income segments of metropolitan cities of India to be able to arrive at proper understanding of the market to be able to formulate strategies and recommendations towards sustainable development of the cities.

Hence the selection of this topic as a dissertation problem. A study on rental housing is needed on account of the following reasons

- a. Rental housing is solution for urban housing problems especially of the migrants to metropolitan city.
- b. Lack of comprehensive information available on organisation and functioning of rental housing market (Wadhva 1989).
- c. Importance of rental housing for owners & tenants.
- d. Reorganisation of the importance of rental housing in many national and international policies and Programmes.
- e. The need for Understanding of rental housing market in the urban housing scenario to be able to tackle the urban housing problems.

1.4 AIM

To make policy recommendations for increasing the availability and choice of rental housing in the National Capital Territory (NCT) of Delhi.

1.5 OBJECTIVES

1. To understand the various descriptive aspects of rental housing in Indian metropolitan cities.
2. To study the programmes policies, institutional mechanisms legal provisions of rental housing market of urban India in general and Delhi in particular,
3. To study the consumer profile and their rental housing preferences in NCT Delhi,
4. To analyse the existing supply system of rental housing and its shortcomings in NCT Delhi,
5. To formulate strategies and guidelines for increasing the stock and availability of rental housing in NCT Delhi

1.6 METHODOLOGY

The study has been carried out in different stages

At first the background study on rental housing is done with the identification of need for the study and dissertation problem. An appropriate suitable area for the study is selected, to understand the planning and implications. This helped in the formulation of aims and objectives of the study.

Then the Literature review is done to focus on the understanding the processes of rental housing markets to all sector employees within the middle and low income range within the formal and legal housing market of metropolitan cities. It attempts to develop an understanding of rental housing market: what factors affects the choice of tenure, diversity of rental housing to capture the nature of rental agreements, various types of suppliers, various nature of accommodation, legality, landlord tenant relationships, various policies, programmes and acts, financial provisions, institutional framework with the case studies of Indian cities and international countries.

Then the inferences and guidelines are done through analysis of literature study to frame the outline of study.

The data collection on rental housing Delhi is collected through primary survey based on media like newspapers and internet, and secondary survey based on questionnaire survey, among the tenants, stakeholders and experts of rental housing of NCT Delhi. Inferences through the analysis of survey data and literature data helps in preparation of guideline strategies for rental housing in NCT Delhi. The methodology followed has been

The methodology followed has been shown in schematically in Figure 1.3.

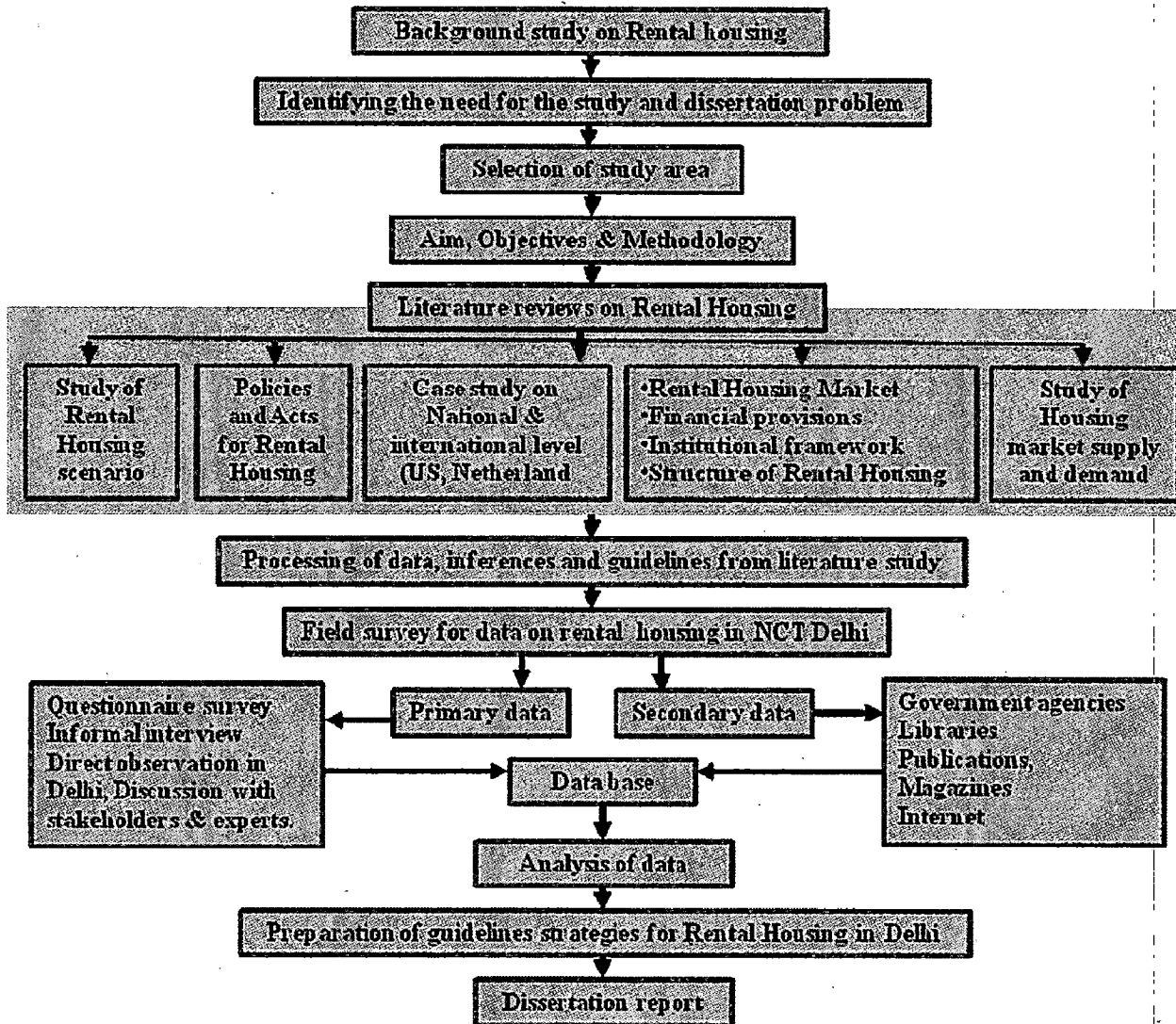


Figure 1.3: Methodology

1.7 SCOPE & LIMITAION OF THE STUDY

Though the study will try to cover availability of rental housing to all sector employees within the middle and low income range in NCT Delhi, it will not cover rental housing issues outside the formal and legal housing market.

However, the rental housing issues of special focus groups like- students and working single persons will be studied.

Only a general coverage of rental housing in other metropolitan cities of India, will be under taken based on available secondary data.

CHAPTER 2: LITRATURE REVIEW

2.1 UNDERSTANDING OF RENTAL HOUSING MARKET

2.1.1 WHAT IS RENTAL HOUSING?

Though there is no precise definition of the term rental housing, it could be taken as-

“Residential Property wholly or partly available to individuals or families for living, on payment of mutually agreed amounts and on terms and conditions of tenure agreed on between the owner of property and the tenants, legally or otherwise. The residential rental properties include flats, part of the house, barsaties, working persons hostel, independent houses, bungalows, paying guest accommodation, apartments, hostels, rooms within a house and time share property.”

Rental housing market is vast and yet unorganised, so there is a need to understand the various forms of tenure, what influences the tenure choice of a household and significance of renting. Apart from tenure, there are many other factors governing the rental sector like the diversity of rental housing, the various suppliers that could exist in a market and for whom they provide and issues related to each of them. Rental Housing today constitutes a large proportion of the housing stock in many countries (UNCHS, 1990)

2.1.2 HOUSING TENURE

In housing market households are broadly classified as homeowners and renters (Figure 2.1). Housing tenure can be defined as arrangements under which someone has the right to live in a house. Households can own or rent structures or land, usage rights can be freehold or leasehold – for short term or long term. They may rent from relatives, government or private landlords. Rent may be paid in cash or in kind, periodically or in lump sum or combination of two, with or without interest. Tenants may or may not receive utilities, maintenance and other services as part of the package. (Malpezzi 1990).

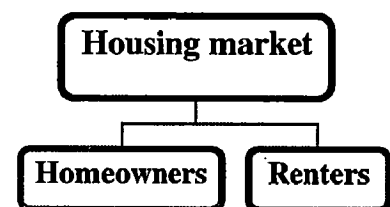


Figure 2.1: Housing Tenure in cities

2.1.3 TENURE CHOICE

Whether a household will prefer to rent or own, the choice of tenure is made at household-level. At household level the important determinants of tenure choice are mainly income,

stage in life cycle, household size, occupation, stability as shown in Figure 2.2. One of the major determinants for the low income remains the affordability. (“The perception of affordability depends on three important factors as the possibility, extent and terms of financial assistance and households’ awareness regarding the same, and households income and savings and its perception regarding the stream of earnings in future”.(Mehta, Mehta et al. 1989).

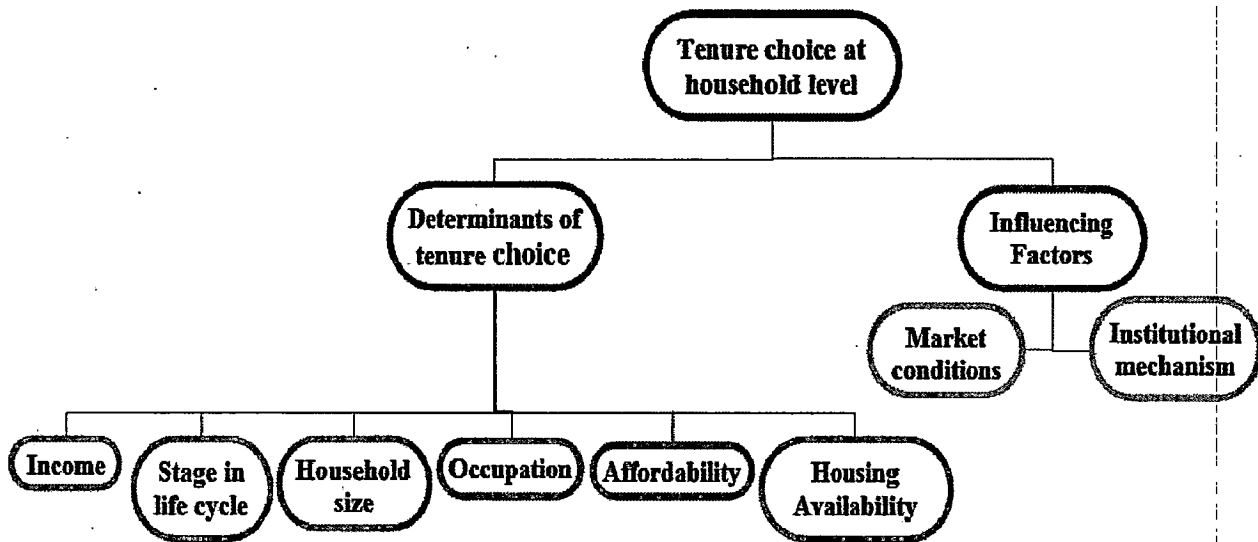


Figure 2.2: Tenure choice at household level and its determinants

But this decision or choice of tenure at household level is also influenced by predominance of other constraints such as market conditions and institutional factors. Institutional factors would imply credit availability for purchase of a house, government schemes, taxation policies, subsidies, applicability of rent control. Thus for some renting is a choice but for many it is a compulsion. (NIUA 1989).

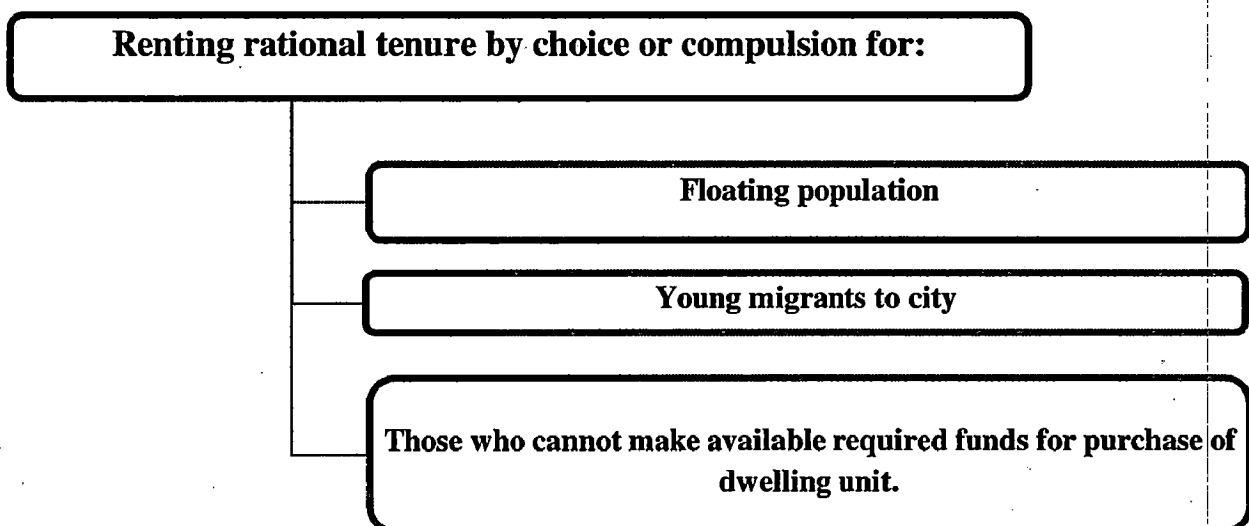


Figure 2.3: Rental rational tenure by choice or compulsion

After studying the renting as tenure whether by choice or compulsion renting remains a more rational tenure for (Figure 2.3):

1. Floating population, whose duration of stay in the city may be a few weeks or months.
2. For younger population migrating to the cities in initial stages of life
3. The persons who cannot make available required funds for purchase of a house either through own earnings or loan would also prefer to be in rented house. Renting remains the only option or they are forced to form slums and squatters.

2.1.4 SIGNIFICANCE OF OWNERSHIP AND RENTING

House ownership is probably one of the most important achievements for most households. Ownership gives a sense of security both in economic and psychological terms. Owning a house often represents a major investment decision. But we must not ignore what rental tenure offers as it supports a person or a family at initial stages of life, requires zero investment generally (or may be a small deposit), it is affordable and can keep persons close to your workplace i.e. provides flexibility in movement (NIUA 1989). If formal affordable rental housing is available it can also reduce proliferation of slums. And for whom owning is unaffordable renting is a better option.

2.1.5 WHY DO PEOPLE RENT? (Aliani, 2008)

- a. **Renting lets people stay mobile** and move away when good work is available elsewhere, without being tied down to any particular place or to regular house payments.
- b. **Renting gives people flexibility in how they manage their household budgets**, moving to cheaper housing when times are hard and to better housing when their incomes increase, or freeing up more of their earnings for more essential needs like food, education, medical care or emergencies.
- c. **Renting accommodates people in transitory periods of their lives**, when they are not yet ready to settle down in one place.
- d. **Renting accommodates people who may not want to make the long-term financial commitment** that comes with buying a house, or to face the long term costs involved in repairing and maintaining their own house.

- e. **Renting allows people to send more of their city earnings home to relatives, or to invest in buying land or building a house back in the village.**

The reason why rental housing needs to be addressed is “to ignore rental housing given that half of the population is living in these dwellings is simply being irresponsible.” No country can reach the goal of universal homeownership. Promoting rental housing is not as a means of overthrowing ownership but as a means to supplementing its strength and achieving the goal of affordable housing for all”.(UN-HABITAT 2003)

2.1.6 NATURE OF RENTAL HOUSING

Tenure alone is not sufficient to describe rental housing condition. There are many other ways in which rental housing may vary within cities in terms of size, cost, quality, and ownership, kind of contract, location, and profitability and so on.

The accommodation provided can be just a house, an apartment, a room or just a bed.(As known in Kolkata hot bed system where same bed was rented to three persons turn by turn(UN-HABITAT 2003)). The major part of renting is in the nature of partial renting of the house(Wadhwa 1990). The quality of this could vary from good to worse.

The diversity of rental arrangements largely derives from the nature of rental agreements i.e., a personal agreement between landlord and tenant. The landlord agrees to grant the tenant the right to accommodation for a period of time. In return, the tenant agrees to compensate the landlord at regular intervals. Also variables such as duration of agreement, kind of agreement like Hire purchase system, antichrists or bogey or Girvi in Surat and Bangalore. (Kumar 2001).

The tenant may be allowed to stay for free (in case relatives), or be required to pay rent as money or provide labour (as a factory owner may allow the workers to stay in factory boundaries but deduct certain amount from his income). Also access to some may be restricted or open. Within restricted rental housing markets, access often is linked to relational status. Most urbanites are prepared to provide temporary shelter on a rent-free basis to friends and relatives. Alternatively, they may seek access to housing linked to occupational status by seeking an employment as wage labourers for whom accommodation is provided (e.g. market vendors, construction workers, etc). The suppliers could also vary tremendously as

government/ semi government, private or social institutions. Also legality, landlord tenant relationships and maintenance are other variables.

2.2 PARAMETERS OF RENTAL VALUE

In a Rental Residential market, in which demand exceeds supply, vacancy rate is decreasing and rents are rising. Even though the rental value of property, there are various factors on which rental value of a home depends. Rental value depends on location, construction type and quality, type of category of property, carpet area, amenities/facilities and richness of specification that brings the variation in rental rates.

- a. **Location:** The rental values of property vary from location to location. The areas with good infrastructure, accessibility will have more rental value than other areas like the Defence colony, Vasant vihar have more rental value than in areas like Lajpat nagar, R.K Puram etc.
- b. **Building and Construction Type and Quality:** Apart from the locality of the property, the condition and construction plays an important role in determining its rental value. The construction of a property will never be out of consideration to the property dealers or the home renters. Tenants also take into account the construction of the house and its interior design. Properties with poor construction or bad design will not fetch a high price in the market and are considered out of the contemporary rental market. They might get rented out but the aggregate rent will be much lower than a house of similar size with a better design; people like to stay in better homes and will only stay in these houses if they are facing a financial crunch.
- c. **The Type or Category of the Property:** executive, modern, standard. This depends on features of the property: – design; variety, quality and use of room space; type and quality of utilities, finishes, etc.

Also the rental Values varies with type of Building like kuccha, pucca, Flat, Bungalows, Semi-detached housing, apartments, part of home, duplex, pent house etc. The Bungalows will have more rental value than apartments, or row housing. Similarly the rents of Row housing will be more than apartments as they can enjoy independent luxury.

- d. **Carpet Area/ Floor Area (Total Usable Area):** The Floor area/carpet area plays important role in determining the rental value of residential accommodation. As accommodation rents also depends on area per square feet. As the rental value of 2000 sq ft three bedroom apartment will be more than 1800 sq ft three bedroom apartment.
- e. **Amenities/ Facilities:** Amenities/facilities have always been of prime importance in the rental market, and they will always maintain their significance. Tenants now prefer accommodation provided with swimming pool, parks, club, gymkhana, absence of slum, garbage dump etc. In fact, many tenants now favour a house that has a club, pools, play school, parking, services, central air conditioning, gas pipeline, internet facility etc. It all depends on the choice of a tenant, but we can say that modern rental market has become quite aggressive in this regard. The rental value of a home can get lower in case the landlords are not eager to satisfy the needs of the tenants.
- f. **Various Additions/ Richness of Specifications:** Various specifications like wooden flooring, chimney, furniture's, fixtures like Jacqui, specification materials, tiling, wall cladding etc. Will make the variation in rental value as some utilities may be included in rental property charges (water, hot water, heating).

2.3 SUPPLIERS OF RENTAL HOUSING IN INDIA

2.3.1 The suppliers of Rental housing are Public sector, private sector, institutional sector and developers (Figure 2.4)-

2.3.1(a) **Public Sector:** Across the globe government has attempted to provide for rental accommodation for some section of the society at one time or the other, with varying degrees of enthusiasm. Most governments have invested in public housing intended for poor families. Example- DDA (Self housing scheme, co-operative housing, low-income housing, janta housing scheme), housing by slum and jhuggie jhompri department, Govt. (both central and state) schemes for their employees (eg. In R K Puram of Delhi the post office DDA flats etc.). Government organisations like Indian railways provide housing to their entire range of employees in their railway colonies.

When government provides housing for low income group the major problem they face is supply rarely meets the demand. Also the relative limited number of public housing units

being constructed there is bound to be allocation problem. Many times most deserving are excluded. Since providing for low income group requires high subsidies, low rents, many government agencies also proved to be rather inefficient. Many quickly ran into financial difficulties and hence nor were able to provide more housing nor could maintain the existing stock. Provision of rental housing by public sector demands greater management on the administrative front. Now governments across have changed their role from provider to facilitator and believes in providing a regulatory framework on which rental housing can flourish.(UN-HABITAT 2003)

2.3.1(b) Private Sector: Major bulk of rental housing across India and world has been provided by the private sector. In the past once renting was a vibrant business. In India government no longer requires private employers to build homes for their workers. Even where in the past companies used to invest in rental housing it has ceased to do so (NIUA 1989)

Now the private sector is the small landlords and the private household who supplies rental housing. Most landlords both formal and informal operate on a small scale, small landlords provide for both rich and poor, for migrants and non migrants. They provide both good and bad quality accommodation, legal and illegal, shall operate within or outside law.(UN-HABITAT 2003)

Formal private sector that provides for better off including migrants is usually operated by rental agencies. Since past few years many developers are interested in providing of serviced apartments. Bulk of private rental accommodation, accommodates low income families and increasingly it has been created in informal settlement. The individual housing system provides unauthorised construction and squatter settlement.

2.3.1(c) Institutional sector: Institutions both public and private both provide rental housing to its employees Mainly educational institutions as IITs IIMs universities colleges Public enterprises in manufacturing, trading, banking and insurance Certain government run organisation provide hostel accommodation on a rental basis to specified group such as women and students.

2.3.1(d) Developers: Recently with real estate boom, also certain developers have shown interest in providing serviced apartments.

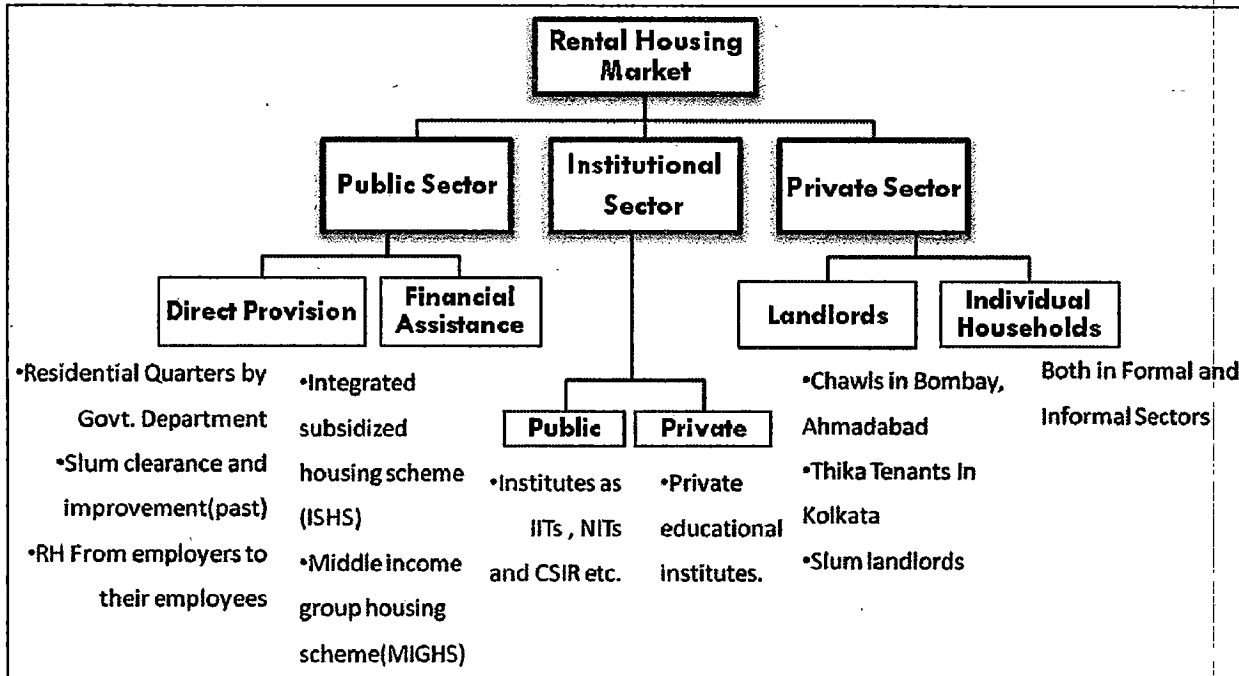


Figure 2.4: Suppliers of Rental housing in India

2.3.2 LANDLORD TENANT RELATIONS

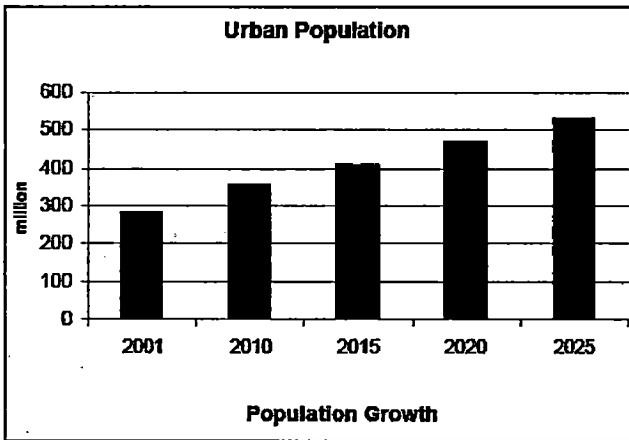
Are tensions between landlord and tenant generally conflicting? What are the major sources of tensions between them? How are the tenants selected and evicted? Selection of tenants is a key ingredient in the establishment of landlord tenant relationship. Some landlords check credentials very carefully and demand the name of guarantor who will pay in case of default. Ethnicity seems to be important factor in some cities. The three major reasons for which conflict may arise are - level of rent, physical condition of building and threat of eviction.(UN-HABITAT 2003)

2.4 RENTAL HOUSING OVERVIEW IN INDIA

2.4.1 CURRENT SCENARIO

India is 2nd most populated country in the world, currently one of the fastest growing economies. Figure 2.5 shows the population growth graph of India from 2001 to 2025. As large number workforces are expected to migrate to urban areas for access to employment, shelter and related services, else leading to increase in shortage of urban housing and growth of slums. Shown in figure 2.6 by census 2001, the shortage of housing for EWS is 21.78 million, shortage of housing for LIG is 2.89 million and for MIG and HIG is 0.04 million.

India's total urban population was 27.8% as per 2001 Census, against 25.7% ten year earlier.



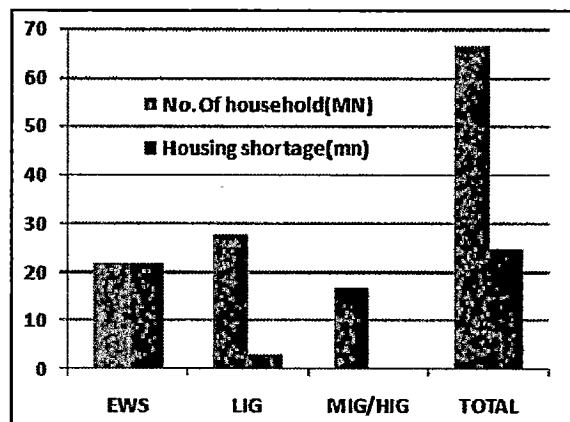
Source: Census 2001

Figure 2.5 : Population Growth Graph of India

Category	No. of households (mn)	Housing shortage (mn)
EWS	21.81	21.78
LIG	27.57	2.89
MIG/ HIG	16.92	0.04
Total	66.30	24.71

Source: Census 2001

Figure 2.6: No. Of household and Housing shortage in different categories

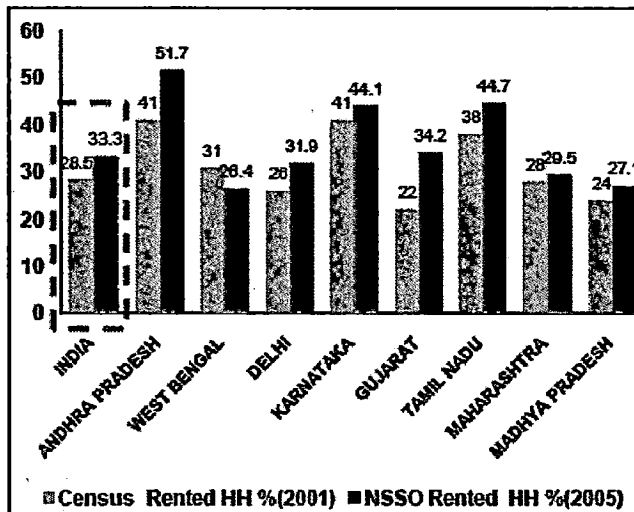


Source: Census 2001

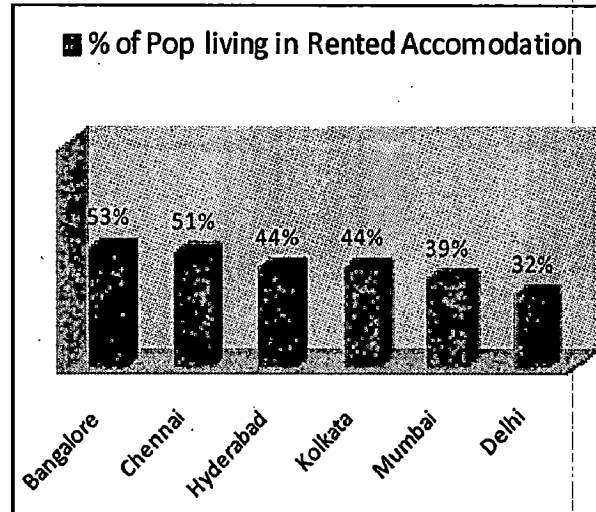
Figure 2.7: Graph showing No. Of household and Housing shortage in different categories of household in India.

It is estimated that housing shortage mostly in EWS and LIG Sections (Figure 2.7).

According to census 2001 the share of rental housing in India is 28.5% and as per the survey report in 2005 by NSSO it is 33.3% (figure 2.8), which shows that the demand for rental housing is increasing rapidly, particularly in metro cities and 6% accommodation is provided by employer.



Source: Census 2001 and NSSO 2005



source: citizen matters

Figure 2.8: Percentage of RH in different States by Census 2001 and NSSO 2005

Figure 2.9: Percentage of population living in RENTAL HOUSING in different cities of India

The percentage of population living in rented accommodation differs from place to place: Bangalore (53%), Chennai (51%), Hyderabad (44%), Kolkata (44%), Mumbai (39%) & Delhi (32%) as shown in Figure 2.9. (Ministry of Statistics and Programme Implementation 2002)

As per NSSO (2004) about 29% urban households lived in hired accommodation and another 6% lived in accommodation provided by the employer. Among rural households, only 4% lived in hired accommodation. About 39% of urban house owners stayed with their tenants in the same house. On an average, an urban tenant household paid Rs.673 as monthly rent and almost Rs.2200 as non-adjustable deposit. About 79% urban tenants occupied their rented dwelling in or after 1995.

The NSSO (2004) report recalls many significant facts: More than half of those living in urban slums had been living there for more than 15 years. About 20% had moved in during the previous five years. About 30% used to stay in a village before coming to the slum. About 20% slum households did not possess any document like ration card or voter ID-card. In slum households with one married couple, 44% of households did not have a separate room for the couple. In households with more than one couple, the problem was more acute. Very few of the slum-dwelling households - only 4% - had ever tried to move out of the slum.

2.4.2 INITIATIVES ON RENTAL HOUSING

Many initiatives has been taken at national & international level for fulfilling the requirement of affordable housing by means of Rental housing- such as

- i. UN-HABITAT in 2003 suggested Rental housing Policies
- ii. The National Urban Housing and Habitat Policy 2007 emphasizes on encouraging supply of houses on both ownership and rental basis. *(the Government plans to promote rental housing market by providing incentives to housing finance institutions (HFIs) for promoting such projects, development of National Land Policy and National Shelter Fund under the control of the National Housing Bank for providing subsidy to the underprivileged sections, a major thrust in the public-private partnership model)*
- iii. MMRDA announces construction of 5 lakh Housing stock on rental basis, having 160 sq.ft. Carpet area in 2008. MMRDA & HDIL largest Rental housing scheme in Mumbai Metropolitan Region (MMR) in Virar. *(43000 RCC construction units in 4 phases. Unit size approx. 160sq ft carpet area with amenities.)* (Mehta 2008)
- iv. MMRDA's offer of granting FSI 4 to developers in return of 1 FSI for its rental housing project free of cost.
- v. "Ujjivan Launches India's First Rental and Lease Housing Microfinance Product"zMany MFIs lend for housing repairs or extensions, but in Bangalore, 60 percent of our customers rent or lease their homes. Therefore, we felt the need to provide a housing microfinance product that caters specifically to the housing realities of urban families. Also many urban MFIs do not deal with renters/leasers because it is more complex. The process entails getting the landlord involved, collecting documents, and doing extra checks to ensure proper loan utilization" stated Ms. Anjali Banthia, Ujjivan's Product Manager, the designer of Ujjivan's housing microfinance product.(Ujjivan 2007)

By these initiatives it's clearly visible that there is need for promoting rental housing in India but no clear solutions have emerged, as rental housing is very much fragmented and unorganised.

2.5 NEED FOR AFFORDABLE RENTAL HOUSING

India's level of urbanization increased from 17.6% in 1951 to 28.7% in 2001 and in terms of magnitude, urban population is more than 285 million in 2001. During the last decade of 1991-2001, urban population of India increased at an annual growth rate of 2.7%, and will continue to grow (MHUPA 2007). By 2030, over 40 percent of India's population will be living in urban areas as compared to an estimated present 28 percent at present (Chauhan 2007). It implies that migration rates are going to be high and hence there is continuous need for supply of appropriate housing. Due to the lack of job opportunities and poor quality of life and level of services provided by the small and medium size cities of India, people migrate from these areas to mega cities. The present migration pattern in the country reveals that urban to urban (14.3 million) migration is catching up with the rural to urban migration (20.5 million) rates. (Census, 2001)

At the advent of the 21st century, the housing stock in India stood at 51 million as against the demand for housing of 56 million urban households. Moreover, a significant segment of this housing stock is characterized by obsolescence. At the end of the 10th Plan the housing shortage is estimated to be around 25 million. (MHUPA 2007). This implies that the persistent population growth of cities will place a growing need for the housing in future where the present needs have not been met.

To understand the need for housing it is necessary to identify the segment of population having the highest order of need. Therefore, it is required to study the income distribution pattern of population in India (Table 2.1).

The National housing bank report states that between 2001 and 2004, the average loan size was Rs.4 lakh. The average area of the property financed was 105.37 sqm and those who availed themselves of loans had a monthly income of Rs.20,761. The fact that more than 80% of the households earn less than 11000 per month which implies that this income group cannot afford a house in the present housing market situation. As mentioned in (MHUPA 2007) 69% of the shortage pertains to EWS & LIG sectors.

Inability to provide affordable housing has resulted in formation of slums. As per census of India 2001, 14% of India's urban households live in slums. Every seventh person in urban area is a slum dweller (NSSO 2003). As per table 2.3, approximately 42% (17 million) of the

total slum population in India is living in mega cities (with a population more than 1 million) as shown in Table 2.2. (Neekhra, Onishi et al.).

Table 2.1: Slum Population in Different Classes of Cities

City Population Size	Slum Population (in millions)	Slum Population share (%)
4 M+	11 M	26.0%
2-4 M	3.7 M	8.8 %
1-2 M	2.8 M	6.8%
.5 – 1 M	5.8 M	13.7%
.1- .5 M	13.9 M	32.7%
.05 - .1 M	5.1 M	12.0%
TOTAL	42.6 M	100 %

Source: (Neekhra, Onishi et al.)

As discussed earlier finance plays an important role in possessing an appropriate housing for households of different income groups, access to finance is governed by the type of income generating activity in which the household is involved. Since 90% of population in India is involved in informal sectors (Unni and Rani 2002), access to formal finance becomes difficult for them.

In the past, most government schemes promoted ownership housing. Since 1988, National Housing Policy of India proposes to encourage investment in rental housing by fiscal incentives, make modifications to rent control laws and facilitate promotion of access to land, institutional finance and building materials (Sundaram 1990). But nothing much seems to have happened concerning rental housing except for modifications in rent control laws.

Given the huge requirement of affordable housing it is impossible to fulfil the aim of ownership housing for all and hence the National Urban Housing and Habitat Policy 2007 correctly has framed its aim as affordable housing for all both on ownership and rental basis

2.6 TENANCY AGREEMENT IN INDIA

(source :<http://www.globalpropertyguide.com/Asia/India/Landlord-and-Tenant>)

There are two types of tenancy agreements in India, Lease Agreements which are covered by rent control laws and Lease and License Agreement which are not covered by rent control laws.

2.6.1 A LEASE (OR RENTAL) AGREEMENT:

It is covered by restrictive rent control laws. The amount of rent that can be charged is based on a formula devised by the local executive, legislative or judicial government, as the case maybe. For Delhi, the maximum annual rent is 10% of the cost of construction and the market price of the land. But the cost of construction and the price of land are both based on historical values and not the current market valuation, so for the older property, the rents charged will be smaller. Rents can only be increased by a fraction of the actual cost the landlord has incurred in improving the property.

The Lease Agreement transfers the right of ownership to the tenant for an indefinite period of time, which in some cases is problematic because it encourages the tenant to claim the right to permanent occupation. In numerous cases, tenants have refused to relocate. When brought to court, these cases take 10 to 20 years to resolve.

2.6.2 LEASE AND LICENSE AGREEMENT:

Most landlords prefer this agreement. This agreement only grants the tenant a license to occupy the property for a period of 11 months, with an option for periodic renewal. Because the rent control laws (which are largely in favour of tenants) only apply for lease agreements of at least 12 months, establishing an 11-month agreement serves as a pre-emptive measure.

2.6.3 DEPOSIT:

Prior to occupancy, tenants usually pay a security deposit of three months' rent. This is usually refundable at the end of the contract, if no other liabilities have been left unsettled. Deposits are expected to be returned within a month after the end of the tenancy, or as stated in the contract. Until the deposit is returned, contracts commonly stipulate that interest must be charged on the deposit, computed at a daily rate. Advance payments for six months up and full payment for 11 months are popular.

2.6.4 LANDLORDS AND TENANTS RIGHTS IN DURATION OF CONTRACT AND EVICTION:

Since Lease and License Agreements are designed to escape restrictive regulations, all terms are governed by agreement between landlord and tenant. Aside from the most basic condition that the tenancy is only for 11 months, everything must be stated in the contract. Typical

contracts include a provision that, if either party wishes to prematurely terminate the contract, three month's notice must be given.

2.6.5 THE DIFFERENCE BETWEEN RENTAL AND LEASE AGREEMENT:

The biggest difference between a rental and a lease agreement is the period of occupancy. A written rental agreement is usually for a very short duration, and is automatically renewed after the end of the period, unless the landlord or the tenant ends it by giving a written notice, typically within a period of 30-60 days. For the month-to-month rentals (i.e. if the rent is being paid monthly) the landlord can change the terms of the agreement through a proper written notice, subject to any rent control laws.

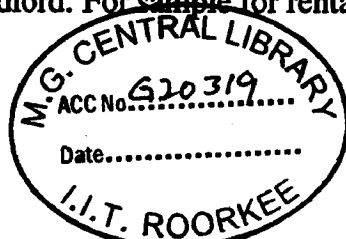
A written lease agreement, on the other hand, gives the right to occupy a rental unit for a set term, if the tenant pays the rent and complies with other lease provisions. Unlike a rental agreement, a lease agreement does not get automatically renewed when the lease period expires. Also, during the fixed term of the lease, the landlord cannot increase the rent or change other terms agreed upon in the lease, unless the changes are specifically provided for in the lease, or if the tenant agrees.

2.6.6 LEGISLATIVE MEASURES FOR OWNER AND TENANT AGREEMENT:

Local laws cover landlord and tenant agreements. Many local rent control laws such as the Maharashtra Rent Act 1999, Delhi Rent Act 1995, Tamil Nadu Buildings (Lease and Rent Control) Act 1960, strictly regulate rental agreements that are 12 months or longer in favour of tenants. If the monthly rent payable on a property exceeds Rs 3,500, the agreement is subject to the Transfer of Property Act (TPA), which assigns the landlord responsibilities including

- i) disclosure of information regarding material defects in the property and
- ii) Uninterrupted occupation of the property for the agreed period (subject to periodic visits by the landlord for inspection).

In this case there are more grounds for evicting tenants, but the situation is still disadvantageous to the landlord. For sample for rental agreement refer ANNEXTURE - III



2.7 EMERGING ISSUES AND CONSTRAINTS

Though rental housing remains a compulsion for many households (due to affordability) getting a decent home in formal market is beyond the reach for most of the low income renters. The issues facing the rental housing market are:

- 1 How to restore the old dilapidated building under rent control act?
- 2 How to bring vacant properties into the rental market?
- 3 From the suppliers' side, the low rate of return discourages investment in rental housing. Even if rental housing is provided management and collection of rents is a major issue as observed in schemes provided by the government.
- 4 After successive failures of the government to provide rental housing, the other suppliers remain the slum landlords and private individual households. How to really involve the private sector to provide for rental houses?
- 5 Rental housing serves a variety of migrants such as young single migrants, migrants with families and floating population. So what varieties of rental options are required? Who will provide them and how?
- 6 Even if sufficient housing stock is available how does one know about it i.e. the information system?

2.8 FINDINGS FROM THE LITERATURE REVIEW

- **The analysis of income patterns and terms of finance in India suggest that 80% of the households earn less than 11000 per month and cannot afford a house in the present formal market.** With increasing urbanization, migration and an existing housing shortage of 24.7 million (99% of this shortage is for EWS and LIG) there is immense need for provision of affordable houses. Also 90% of population is employed in informal sector which limits affordability, as access to finance is difficult. Inability to provide affordable housing has resulted in formation of slums in many Indian cities.

- **Currently 28% of urban households in India live in rented houses. Rental housing is associated with major and large urban areas.** Households living in rented accommodation in some of the large cities range from a third to half of the total as given below: Bangalore (53%), Chennai (51%), Hyderabad (44%), Kolkata (44%), Mumbai (39%), Delhi (32%). Of the total slum population in India 30% households are living in rented accommodation.
- **Large private suppliers of rental housing existed in the past, however this supply was completely destroyed by the Rent Control Act.** These forms of private supplies were known as Chawls in Mumbai and Thika tenants in Kolkata and estimated rate of return were as high as 10%. Though the Rent Control Act was meant to be in existence only for a short duration, it continued for years together, due to political reasons. It discouraged the large private suppliers to build for renting and created uncontrolled black markets. Apart from restricting new supply it also lead to rapid deterioration of existing rental stock and increased vacancy rates. Another major hindrance to rental housing supply is property tax act. The rented properties are required to pay double the tax as compared to the owned properties.
- **A few attempts of provision of rental housing by the government have failed due to the inability to collect rents and maintain these rented properties, leading to withdrawal of government.** Schemes which involved direct provision of rented houses were “slum clearance and improvement” and “rental housing scheme for state government employees”. The other two schemes where government provided financial assistance were Integrated Subsidized Housing Scheme (ISHS) and middle income group housing scheme (MIGHS).
- **Institutions such as the Muslim Waqf Board and All India Women’s Conference for working women used to build hostels offering subsidized accommodation.** However some institutional suppliers such as the YMCA have transferred their rental hostels for commercial use. Institutional sector both in public and private sector provides rental accommodation to their own employees or public in general on a limited scale.
- **At present it is mainly the private household sector or a few private landlords in the quasi legal segment that seem to fulfil the rental housing demand by the poor.**

The options available to the poor more often lie in inner city, slums or peripheral areas where due to inferior structure, location and infrastructure rents are low and within the affordability range.

- **The present issues in rental housing market in India include:** How to bring vacant properties to rental market, how to restore dilapidated buildings under RCA, need for a range of rental options for various kinds of migrants, matching suppliers with needs of different groups, exploring the provision of rental housing at entry points, and access to information on availability of rental houses against demand,.

There is extreme shortage of affordable rental housing. Shortage and significant population increase have brought the vacancy rates to all time low. When there is no supply of rental housing the most extreme situation is felt by the lower income groups to find a rental house. While government lacks the fiscal resources to directly subsidize all renter households currently in housing need, the ability exists to improve the investment climate so that the rental development once again becomes viable and the market as a whole starts to work again. It is also said that if sufficient supply is there for the high end it increases overall stock and hence increases affordability.

The challenge for government is to ensure that the existing investment environment promotes a sustained and healthy rental development market so that the cost of directly subsidizing affordability is minimized.

CHAPTER 3: CASE STUDIES

3.1 CASE STUDY: PUNE RENTAL HOUSING MARKET (Shirsath 2009)

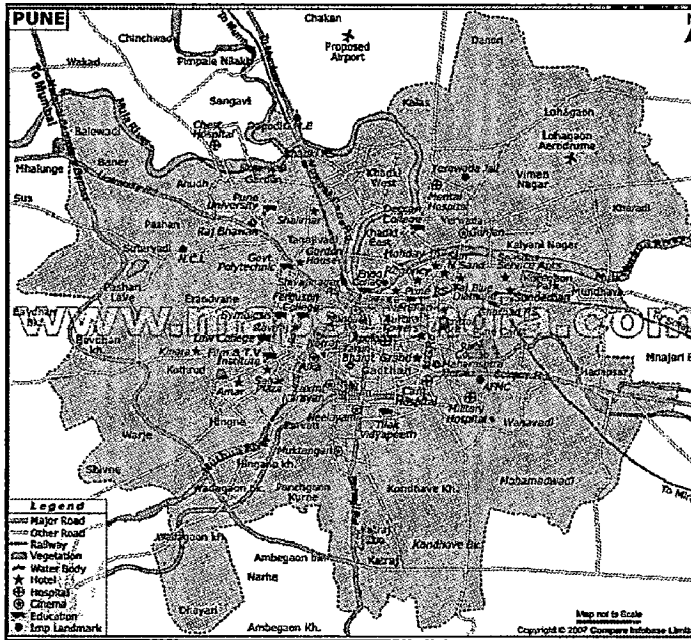


Figure 3.1: Pune city map

This case study is adopted from the Thesis report of Shirsath, student of Masters in Housing, CEPT Ahmadabad. This case study is mostly confined with rental housing requirements for IT/ITES employees and their preferences.

Pune Urban Agglomeration consists of Pune Municipal Corporation, Pimpri - Chinchwad Municipal Corporation, Pune Cantonment, Khadki Cantonment and Dehu Road Cantonment (Figure

Pune's urban agglomeration population has grown from 0.164 million in 1901 to 3.755 million in 2001. As per 2001 Census, the total population of the Pune district is 7224224, with a decadal growth rate of 30.58 % in 1991-2001. The population density is 462 persons per sq km.

3.1.1. RESIDENTIAL MARKET OVERVIEW

Real estate sector in Pune has witnessed rapid growth in 2007 due to development of IT sector. Maximum development has continued in peripheral regions due to lack of large land parcels in central locations. Of this, the majority has been concentrated in eastern and western part of the city. The Pune is divided into six zones central, North, North East, North West, South East and South West as shown in Figure 14.

Most of the residential supply is observed to be coming up in the North Western & South Eastern regions of the city comprising the areas like Baner, Pashan & Magarpatta. This supply is in response to the demand from the IT and ITES professionals working in the area. The South-Western region comprising Kothrud, Warje and Sinhgad Road, is also active with high supply and demand of residential apartments. Pune has also witnessed an increased activity in

the North-Eastern quadrant in the locations like Viman Nagar, Nagar road, Wagholi and Kharadi with the launch of couple of new projects in the recent past. (Table 3.1 and Fig 3.2)

Table 3.1: Residential zoning of Pune

Sr. No.	Zone	Important locations	Profile
I	Central	Deccan, Peth, Camp	Old and new CBD of the city.
II	North West	Aundh, Baner, Hinjewadi, Pashan, Wakad	Area with prominent IT & ITES With high disposal income
III	South West	Dhankawadi, Katraj, Kothrud, Warje	Upper MIG & MIG residential area with medium density.
IV	South East	NIBM Road, Fatima Nagar, Undri, Hadapsar, Mundhawa, Kharadi, Kondhwa, Magarpatta	Mainly Business class & upper MIG. Newly Coming up with IT & ITES.
V	North East	Kalyani Nagar, Viman Nagar, Nagar Road, Wagholi	Population with high disposable income & propensity to spend on family shopping & entertainment.
VI	North	Pimpri-Chinchwad, Pimple Saudagar, Thergaon	Mainly industrial area having MIG residence.

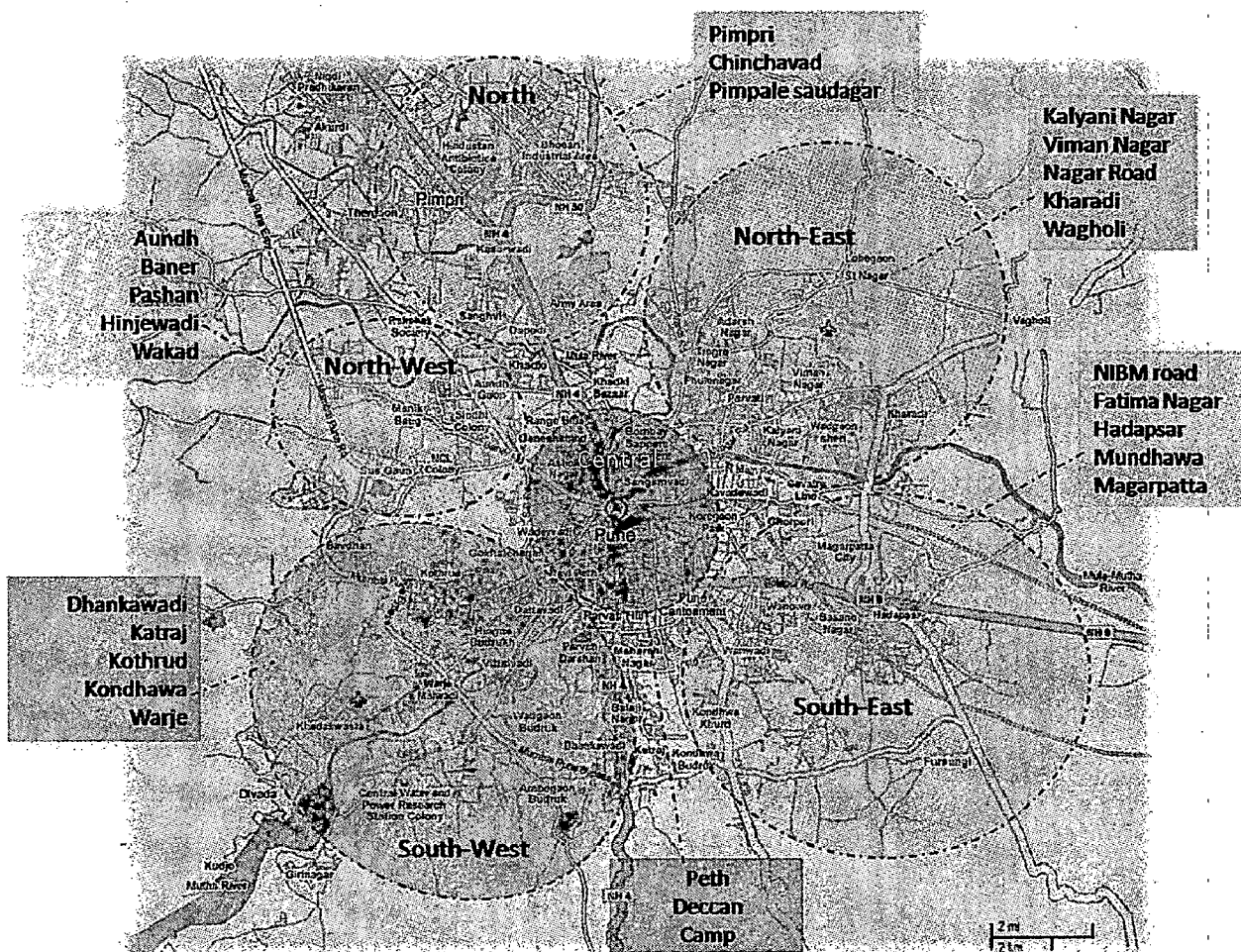
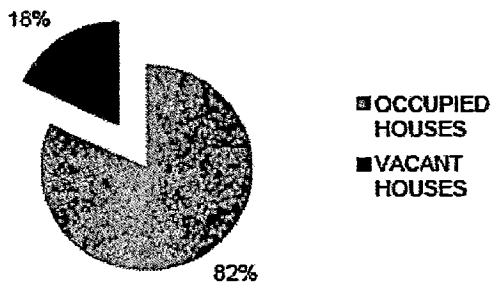


Figure 3.2: Map showing Pune city Residential Market overview

3.1.1.1 Pune Housing Scenario

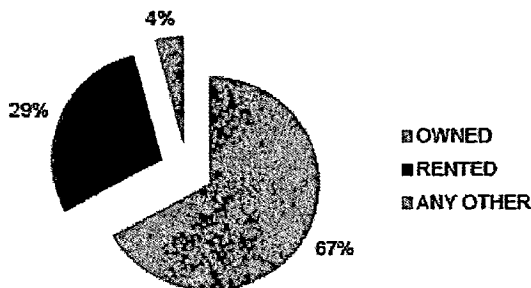
In Pune 82 percent of houses are occupied and 18 percent are vacant houses (Figure 3.3).



CENSUS HOUSES	763,133
OCCUPIED HOUSES	625,336
VACANT HOUSES	137,797

Figure 3.3: Houses distribution by occupancy in Pune city

Pune shows major share of housing is consisting of rental housing (29 percent) only followed by the ownership housing (67 percent) as shown in Figure 3.4.



HOUSEHOLD BY OWNERSHIP STATUS OF CENSUS HOUSES	524,319
OWNED	351,569
RENTED	151,414
ANY OTHER	21,336

Figure 3.4: Household distribution by tenure in Pune city

3.1.2 PRESENT STATUS AND PREFERENCES FOR RESIDENTS FROM THE SURVEY STUDY OF IT/ITES EMPLOYEES

3.1.2(a) Type of Ownership

- Assessment of preferences for type of housing states that major share of housing is consisting of rental front only followed by the owned.
- Many of the respondents are willing to change their existing housing scenario and wanted to shift for owned housing unit and followed by rental housing units.
- Respondent's preferences states that many of the respondents staying at company owned units are willing to shift from there either to owned or rental units. Also others like the respondents who are staying with relatives, friends are also wanted to shift to owned or rented unit.

- IT/ITES migrant employees are residing mainly at rental house (66 percent), then the owned units (22 percent) and followed by company owned (6 percent) as shown in Table 3.2.

Table 3.2: Housing tenure pattern existing and preference in Pune

PARAMETER	EXISTING	PREFERENCES
Owned	22%	32%
Rented	66%	71%
Company Owned	6%	3%
Other	6%	4%
Total	100% (152)	100% (152)

3.1.2(b) Type of Building

Table 3.3: Preference for housing type for rent in Pune

PARAMETER	EXISTING	PREFERENCES
Bungalow	2%	9%
Row House	7%	7%
Apartment	70%	78%
Other	21%	6%
Total	100% (152)	100% (152)

Apartments which may be low rise apartment or high rise apartment are found to be most favourable option of while they are opting for rental unit followed by the individual bungalow and row house existing housing types for IT/ITES employees as shown in Table 3.3. While respondents who are staying with hostels, hotels and company owned units are want to move from the existing location to other type of building.

3.1.2(c) Rent

- Many respondents are currently paying rent ranging from Rs. 1501 to 3000(56 percent), as most are residing in rental unit on sharing basis and many of them who are paying rent more than that are willing to shift to this group as shown in Figure 3.5.
- Not a single respondent is paying rent less than Rs. 1500 either individual or sharing basis.

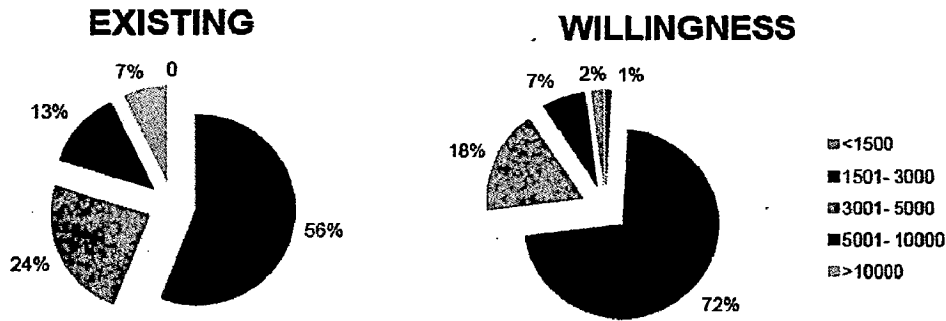


Figure 3.5: Existing and willingness of tenants of pune to pay rent

3.1.2(d) Governing Parameters for Rental Housing

Parameters like - near workplace, near to public transport and rickshaws, proximity to hotels, close entertainment facilities, peaceful area/ away from city are considered as most important governing parameters for rental housing, where as parameters like - near to established retail areas, internet facility are not important as shown in Figure 3.6.

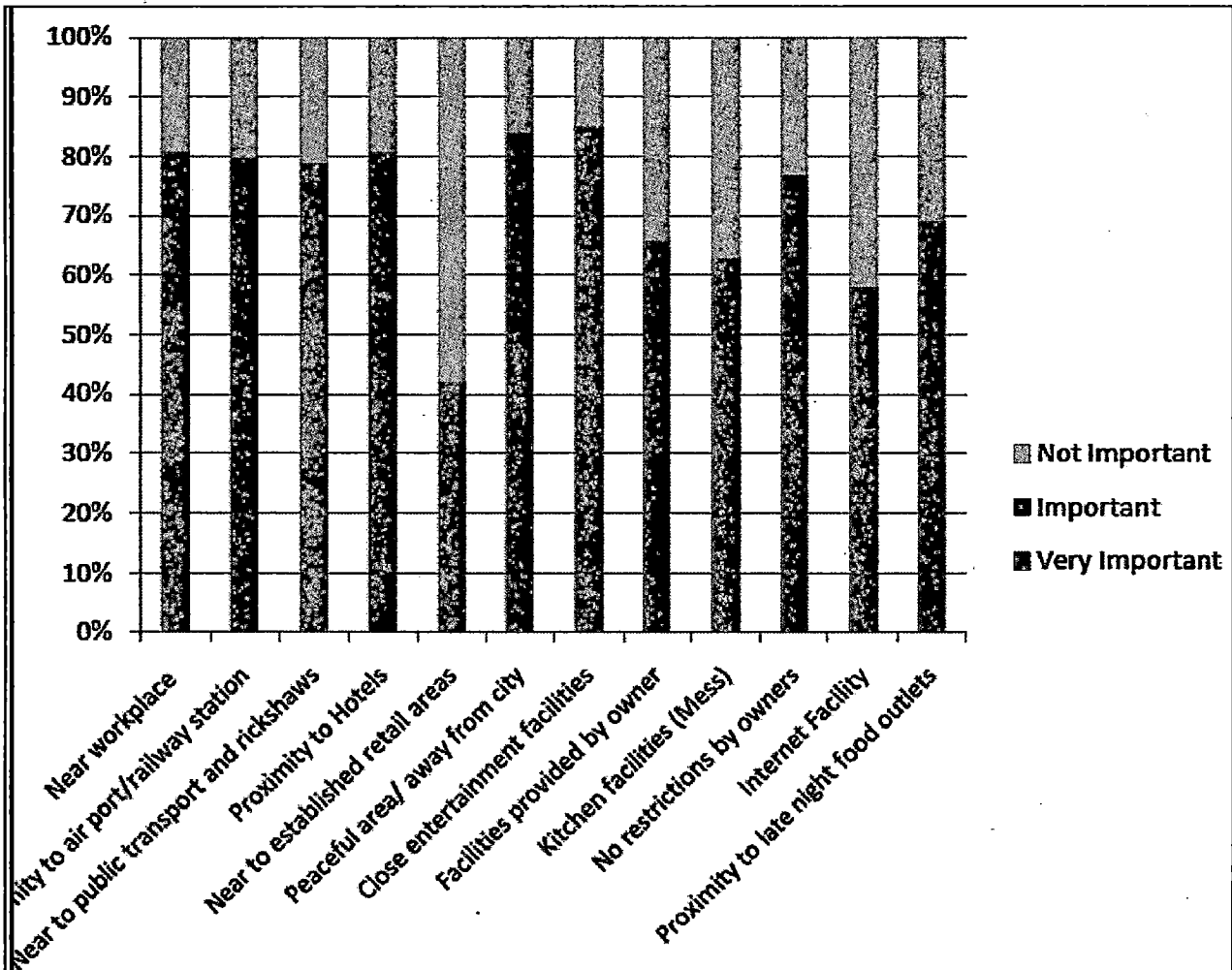


Figure 3.6: Graph showing governing parameters of Rental Housing in Pune

Table 3.4: Findings from Demand Assessment Survey of Pune

Parameters	Findings
Preferred type of building	78% opted for apartments, 9 % for bungalow and 7% for row house and 6 % for other
Area of house	54 % prefer to stay in 751 to 1050 sq.ft. house
Type of ownership of house	32% prefer outright purchase while 71% prefer rented house
Rent preferred	Rs.1500 to 3000 considering they are willing to stay on sharing basis
Governing parameters	
Very Important	Near workplace, Near to public transport and rickshaws, Proximity to Hotels, Close entertainment facilities, Peaceful area/ away from city
Important	Proximity to air port/railway station, Facilities provided by owner, Kitchen facilities
Not Important	Near to established retail areas, Internet Facility

The major constraints of the rental housing for developers and investors are

- Standard rent act coupled with the problems like evictions of the tenants, collection of rents etc.
- Property taxation which is heavily biased towards the ownership housing
- Increasing maintenance expenditure
- Availability of funds and expenditure

3.1.3 FINDINGS FROM THE CASE STUDY

1. About 66% migrants of the city for IT/ITES employment are residing in rental accommodation in the city. The remaining 34 percent of the migrants are residing at owned accommodation, company units and others.
2. The average income of the people working at IT/ITES companies is in the range between Rs. 10000 to 30000 per month and paying a rent of range between Rs. 1500 to 5000 per month.
3. Majority of the employees are living on sharing basis and the built up area of their tenure is in between 500 to 1050 sq. ft.
4. IT/ITES employees prefer the houses having affordable low rent and located within 8 kms range of their work place.
5. Majority of the rental units are chosen by the tenants are shown by the estate brokers.

6. Many of the rental residents are staying in rental units since last 2 years and about 62% of the respondents have shown interest for rental units for the next 2 years.
7. IT/ITES employees are ready to pay more in return if the rental housing has better services facilities.
8. After the complete stoppage of organised supply unorganised sectors have started to cater this demand. And growth of unorganised rental unit's supply caters this demand.
9. The study shows that cost of land, cost of construction, occupancy of rental block and rent in per sq. ft. per month offered are the significant factors influencing the financial feasibility of Rental Market.

3.1.4 CONCLUSION FROM CASE STUDY

3.1.4(a) Pros of Rental Housing

- It will increase housing stock
- Increase in quality of life
- Employment generation
- Easy availability of rental units
- Revenues generation

3.1.4(b) Recommendation/ Strategy to Improve Rental Housing Supply

- Provision of rental housing model to increase rental housing market.
- Model will increase the organised rental housing supply into the formal rental housing market.
- More direct and indirect jobs will also be created with the rental housing model to the city this will also support the employment of the city.
- This will lead to more socio economic benefits to the society.
- FSI interventions to promote Private investment in rental housing

3.2 RENTAL HOUSING STUDY: CASES OF SURAT AND BANGALORE (Kumar D. S., 2001)

In India it is mainly the private household sector which provides the rental housing. But the ways it is provided varies from city to city. Also how and why do households rent their houses is interesting to know. Inter-city differences arise mainly as a result of variations in:

1. City level economic activities and opportunities;
2. The way in which the population of the two cities are constituted;
3. The extent or lack of planning interventions;
4. The operation of land markets and industrial development;
5. The dominance of social networks versus economic purchasing power;
6. The influence of different local power brokers.

Within low income rental markets, it is local employment opportunities and levels of services (transport as well as water and sanitation) that have a direct impact on the form that rental housing markets take.

In Surat traditional landlords lacking experience in the real estate trade combined with an inability to make contact with a largely migrant population paved the way for the emergence of an intermediary – the developer-organiser. The developer-organiser sometimes builds for renting to avoid squatting and also for speculation. Here some textile masters (supervisors or managers) have taken up land development and organisation (on a part time or full time basis) and draw upon their workers as clients. As a result it is observed that here transactions are more dependent on generation of trust, kinship associations or groups. This helps to negotiate that most developers - organisers provide their clients with the opportunity to pay for land in instalments. This development of social networks makes access to finance easy from these private networks many times free of interest. Hence the deposits which are taken from renters are to insure landlords against rent defaults. Access to land and accommodation is through developer organiser hence he has greater control over a potential electorate. Also investment required for providing rental houses here is less as migrants wish to save on rents by compromising with the quality.

In Bangalore landlords an individual or household pays the owner of a property a fixed lump sum in return for the rent-free use of the leased property for a fixed period of time – normally

two or three years. On the expiry of the lease, the lesser repays the lease amount, without interest, to the lessee in return for the property. The practice of landlords requiring deposits is aimed at generating cash flows to pay off debts. For the tenant, a lease ensures security – for the period of the lease, they are protected from being evicted mainly as the result of the offer of higher rents from better off tenants. They are also protected from rent increases. They also feel less vulnerable as they do not have to find the rent on a monthly basis and are therefore able to concentrate on saving.

In both Bangalore and Surat, the renting out of accommodation is an important part of the portfolio of the livelihood responses. For most landlords, rents supplement other income generating activities, to make improvements to the house etc. Though ethnicity and social networks are more in Surat than in Bangalore when it comes to selection of tenants, it is by these ethnicity and social networks. This selection of tenant itself erases chances of conflicts between landlord and tenants. Even if there are disputes they are resolved through the social contact that introduced the tenant to the landlord in the first instance and less by local power brokers. Generally the disputes are relating to rent increases or maintenance issues. Larger the landlords greater is the vulnerability of tenants. The agreements are generally oral or on a mere Rs 10 stamp paper which has no legal recognition. Many times landlords are only seen as exploitative, but here it is observed that it is benefiting both the landlord as livelihood response and assisting the tenant to have an accommodation to make his foots strong in the urban system. Also varieties of rental options are available as per location, level of services, quality and rent levels. This helps for the affordability in initial stages though there is a compromise on quality and environment.

Table 3.5 : Comparative analysis of rental housing in Surat and Bangalore

	<u>SURAT</u>	<u>BANGALORE</u>
	Renting	Leasing
Social Links	Strong	Reduced over the years
Access to finance	Easy	Difficult
Reason for Renting/Leasing	Apart from income helps avoid squatting and also for speculation.	Leasing gives interest free loans to the owner
Deposits	To insure landlords against rent defaults	Leasing gives interest free loans which the owner uses to pay off his debts

Advantages/ disadvantages	Need not require large amount upfront for an accommodation	Protected from <ul style="list-style-type: none"> • Being evicted as the result of the offer of higher rents from better off tenants • Rent increases • Feel less vulnerable as they do not have to find the rent on a monthly basis and are therefore able to concentrate on saving. • Also at the end of lease period gets the amount back
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3.3 INTERNATIONAL EXPERIENCES OF RENTAL HOUSING PROGRAMME (Hilversum 2003)

Decent housing is important both to individual households and to economic growth. It impacts on individuals' disposable income, their ability to access employment, their health, and their inclusion in society. This is why the rental housing is an opportunity to achieve a more sustainable balance between housing availability and the demand for housing and the sustainability of existing towns and cities. The shortage of affordable housing is one of the biggest challenges affecting economic competitiveness and quality of life. The need is particularly great for affordable rental housing.

Over the years few governments, worldwide have successfully provided and encouraged affordable rental housing. Hence it is necessary to know by what mechanisms these countries provided rental housing.

Rental housing schemes have been an important instrument for provision of housing services at affordable prices to the ones in need. In UK it was council houses which used to house the lower income groups. In Netherlands, it is the social housing organizations which provide 30% rented housing stock of the total housing stock. In USA two different programmes are provided as Section 8 – housing choice voucher programme (demand side) and Low income Housing Tax Credit (LIHTC-supply side). In India presently there is no programme/scheme from government for rental housing, it is mainly provided by private households.

3.3.1 RENTAL HOUSING IN NETHERLANDS

Table 3.6: Netherlands Tenure Patterns

Sectors	1993(%)	1997(%)	2001(%)	2006(%)
Home ownership	47.0	50.0	53.0	54.0
Private rented	15.0	13.0	12.0	11.0
Social rented	35.0	37.0	35.0	35.0
Source: Ministry of Housing				

The major housing stock is social rented housing and owned by registered social housing organization (SHO) as shown in Table 3.6. These are entrepreneurs with a social objective that builds,

rents, manages, and sells dwellings. Any profit made by them has to be re-invested in housing. The advantages they enjoy are, Exemption from corporation tax, Can have their loans guaranteed by WSW-guarantee fund, Can buy council land at reduced prices for purpose of building social housing

Initially these were like government branch offices and highly dependent on capital (object) subsidies and rent allowance (subject subsidies). But finally in 1992 these subsidies were stopped and in 1993 buttering (Balancing out) agreement was finalized between the state and federation of SHOs for making SHOs financially Independent. This meant an enormous shift in the financing of social housing construction. Financial viability of the SHOs was in danger. Thus in 1990s a guarantee structure was created that gives financiers the certainty to provide loans and, at the same time, carries almost no risk for the State.

There are nearly 6.65 million dwellings in The Netherlands. Eighty percent of these were built after the Second World War. This housing stock can be divided into three sectors:

1. The social rented sector - Dwellings owned by the social housing organisations.
2. The private rented sector - Housing owned by private individuals and institutional investors (such as pension funds and insurance companies)
3. Home ownership - the owner-occupied sector) - those dwellings which are the property of those who occupy them.

3.3.1(a) Affordability of Rental Housing Stock-

- a. **Rent subsidy** – The Rent Subsidy is a housing benefit and intended for people who are not able to pay the housing costs for their rental dwelling, by age, income, personal

means and the rental price. In 2002, one million tenants were given rent subsidies for a total amount of more than € 1,5 billion.

- b. **Rent policy** – Based on the rent policy commission's proposals for the short term, Depending on the ratio between the rental price and the quality of the dwelling, the rent increase may be differentiated to a maximum 2%-point above the average inflation.
- c. **Rent quota** - Despite the fact that the social housing organisations are more careful about housing allocation, there is still much use of the Individual Rent Subsidy. This is mostly caused by the growing number of older people, pensioners and people with unemployment benefits. For these people, the housing costs would be considered high.

3.3.1(b) Allocation of Houses

i. Housing Act – for distribution of housing supply :

By the Housing Act (1993) the housing-seekers would register with the local authorities and registered social housing organisations, then they will rent the dwelling that had come available, with the task of making sure that the lower-priced side of the housing stock is allocated to the people with lower incomes and other special attention groups intended in policy. The basic principle of the Housing Act is that, essentially, everyone can live anywhere.

Local authorities may only stipulate that house-seekers have a social or economic tie to the region, and no longer to the city. This regulation has important consequences for the regional co-operation between municipalities and the social housing organisation. Furthermore, the stipulations may only apply to low-income rented and owner-occupied housing.

ii. Supply system

A new housing distribution system is coming up- more client-oriented known as the **Delft model**, The social housing organisation presents the dwellings that have become available in a free housing publication. If someone wants a certain dwelling, they can make their interest known through Internet, a voice response system or by sending in a completed form.

The determining factors in several candidate situations will be: age, in the case of starters and length of occupancy, in the case of those moving (up) to another dwelling. A system is

developed whereby housing-seekers are given points according to length of registration. A newly vacant dwelling will be allocated to the person with the most points. Real emergency cases will be provided with a priority card with the form.

The BBSH (*Besluit Beheer Sociale Huursector*) Rule that regulates The Operations of Social Housing organisations.

3.3.1(C) The Financing and Security Structure

Table 3.7 : Comparison of guarantee structure

Primary security: - soundness of institution and branch of 'business'	- Financial position of social housing organisations (equity and annual reports) - CFV (Central Social Housing Fund): solidarity /support branch of 'business'
Secondary security: - surety by institution putting capital together; - surety by local authorities' guarantee	- WSW: guarantee capital - Guarantees by local authorities
Tertiary security: - State 'safety net'	- safety net role of State and local authorities

CFV (Central Social Housing Fund) is an administrative body with a public slant. This fund receives its resources from charges levied on SHOs. If any SHOs financial position is weak to get guarantee from WSW then it is advised to submit a request a request for support to CFV. WSW (Social Housing Guarantee Funds) is a private organization set up by and for SHOs. Once credit worthiness is checked for the SHO, WSW gives guarantee for all loans made by SHOs in exchange of compensation paid by organization to WSW. The SHOs also are also required to pay an amount that is used as reserve in case the WSW capital falls below certain level. At the very end of the 'chain of guarantee' stands the backup guarantee provided by the State and local governments. This 'safety net' function is an extra argument for financiers to lend money to social housing organizations at attractive interest rates.

i Rent Policy:

Housing units with a maximum rental value of EUR 615 per month are social rented housing units. The SHOs generally charge 68% of this maximum value. The individuals or households can get rental allowance if they qualify for the eligibility criteria's based on income

and assets. Rental price is raised every year. Annual increase in rent is based on average inflation of last five years.

Since no more subsidies are obtained SHOs are looking into new innovations as combination projects containing both cheap rented dwellings and expensive ownership dwellings. The marginal returns from the sale of these dwellings are used to realize affordable housing for the organization's target group

3.3.2 RENTAL HOUSING IN USA

As in other countries here too initially the rented stock was supplied by government and later by private sector. But it was observed that even after the supply the housing stock was not affordable to the masses. Hence a new demand side programme was envisaged as Section 8 Housing Choice Voucher Program (HCV) 1974.

3.3.2(a) Section 8 Housing Choice Voucher Program (HCV) 1974:

In this the candidate on the basis of eligibility criteria's is given a housing voucher by the local housing authority. While giving the vouchers to eligible households generally there is a waiting list. The recipient themselves have to search a house and should be as per the minimum quality and rent standards of public housing authority. The local authority then inspects the house and if finds it appropriate and even landlord agrees then the recipient gets the house on rent. A family has to pay 30% of monthly adjusted gross income for rent. Housing subsidy is paid to the landlord directly by public housing authority and difference is paid by the family receiving assistance.

This programme is administered locally by public housing authorities (PHA). They receive federal funds from US department of housing and urban development to administer the voucher programme. They may apply to the federal government for funding to operate Section 8 programme. By law the PHA has to provide 75% of its vouchers to applicants whose incomes do not exceed 30% of the area median. This programme works on factors as availability and location of qualifying housing, landlord's willingness to participate, and effectiveness of local programme administration. (Katz, Turner et al. 2003)

Advantage of HCV Programme - This programme does not directly increase the supply of affordable housing but solves the major issue of affordability by supplementing the rents. This

programme gives the flexibility to the recipient to search as per their choice but sometimes the fair market rents are generally too low to permit families' access to many desirable neighbourhoods. After understanding the demand side programme, programme responding to the supply side is the Low Income Housing Tax Credit. (Katz, Turner et al. 2003)

3.3.2(b) Low Income Housing Tax Credit:

It is a federal supply side program, instead of offering direct subsidy the tax credit provides incentives to develop low income rental housing by granting investors reduction in their federal tax liability in exchange for development of affordable rental housing. (Katz, Turner et al. 2003). The return to the investor is mainly in the form of tax credits paid in roughly equal annual allotments over 10 years. Such a project must qualify as low income each year for at least 15 years.

The program is administered at the state level by each state's housing finance agency. Each state gets a fixed allocation of credits based on its population from federal government as \$2 per capita in 2008. The state reviews applications submitted by developer and allocate tax credits. Initially must serve households with incomes no more than 60% of the area median income. (Dorch, Christman et al. 2008)

Developers typically "sell" the credits for upfront cash by entering into limited partnerships (or limited liability companies) with an investor or to a syndicator who acts as a broker between the developer and investor. Developer serves as general partner, owns just 0.01%, but controls and operates the project and Investor acts as limited partner with 99.99% of the profits, losses, depreciation, and tax credits being allocated to the investor as a partner in the partnership. (Cummings and DiPasquale 1998)

As of 2006, as much as 30 to 40% of all new multifamily construction has received a subsidy under the program that subsidizes the construction and rehabilitation of low Income housing.

The certain features of this program have been the flexibility because of which it has resulted in very different type of housing in various markets around the country. The program also does not create an overhang of annual obligations for fresh appropriations of funds that must be fit into a constrained budgetary envelope. But LIHTC program is very complicated, requiring developers and investors to make a significant investment in learning how program works But there are many other issues, like it requires huge subsidization if private

participation is expected to provide to the most needy. Since these are kind of real estate investments the risks associated with them can fluctuate substantially with market conditions. Credit risk is greatest for equity investors because the main source of return on their investment the stream of tax credits is subject to projects continued compliance. Some projects rely heavily on subsidies as grants or soft loan from state and local authorities, tenant based subsidies hence their financial viability is in question. And above all there is a great management risk because developer is required to manage and maintain required number of income eligible tenants, to ensure that appropriate documents are filed and kept current. (Cummings and DiPasquale 1998).

3.3.3 COMPARISON OF THE RENTAL HOUSING IN TWO COUNTRIES

Whenever the success of a housing programme is evaluated it is generally done by determining how much units have been created and how many household are able to afford it. But this becomes a very narrow set of objectives. It should also evaluate on certain aspects as preserve and expand the supply of good-quality housing units, make existing housing more affordable and more readily available, promote racial and economic diversity in residential neighbourhoods, promote balanced metropolitan growth etc. (Katz, Turner et al. 2003)

Table 3.8: Table showing Performance of Various Programmes (Katz, Turner et al. 2003)

Goals	Remarks	United States Of America		
		Netherlands	Supply Side assistance(LIHTC)	Demand Side assistance(Section 8 HCV)
Preserve and expand supply of good quality housing units		Yes- But with no more subsidies SHO are also building for ownership and for cross subsidisation. Also SHO's are investing in urban renewal (Guarantee fund for Urban Renewal).	Yes—rental stock has been expanded, but have not met more than half the need nationwide	Does not increase the supply directly, works when already stock is available but rents are not affordable
Make existing housing more affordable and more Readily		Yes- SHO's Charge 65% to 70% of maximum allowable rent.	Not affordable for households with income less than 40 to 60% of the area	Main concern is affordability for which the programme was

Available		Rent Allowance or subsidy also makes it affordable	median. Affordable for very low income with further subsidies	designed, and it depends on the individuals capability to find appropriate unit as per his requirement
Promote Racial and economic diversity in residential neighbourhoods	This mainly depends on the spatial planning and location of rental housing. Also before 1992 there were both subsidies on land and construction which encouraged this. Also	In some municipalities yes- and in some comparatively less. But overall yes it did. eg Hague and Zoetermeer SHO since trying with combination projects may also encourage mix tenures together. (Kam December, 1998)	Almost 50% units are located in neighbourhoods with greater than 80% poverty rates. Hence rarely— depends on where new units are located, and who is eligible to occupy them	Recipients can find a unit in diverse neighbourhoods, but still voucher recipient are found in minority neighbourhoods
Promote Balanced metropolitan growth	much depends on willingness of local authority since site selection and allocation was their duty.	But with increasing promotion towards ownership and shift towards market.	largely depends on where subsidized units are allocated	Since not site specific, depends on recipients ability to find unit close to jobs. But it is reported that many move to central city because of lack of acceptable units and need for larger units
Help households build wealth		Not happening	Generally not, but may lead to savings and assist in purchasing the same unit (though rarely preferred)	Not happening
Strengthen families			Possibly—but little literature exists to confirm programs' ability to strengthen families	Only if units are not located in distressed neighbourhoods
Link housing with essential support services		They do give preference to physically disabled , elderly	Sometimes - only when units are specially designed	Since becomes de concentrated increases service delivery cost

3.3.4 CONCLUSION

After looking at various examples it is observed that the firstly role of government has shifted from provider to facilitator. They are trying to provide solutions in many ways which could be adapted by developing countries. The multi-programmed approach of the developed countries include,

- Encourage social entrepreneurs
- Encourage private developers by offering tax incentives and
- Encourage the self help landlord to invest in rental housing.
- Encourage innovative strategies for increasing market and choice of rental housing.

The basic issue is who would provide, manage and maintain the rental housing stock and how. As it is seen it can be provided by government, housing co-operates and private households. When many such combination of solutions are possible it is necessary to understand why a household opts to be in rented house, what are the advantages it offers, diversity of rental housing and various suppliers of rental housing

CHAPTER 4: RENTAL HOUSING SCENARIO IN DELHI

4.1 CITY PROFILE

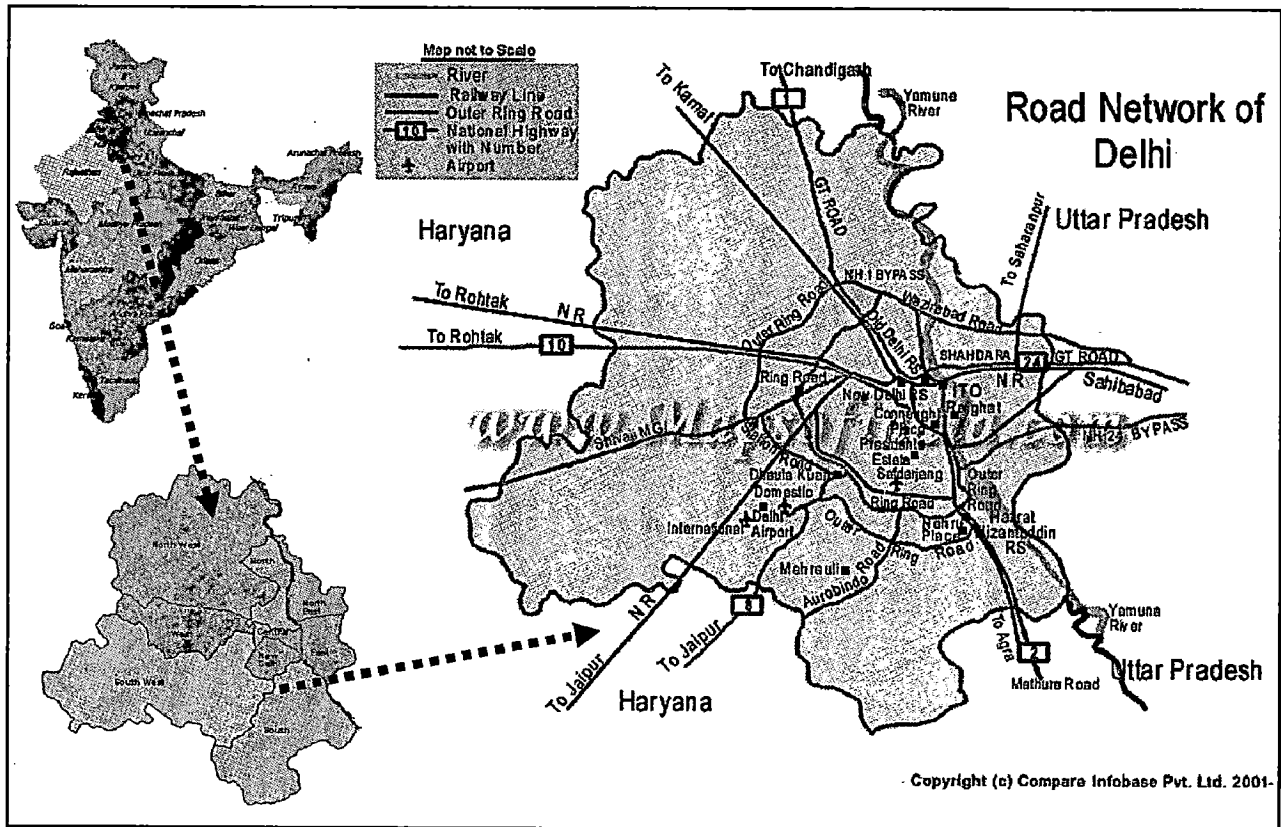


Figure 4.1 : Map of India, Delhi, and detailed map of NCT Delhi.

India's population is more than one billion people, of which more than 28-30 percent currently lives in cities. And this percentage is expected to increase to about 40 percent by 2020 (Urban studies 2006).

Delhi the national capital territory spread over a land of 1,483 sq km area with population of 9.40 million in 1991 and 13.85 million in 2001. It is expected that the population will grow to 23 million in 2021 (Delhi Master plan 2021). Delhi is with an urban area of about 891 sq. km (Census 2001). The population of Delhi Urban Area (DUA) between 1911 and 2001 is given in Table 4.1, it is clear from this table that Delhi's population has increased by eighteen times in a span of last six decades. The Delhi at glance can be referred from Annexure

The creation of employment has not kept pace with the growth of urban populations; as a consequence, the traditional pattern of poverty incidence is rapidly shifting from rural to urban areas. Every day an estimated one thousand people come to live in Delhi alone. These

include migrants from poorer states such as Uttar Pradesh and Bihar (National Capital Regional Planning Board 1996).

Comparing the decadal growth rate of urban population since 1901 it may be seen that the urban population which recorded a growth of 11.13 percent during the decade 1901-11 rose to 52.34 percent during the decade 1991-2001 (Table 4.1). The urban population has shown an all time record of growth of around 106.58 percent between 1941-51. (Economic survey of Delhi, 2008-2009)

4.1.1 URBANIZATION TRENDS IN DELHI

Delhi experienced a major expansion with partition in 1947 with huge number of refugees coming to settle down here. Subsequently, there was large scale migration from adjoining states of UP, Haryana and Rajasthan for employment.

Delhi Development Act was enacted to bring about the planned growth of the city in 1957. The rapid urbanisation of Delhi has resulted in a sharp increase in density of population to 9340 persons/sq km in 2001.

In 1901 the density was 274 persons/sq km, this increased to 9340 persons/ sq km, in 2001 Density of population at All-India level has been worked out at 324 person per sq. km. in 2001. The density of population in Delhi is the highest among all States/UTs in the country (Economic survey of Delhi 2008-2009).

Table 4.1: Growth rate of urban population in Delhi.

Year	Total pop.	Total Urban pop.	% Urban pop.	Annual growth Rate	Decennial Gr. Rate
1911	413851	237944	57.5	1.1	11.13
1921	488452	304420	62.32	2.5	27.94
1931	636246	447442	70.33	3.9	46.98
1941	917939	695686	75.79	4.4	55.48
1951	1744072	1437134	82.4	7.3	106.58
1961	2658612	2359408	88.75	5	64.17
1971	40655698	3647023	89.68	4.4	54.57
1981	6220406	5768200	92.73	4.6	58.16
1991	9420644	8471625	89.93	3.8	46.87
2001	13850507	12905780	93.18	4.2	52.34

Source: Economic Survey of Delhi, 2008-2009

Annual exponential growth rate and decennial growth percent reveals that only 0.21 million persons were living in urban areas in 1901 and by 2001 it increased to 12.82 million. In terms of percentage, urban population was 52.76% in 1901 and it rose to 93.18 % in 2001. It shows that fast urbanisation has taken place in the capital city. According to Population Census 2001, the highest percentage of urban population of a state in India is in Delhi (93.18%), followed by Chandigarh (89.78%) and Pondicherry (66.57%). (Economic survey of Delhi 2008-2009).

4.1.2 MIGRATION TRENDS

Delhi which is the third largest Indian metropolis has been experienced a consistently high rate of growth during the last few decades. The spurt in population is mainly due to never-ending migration, not only from the adjacent states but also from other states. U.P accounts for highest percentage of migration of 43% followed by Rajasthan, Bihar, and Haryana. Rich industrialised states like Tamil Nadu and Maharashtra contribute only 2% of migrants. Other states like Madhya Pradesh, Orissa, and Bengal contribute about 17%. The total population of 138.50 lakh of Delhi consist of 82.04 lakh from within Delhi and 53.18 lakh as migrated population from various states. The percentage of migration from various states is given in Table 4.2. Delhi attracts about 5 lakh in migrants per annum. (Economic Survey of Delhi 2008-2009).

Table 4.2: Percentage of migration to Delhi from different states during 2001.

Uttar Pradesh	43.56 %	Punjab	4.72 %
Haryana	10.26 %	West Bengal	3.18 %
Bihar	13.87 %	Madhya Pradesh	1.85 %
Rajasthan	5.16 %	Other states	17.39 %

Source: Economic Survey of Delhi, 2008-2009

During decade after partition, total population of Delhi also grew by around 90 percent migration of refugees. Growth of about 107 percent in urban population in this period suggests that a majority of such migrants settled in urban areas of Delhi.

In absolute terms, natural increase in population during 2007 was 2.21 lakh, whereas migration has been estimated at 2.45 lakh. The trend of migration from 1991 to 2007 is listed in Table 4.3.

Table 4.3: The trend of migration in Delhi from 1997-2007

Year	Population (in Lakh)	Natural increase	Increase due to migration
1997	120.57	2.18	2.29
1998	125.14	2.04	2.52
1999	129.82	2.09	2.59
2000	134.60	2.37	2.41
2001	139.50	2.15	2.75
2002	143.83	2.15	2.18
2003	148.53	2.13	2.47
2004	152.79	2.21	2.15
2005	157.18	2.30	2.09
2006	161.75	2.24	2.33
2007	166.41	2.21	2.45

Source: *Economic Survey of Delhi, 2008-2009*

4.1.3 EMPLOYMENT

Delhi being a capital city, its employment sector is also growing. This is because Delhi is the second largest commercial centre in South Asia after Mumbai. In 2007, Delhi had a per capita income of US\$ 1,140, the third highest in India after Chandigarh and Goa. While a major part of the work force is employed in government related jobs, the private sector is rapidly growing.

Key service industries include information technology, telecommunications, hotels, banking, media and tourism. Delhi's manufacturing industry has also grown considerably as many consumer goods industries have been setting up around the city. Delhi has also attracted much foreign investment. It is the base and head quarters for many international companies. Construction, power, telecommunications, health and community services, and real estate form integral parts of Delhi's economy. Delhi has India's largest and one of the fastest growing retail industries. Land prices are booming and Delhi is currently ranked the 7th most expensive office hotspot in the world. (*Source: Economic Survey of Delhi, 2005-06*)

With the generation of employment in different sectors the work force in NCT Delhi by 2021 will be 79.4 lakh. That will increase the demand of housing in the city, so the Rental housing can play a major role to accommodate some percentage of migrated population in Delhi.

4.1.4 HOUSING SUB-SYSTEM OF DELHI

Spatially, the city of Delhi is divided into North Delhi, East Delhi, West Delhi, South Delhi

and Central Delhi. The Housing sub-systems in these districts are illustrated in the Table 4.4.

Table 4.4: Prevalent Housing sub-systems in the various zones of Delhi

Zone	Activity/ Land Use	Residential Category Focus	Prevalent Housing sub-system
Central Delhi	Old Delhi – Commercial centre New Delhi Administrative centre	Houses the LIG Accommodates Govt. Employees of all categories and the HIG	Planned development with big plots
North Delhi	Moderate development in terms of commerce, services and facilities	Middle and low income population	All kinds of development
South Delhi	District centres and other facilities like hospitals, schools, open spaces, district parks, etc	Affordable to the HIG	Mostly DDA housing, SFS, with very few co-operatives
West Delhi	Moderate development in terms of commerce, services and facilities	Middle and low income population	All kinds of developments
East Delhi	Development started after 1970 when the DDA schemes and co-operatives started coming up.	High income and middle income population	DDA Housing, SFS and Co-operatives.

Source: Pallavi, mobility of people in Delhi, 2005

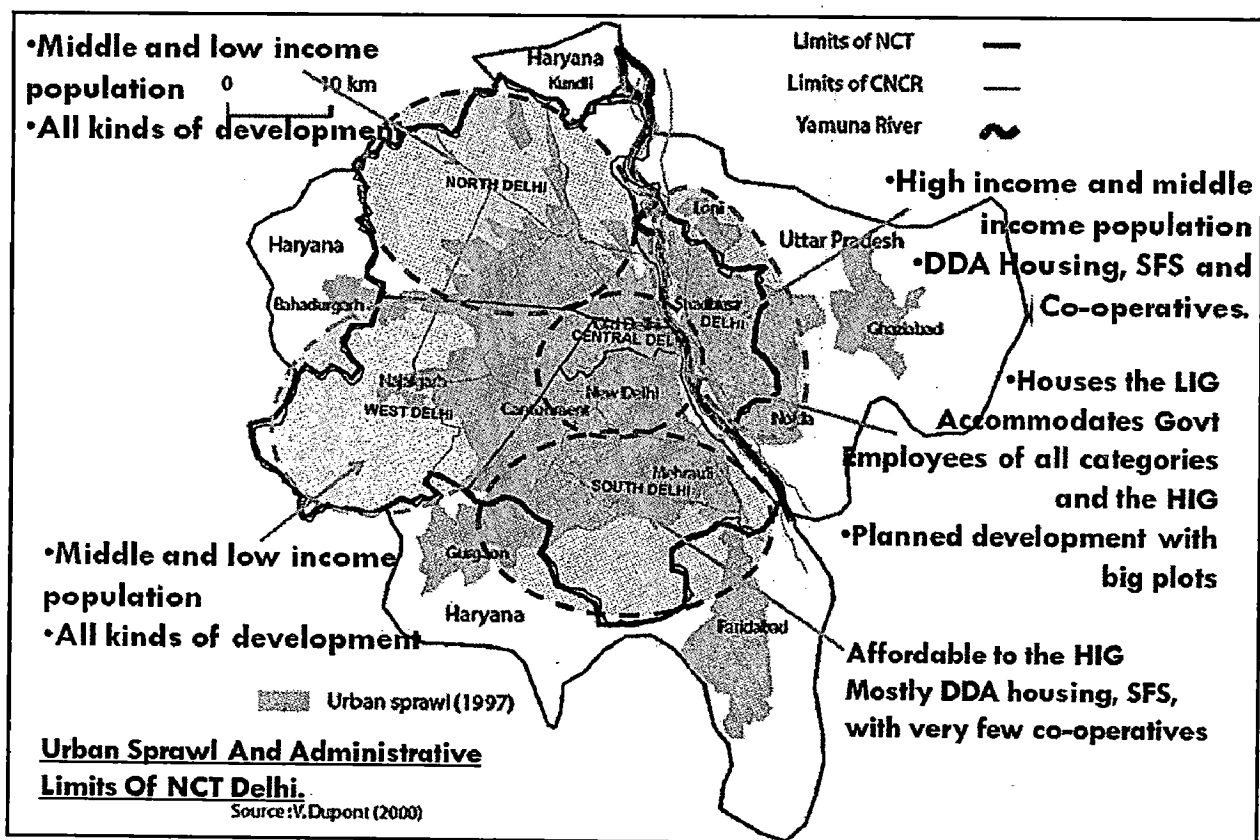


Figure 4.2: Urban sprawl and Prevalent Housing sub-systems in the administrative limits of NCT Delhi.

4.1.5 RENTAL HOUSING MARKET IN DELHI: AN OVERVIEW

The capital city of Delhi has a specific position in the Indian institutional system. It is indeed located in the National Capital Territory (NCT), which has a status similar to the other states of the Indian federal system. Although only 50% of the total area (1483 km²) is urbanized, the urban agglomeration of Delhi extends its limits out of the NCT, with cities like Gurgaon, Noida, Faridabad, and Ghaziabad, growing in the immediate vicinity of Delhi in the neighbouring states of Haryana and Uttar Pradesh. (V.Dupant 2000)

The Figure 4.2 shows the urban agglomeration of Delhi extends its limits out of the NCT. The figure shows the residential demand in peripheral areas adjoining to other cities like Gurgaon, Faridabad, Noida and Bahadurgarh.

In a metropolitan city, the demand for rental housing is comes from new migrants, transient households and households who cannot afford to own a house mainly. Government policies affect this demand either through directly providing rental housing to some groups of population or facilitating access to ownership housing. The measures have benefitted mainly the higher income groups among the population, where as the large part of rental housing demand comes from low middle and low income groups. The rental housing in Delhi is provided by a variety of suppliers in the public and private sectors.

4.2 CHARACTERISTICS OF RENTAL HOUSING

4.2.1 TENURESHIP PATTERNS

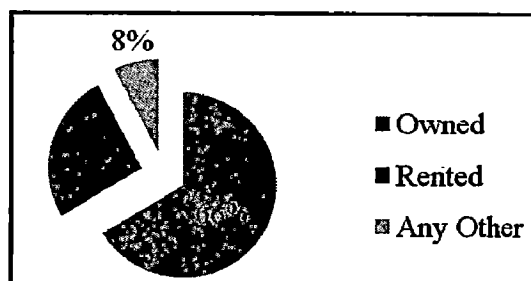
As per census, as in case of most of the other Indian cities the percentage of households living in rental housing in Delhi has been declining. From a huge 74 percent of households living in rented houses, in 1971 the proportion has declined to 26.1% in 2001. The information on number of rented households in the city is available from the census of India and NSSO. But to get further detailed information about the rented properties, the next source of information identified is property tax details from MCD and NDMC.

As per 2001 census the percentage of households living in rental accommodation is 26.1 percent (Table 4.5 and Figure 4.3), where as it is 23.74 percent as per NSSO survey 2002.

Table 4.5: Percentage of Owned and Rented Households in Delhi

Tenure status	Percentage status
Owned	66.3%
Rented	26.1%
Any other	7.6%

Source: Census, 2001

**Figure 4.3: Percentage of Owned and RH in Delhi**

The NSSO Report 2002 shows that the housing structures in Delhi are considerably better than the national average. More than 96% of the structures are of the *pucca* category as compared to the national average of less than 50%. However, simply looking at the type of structure is not sufficient to get a clear picture of housing in Delhi. The following table gives a clearer picture of the types of housing in the years 1991 and 2001. From the above table, it is clear that a major part of the population still does not have access to planned housing.

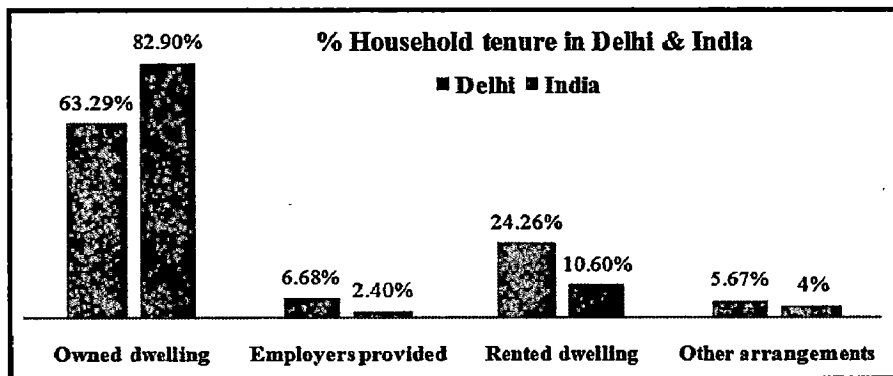
In Delhi the percentage of Plotted development including cooperatives have increased from 16 percent in 1991 to 20.2 percent in 2001, the percentage of DDA Flats percentage increased from 11 percent to 13.1 percent, cooperative group housing flats increased from 8 percent in 1991 to 12.1 percent in 2001 (Table 4.6). Urban areas of Delhi exhibited a more or less similar picture in this respect. Out of the total households, 62.32 % were residing in owned dwelling followed by 23.74 % in rented ones, 7.97 % in the accommodation provided by employers, 6.17% were having other type of arrangement.

Table 4.6: Type of Housing in Delhi (1991 and 2001)

Type of Housing	1991	2001
	'000	'000
Plotted development including cooperatives	304 (16%)	540 (20.2%)
DDA flats	209 (11%)	351 (13.1%)
Cooperative group housing flats	152 (8%)	324 (12.1%)
Resettlement and squatter units	437 (23%)	594 (22.2%)
Slum rehousing units	38 (2%)	71 (2.7%)
Government housing	129 (6.8%)	169 (6.3%)
Traditional area and urban village housing	361 (19%)	357 (13.3%)
Unauthorized and regularized housing	270 (14.2%)	270 (10.1%)
Total	1900	2616

Source: NSS 58th Round

The NSSO survey revealed that 63.29% households were found to be residing in owned dwellings, 6.68% employer provided, 24.26% in rented dwelling and remaining 5.67% having other arrangement in Delhi. The national average in this respect revealed that 82.9% owners, 2.4% employer provided accommodation, and 10.6% in rented dwelling and 4% had other arrangement (Figure 4.4).

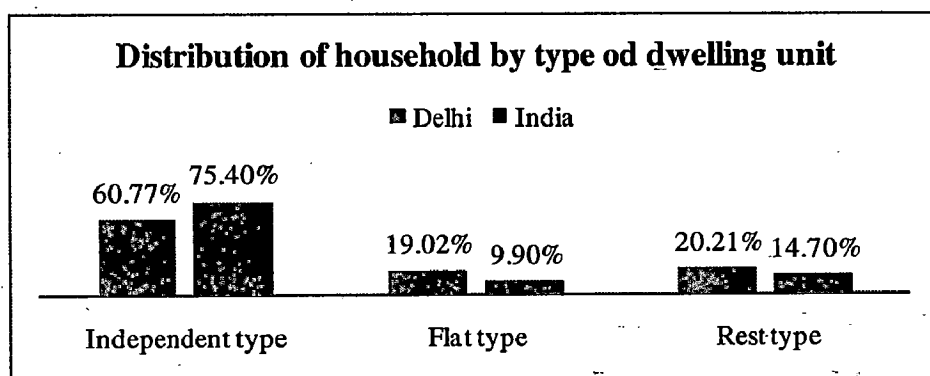


Source: NSS 58th Round

Figure 4.4: Percentage of housing tenure in Delhi and India

4.2.2 TENURE BY HOUSING TYPOLOGY

Dwelling occupied by households in terms of independent house, flat, other type of dwelling etc. was also collected under the survey. The NSSO survey 2002 revealed that in urban Delhi 60.77% in independent, 19.02% in flat type and rest of the 20.21% were estimated to be in other type of dwellings. At the all India level, the position was slightly different as 75.4% in independent houses, 9.9% in flats and 14.7% lived in other type of dwellings (Figure 4.5).



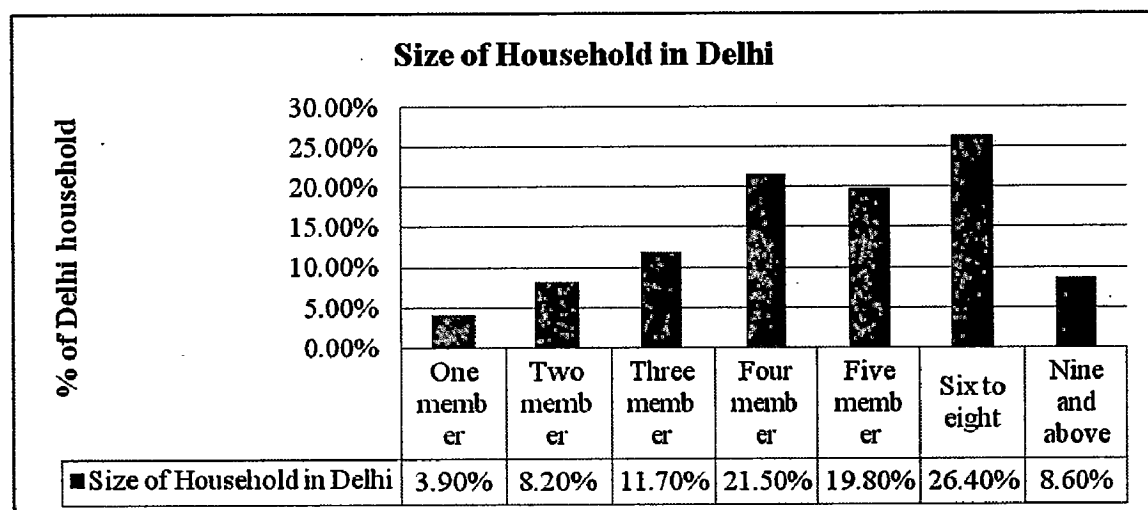
Source: NSS 58th Round

Figure 4.5: Tenure by housing typology in Delhi and India

4.2.3 TENURE, SIZE OF DWELLINGS AND HOUSEHOLD SIZE

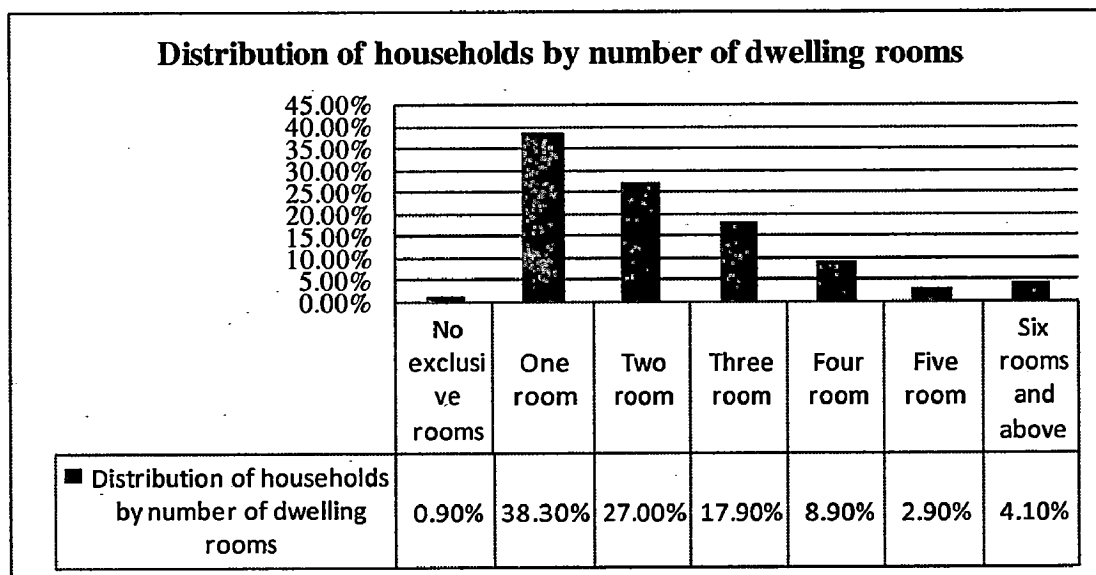
After looking at the tenure patterns city wide it becomes equally necessary to understand the existing pattern of tenure along with household size and number of dwelling rooms. Out of total households 38.3% households live in one room house (Figure 4.7).

Of the total household, maximum percentage 26.40% is of 6-8 members household size (Figure 4.6). Of these household size of more than 5 members indicating high level of overcrowding. The household which occupy these one room units are the EWS and LIG, who are unable to afford a larger house. In such a case, when family size increases specially due to reason of son's marriage even a household with ownership house starts renting another room to accommodate the growing spatial needs of the family. (Census of India, 2001)



Source: Table H-5 India: census of India, 2001

Figure 4.6: Distribution of household by Size



Source: Table H-5 India: census of India, 2001

Figure 4.7: Distribution of household by number of dwelling rooms

4.3 DELHI REAL ESTATE MARKET SURVEY

To understand the dynamics of real estate market in Delhi, a survey was conducted among property dealers, tenants, owners, who contribute to the bulk of stakeholders of rental housing market.

One of the most complex and significant financial events in people's lives is the purchase or sale of a home or investment property. Because of this complexity and significance, people typically seek the help of real estate brokers and sales agents when buying or selling real estate.

Real estate brokers and sales agents have a thorough knowledge of the real estate market in their communities. They know which neighbourhoods will best fit clients' needs and budgets. They are familiar with local zoning and tax laws and know where to obtain financing. Agents and brokers also act as intermediaries in price negotiations between buyers and sellers.

A real estate agent is not only just a "sales person" but more than that. They act on people's behalf as their representative or agent, providing you with guidance and advice and helping you buy or sell a property or home.

Real estate market is the second biggest Industry of the India after agricultural industry. But still there is no regulatory body to govern it. It is vastly unorganised. The number of real estate brokers is more than actually required. It is because anyone can join this market as property dealer even without any professional efficiency, anyone who is less educated even just with primary education not even having much knowledge of his responsibility and legal framework easily enters in this profession. Where as in some of the other countries professional qualification is required for the brokers. Till few years' back this profession was not much respected profession by people, but now even in small localities there are more than 300 brokers working for smaller to bigger projects. But now there is move to introduce a "Regulatory Bill" for the proper functioning of Rental Property market.

4.3.1 RENTAL HOUSING MARKET IN GURGAON

The rental housing market is very dynamic not only in Delhi proper but also in the city adjoining like Noida and Gurgaon. The particulars on the operation of rental housing market in Gurgaon is as discussed below. According to a notification, by the Haryana state government the real estate agents cannot charge more than 1% commission on a property

deal. Apart from this, property dealers will have to obtain a licence to operate in Haryana and this can be revoked if there is any breach of terms.

Currently, brokers charge a minimum 1% commission from each side, and the commissions have halved from 2% to 1% in the past five years, and the law will help continue the trend.

4.3.2 RENTAL PROPERTY RATES

The prices of Property are growing high from last few decades. Since 2003-2008 the rental and capital prices of property has increased 400-500%.

The property prices differ from place to place depending upon the accessibility, location, facilities, quality etc. Like the average property prices in North zone is the lowest, that is upto 10% less than that in east and west zone of Delhi, where as in Central the rental prices goes upto 10% higher than in East west Delhi zone, The maximum rates is in south zone of Delhi varying from 10-15% more than the east and west zones of Delhi.

4.3.2.1 Variation in Rental Rates

The rental property rates differ even within the same locality or zones, as in the east and west Delhi there is less variation in prices. In south and central Delhi the rental rates variations are very high within the same zone. E.g. in Lajpath nagar the 3BHK rental prices will be near 25,000-30,000Rs/Month where as in Defence colony it reaches upto 1 lac/month for similar 3BHK, and similarly in Vasant vihar rents can go upto 70,000/month.

In Delhi if we see approximate percentage of Rental accommodation according to income groups is- LIG - 75%, MIG - 20%, HIG - 5%.

In LIG there is different category of people -- maximum numbers of people are migrants and among migrants the maximum percentage is of labourers, workers, and rickshaw wala. And these people go for renting in 8'x8' – 10'x10' size accommodation in unauthorised/slum areas @ 700-1000/month. These can even be temporary structures with common kitchen/toilets.

There is also a large number of students who come to Delhi for short term from few months to few years. Among students there are few categories depending upon the monthly expenditure or rent

Monthly expenditure	% of students
---------------------	---------------

- | | |
|---------------------|--------|
| a. 1500-3000/month | 20-30% |
| b. 3500-5000/month | 60-75% |
| c. Above 5000/month | 5-10% |

MIG category mostly goes for DDA (specially govt employees) where they get 2BHK in 14,000rs/month or more comfortable private independent flats/ floors/ houses in 18,000-20,000/month for 2BHK. These DDA accommodations are directly provided from govt. on rental basis, or the owners of the flats built by DDA gives them on rent.

4.3.3 HOW PROPERTY DEALER WORKS?

The property dealers gather and provide information on rental properties and act as brokers between owners and tenants.

- i. The property dealers get to know about vacant houses either from Owners themselves or
- ii. They have network of number of their associates in different areas with one or two main office in prime location; those give information related to their respective areas.
- iii. The associates go to the maintenance office of different group housing or society, to collect the information of vacant houses- then they contact to the owners of those flats/ houses.
- iv. Through newspapers/ internet (paid or free basis) they contact the owners who have given the advertisements to rent their houses.
- v. The respective associates look for signage's in different areas and contact the owners of 'on lease' houses.

4.3.3.1 Benefits to the Owners/ Brokers/ Tenants

The new broker gets the advance of 15 days rent from both the sides and the experienced brokers get 1month advance from the sides; owner and tenant. The tenant saves the time and money in searching the rental options of their choice. The owner get the clients as their tenants without efforts.

4.3.4 OWNER AND TENANT AGREEMENT

- i. The **low income** people like labourers / hawkers / workers, who rent in 700-1000Rs/month, do not have to sign any agreement. The condition of these accommodations is very bad and unhygienic some times. (No Agreement)

ii. **Authorised and unauthorised areas:**

11 months agreement between tenant and owner either 3months security with one month advance on that, it varies (2+1) or (3+1) or (4+1). The sample of rental agreement used in Gurgaon and other cities can be referred from ANNEXTURE -III

If in case the rents are low, the agreement signed between tenant and owner is not registered because there is not any strict law for this.

iii. **Security of business class accommodations:**

For the high rank company profile (businessman) the contract is on the name of company.

Professionals and business class people get accommodation on rent easily, e.g. Out of 15-18 vacancy of rental accommodation 5-6 are taken by the business class

For them lease agreement i.e. company lease is for 2-5years. The lease period is for one year for the professional tenants and after that agreement gets registered for owner. And the rental value gets increased from 5-10%, e.g. in an agreement of 12 months if the rent is 10000Rs/month, then for a year it will be 12,000. Then the % increase in rent after a year will be $12,000 + 10\% = 13,200$ Rs.

Stamp duty- For upto 5 years stamp duty is 2% and for 5-9years stamp duty is 5%. And this stamp duty cost is divided between the tenant and owner at 50:50 ratio with their mutual understanding.

4.3.5 HOW THE RENTAL VALUE CALCULATED

The annual rental value of the house is calculated as .25% to .3% of the capital value of that house, which is then depends upon the new, old structure, condition, quality, aesthetics of surrounding, location, accessibility, availability, area size, facility etc.

4.3.6 THERE ARE THREE CATEGORIES OF HOUSES BROADLY DIVIDED FOR RENTING:

- i. **Raw/ unfurnished house/flat-** Permanent structure of house with door windows, floor, and necessary basic services.

- ii. **Semi furnished house/flat-** Raw house when provided with wood work, cupboards, fans, lights, and may be with modular kitchen and some furniture.
- iii. **Fully furnished house/flat-** raw house/ semi furnished house when provided with all necessary furniture's like AC, bed, TV, geyser etc.

In many places the owner spend around 20 lac to make a 70 lac house fully furnished and then the rent goes upto 1 lakh normally.

4.3.7 FINDINGS ON RENTING OF A HOUSE BY OWNER

The following findings are from the survey done along the stakeholders of rental housing market in Delhi.

- i. The rent varies in different places according to choice of owners on different basis for girls and boys. The rent for boys is more than that for girls generally.
- ii. Some people avoid giving their houses on rent to a single girl or a single boy.
- iii. Generally owners give for rent on conditional basis like no nuisance, no guest stay, no loud music, no late night entry, no pets etc.
- iv. Most of the family owners prefer to give their houses on rent to families, either govt. employees, because of less security issues.
- v. Many people prefer giving on rent to girls, particularly when women owners have to stay at home, on security considerations.
- vi. Some people avoid giving on rent to policemen, advocates etc. because of fear of forceful occupation of house or refusal to vacate house.
- vii. A number of people prefer renting out to foreigners and MNC or corporate sectors because of their willingness to pay higher rents.
- viii. Similarly, owners generally prefer giving on rent to single couples than the joint families or families with kids, because of fear of damage/ misuse to property.
- ix. Owners are reluctant to give on lease for more than a year at a time because of the possibilities of the tenants staying paying guest accommodation on it by making temporary partitions or making it fully furnished.

- x. Permanent or temporary barsati units are most common rental accommodation in Delhi which the owner give on rent to students, single employers or couples, to earn additional or main income.
- xi. A few accommodations are made out of the garage or provided in basements.

Pankaj Jain, executive director of Realistic Realtors, a North-Indian real estate consulting firm says while rentals in some areas have come down, certain pockets are showing an upswing due to the limited supply. "In the national capital region for instance, lack of supply has led to an increase in rents in some areas. These include east Delhi, south Delhi and the university campus areas in north Delhi. However other areas in NCR such as Noida, Greater Noida and Gurgaon, have seen the opposite trend."

4.4 STRUCTURE AND SUPPLIERS RENTAL HOUSING IN DELHI

The Rental housing market of Delhi can broadly be divided into private and institutional sectors. The private sector can further be divided into its legal status (Formal or informal) or organic or applicability of Rent Control Act, as in Table 4.7. Institutional sector includes rental housing supplied by employers (public sector or private sector) to their own employees, as well as that supplied by government or non-government organisation to general public. In Delhi staff housing is provided by the organisations such as the central government through the central public works department (CPWD), the New Delhi Municipal Committee (NDMC), Municipal Corporation of Delhi(MCD), the Delhi Administration (DA), Railways, Post office, Police department, educational institutions, banks and so on.

The size of rental housing provided by institutional sector to the general public is quite small. In fact the government makes hostel facilities available to women and rental housing to slum dwellers (*this is done under the Slum Clearance and Relocation Scheme and is administered by the Slum wing of the DDA*). Some private sector institutions like the Young Men's Christian Association (YMCA) also provide hostel type accommodation to single individuals. The rents for the housing provided by the institutional sector are lower than those prevailing in the private sector market. The rental housing provided by institutional sector cannot be directly considered as part of Rental housing Market, since neither its supply nor the rent charged in it is determined by the market.

Apart from the above described rental housing suppliers, the scarcity of rental housing and its high price has led to the emergence of another type of market namely in the subletting of staff housing. The market, though quite different from the purely private sector in terms of character, even though it operates like the private RHM. This is a secondary source of supply of rental housing.

There are other factors too like urban infrastructure, rural-urban migration, regulation of land use and size of land holdings, which go a long way in determining the structure of rental housing markets anywhere in the world.

Table 4.7: The present Delhi housing delivery system mainly comprises of three types of housing

Rental housing typology	Formal	Informal (outside the realm)	Organic (traditional/ historic)
Aspects			
Type of development	Planned developments within the framework of government rules, regulations and controls	Developments of planned developments e.g. unauthorised colonies and squatter settlements.	Developments are the old city and rural settlements (known as urban villages in Delhi),
Quality	have the required standard of environmental quality and infrastructure, (comparatively higher)	insecurity of tenure and low standard of infrastructure and facilities.(low to very poor quality)	Due to sudden population growth, inadequacy in infrastructure. Overcrowding, congestion, and dilapidation
Legality of tenure and development	These are developments through the legal sanction of Planning agencies/ govt. authorities.	these are the illegal like settlement or quasi-legal housing developed on legally owned or rented land, but without the necessary permissions from the local authorities	These settlements are not illegal, and therefore cannot be termed totally informal.
Consumer profile	Mostly catering to HIG, MIG and small share of LIG groups	Mostly LIG and EWS households	The LIG and EWS, a small share of MIG, HIG and the old villagers.

Cost of Dwelling units	High	Low	Low to moderate
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Source: Self survey

Delhi is not able to provide sufficient housing supply through formal housing, so people have to depend on informal and organic housing.

4.5 RENTAL HOUSING CONSTRAINTS VS CHOICE

The households who opt for rental housing do not necessarily do so out of constraint. For some its rational choice due to short duration of residence, for others it is accommodation or housing provided by employers.

Apart from providing housing to its own employees and subsidising rental housing for low income groups and industrial workers, the government has no other scheme for supporting or providing rental housing to the general public. The programmes meant for public housing were either for direct provision of housing or for making credit available to them- are all directed towards providing ownership housing. A majority of households living in rental housing in Delhi, out of constraints or out of choice are living in housing provided by the private sector.

There are no programmes to encourage supply of rental housing in private sector. The two major government interventions which have any impact on rental housing are designed to affect the supply negatively. These interventions are- The Delhi Rent Control Act of 1958 and the system of property taxation. The Rent control Act aims to control the rents in private rental market and to protect the tenants against eviction. Under the property taxation followed by the local authorities, the landlords of rental properties are liable to higher taxation than the owner occupants (*The owner occupants are permitted a concession of 25 percent on the rentable value of the property. For landlords of rented properties the concession is only 10 percent and for those of partly rented properties a 15 percent concession is permitted*). Both of the policies reduce the net rate of return from the renting out, thus creating distortion in the housing market. The higher rate of property taxation in Delhi has led to underreporting of rental housing in the city; and the RCA has led to further segmentation of the market. It has also led to emergence of various illegal payments in the rental housing market of the city, creating a black market.

4.6 LEGISLATION ON RENTAL HOUSING

4.6.1 DELHI RENT CONTROL ACT

4.6.1.1 Delhi Rent Control Act 1958

The Delhi Rent Control Act 1958 came into force in February 1959. This is the current legislation of rent control in Delhi and it extends to the areas included within the New Delhi Municipal Committee and the Delhi Cantonment Board together with the urban areas of the Municipal Corporation of the urban areas in Delhi. An Act to provide for the control of rents and evictions and of rates of hotels and lodging houses, and for the lease of vacant premises to Government, in certain areas in the Union territory of Delhi.

4.6.1.2 Delhi Rent Control Act 1995

Delhi Rent Act was enacted in 1995 primarily with a view to balance the interests of the landlords and the tenants. However, the Act could not be brought into force due to agitation by various groups. It was then decided to bring the Act into force after effecting amendments to some of its provisions. The Delhi Rent (Amendment) Bill, 1997 was introduced in the Rajya Sabha in 1997. The same was referred to the Parliamentary Standing Committee on Urban & Rural Development for examination and report. The Committee has since submitted its report and its recommendations have also been accepted by the Government. But the Delhi Rent (Amendment) Bill' 1997 has been pending before the Parliament. The Act still languishes and has not been notified for enforcement.

Amendment of rent control laws' is one of the mandatory reforms suggested in the JNNURM. The existing rent control laws are biased in favour of tenants. The tax laws must be revised to make renting of properties a financially a viable option.

4.6.1.3 Benefits of Rent Control Act -

1. Cheap housing for poor
2. Rent control keeps rent low for tenants for decades.
3. Tenants have the security against arbitrary increase in rents as well as evictions.
4. Ensures housing to some of the most economically backward sections of the society, like the elderly and the poor.
5. For landlords, rent controls inhibit sharp rent decrease in recessionary periods.

4.6.1.4 Drawbacks of Rent Control Act (Satvik & Paramita, 2006)

1. **Rent control causes slums** - Rent control kills the incentive to invest in new rental housing. This reduces supply in the market, leading to scarcity of rental homes. The price of uncontrolled rental housing goes up due to market distortion created by rent control. New immigrants find it difficult to have affordable housing, and end up squatting on government or private land. Rent control primarily affects their chances of arranging a decent housing. And, ironically, the slum-dwellers pay high prices for rent, electricity and water in such illegal dwellings, living under constant fear of demolitions.
2. **Reduced quality of housing** - Landlords show little eagerness to maintain and renovate their apartments due to low return on investment. Rent control reduces housing quality, and often living standards of the tenants.
3. **Rent control benefits the non-poor** – Many of those who have lived in rent-controlled apartments for decades are quite well-off. Furthermore, low rents have discouraged them from buying their own apartments. Thus the numerous poor are unable to obtain decent affordable rental housing.
4. Owners prefer to keep their current vacant houses out of the rental market in fear of the tenants who refuse to vacate.
5. The rate of income and rent increase has been disproportionate, with rents still belonging to a realm of ancient order.
6. Wasting valuable space – few people since they are paying less rent, so they hold extra space than they actually need.

The rent control laws by distorting incentives, lead to deterioration of existing housing stock, increased pullout of apartments from the rental housing market and thus reduced overall supply.

4.6.1.5 Loopholes of Delhi Rent Control Act (Satvik Dev and Paramita Datta Dey, 2006)

1. As the standard/fair rent in Delhi RCA is based on the value of land and cost of construction when built, thus it gives low rate of return. Moreover the rate of increase

in market rents is much larger than the standard rent; this keeps many willing owners away from the rental market. This leads to rapid deterioration of existing housing stock.

2. The RCA is mostly in favour of tenant, so it's difficult to evict a tenant once the house has been rented, thus the fear of losing control of their houses might lead owners (landlords) to withdraw their vacant premises from the rental market, leading to reduced supply in RHM.
3. The rent controls distort incentives and price signals, leading to inefficient utilisation of resources like land and housing. This is because in presence of rent controls, houses don't always get allocated to those who are willing to pay the highest rent.
4. The difficulty of evicting tenants may make it difficult to sell a tenanted house, reducing liquidity in the market for ownership housing.
5. As property tax is directly linked to the rent, it is calculated on basis of standard (controlled) rent rather than market rent, thus Municipal revenue get eroded.
6. The low level of controlled rents in relation to the market rents leads to emergence of Black, uncontrolled rental housing markets. And the rents in these markets are much higher than they would have been in absence of rent controls.
7. The RCA to be operational the tenant has to go to the court, hire a lawyer and appear every time a hearing is scheduled, so lot of time and money is spent in this procedure. So most of the time the tenant may agree to pay the market rent. Many landlords prefer such tenants who cannot afford to go to the court.
8. The DRCA ineffective is through the prevalent system of lump sum payments at the beginning of the tenancy period. Such payments are illegal, e.g. under Section 5 of the Delhi RCA, which permits only one month's advance. But in the RHM of Delhi, an advance of 6 months' rent is quite common.
9. The ineffectiveness of DRCA, as large urban group has been excluded from the purview of RCA.

4.6.1.6 Effect and Impacts of Rent Control Act

The effect or impact of Delhi Rent control Act on rental housing market depends upon the relative proportion in terms of controlled and uncontrolled segments in rental housing market. The controlled market is the one to which all the provisions of the RCA apply, whereas the uncontrolled market is the one consisting of all areas exempted from the provisions of the RCA like government property, slum dwellings etc. If large portion of market is uncontrolled, the impact will be insignificant and vice versa. If the landlords of Delhi find way out of RCA, large part of Delhi's rental housing market will therefore fall under the semi controlled category, and relatively smaller part in controlled. Demand will necessarily exceed supply in the controlled market. Those unable to find homes will invariably move to the uncontrolled sector, bidding up rents. And already, due to government regulation and fear of coming under rent provisions, the supply in the uncontrolled segment is low. Thus, rent controls will actually cause a majority of the people seeking rental accommodation to pay higher rents than they would have paid in absence of rent controls.

To understand the impact of rent control act on rental housing market, it is important to consider three aspects of value of the property; (1) the historical value, (2) the current value, and (3) the replacement cost. The DRCA-as is true of RCAs elsewhere -is based on the historic value concept while the landlords normally calculate the rate of return (ROR) either on current value or on replacement cost. Under inflationary conditions controlled rent gives a very low value of rate of return when calculated on current value or replacement cost. (wadhva 1991)

“Rent control has been identified as the “single most important reason for the proliferation of slums in India by creating serious shortage of affordable housing for low-income families”

(Planning Commission, 2002).

Assar Lindbeck, a Swedish socialist economist, said that the most efficient technique of destroying a city except bombing is rent control. (Mehdi and Bakore 2007)”

The RCA had an unintended impact on structure of rental housing market. It had segmented the market as controlled and uncontrolled submarket and also led to small scale of operation (at household level). This structure had negative impact for low income tenants. It had introduced imperfection in the market and also made regulation of the rental housing market

very difficult. The imperfections are mainly due to absence of information about price and availability of rental housing in different locations of the city.

It is also said that rent control laws benefits the non poor because most of them who have lived for ages in rent controlled units are quite well off economically. Also, the low rents have discouraged them from buying ownership units. This leads to housing scarcity for the poor. Addition to that since it provides very cheap housing, creates disincentive to be mobile, people being afraid of losing out on their low rents. (Mehdi and Bakore 2007)

Another major hindrance to rental housing is property tax act. These properties being rented has to pay double property tax than one owning. In practice impacts of both rent control and property tax is minimized since a significant amount of renting s done in violations of both the acts. There is so to speak a black market in rental housing in the country. This holds true for Delhi also. A very small part of the city lies in the controlled market. (Wadhwa 1990). Now realizing the negative effects of RCA the central government has made it mandatory to reform rent control laws under JNNURM. Also the National Urban housing and Habitat Policy 2007 mentions “rental housing provides a viable alternative option to the home seekers and the house providers alike. Incentives are to be provided for encouraging lending by financial institutions, HFIs and banks for rental housing. Also, companies and employers will be encouraged to invest in the construction of rental housing for their employees” (MHUPA 2007)

4.6.1.7 Conclusion:

A large part of Delhi’s RHM lies outside the purview of the RCA. Another significant part of this market does not confirm to all the provisions of the Act fully. The major provision that is flouted relates to the charging of standard rent. The other provisions however have also made their impact on the RHM. The most significant of these are the provisions protecting the tenant against arbitrary eviction and increases in rent. Once a tenancy is created it becomes very difficult either to increase the rent or to evict the tenant. It has been found that most of the cases of disputes between landlord and tenant is related to eviction of tenant. And major reason for this is low rents paid by tenant in relation to prevailing market rents. The inability to increase the rent results in the withdrawal of significant number of units from the RHM.

The DRCA (amendment), 1988 has tried to increase rents after every three years by ten percent. Whereas even this percentage of increase in rents is not able to satisfy the landlords in market as rents are increasing at the rate of 4-16 percent per annum.

The third significant amendment in DRCA relates to the exemption of new construction for a period 10 years. Since the exemption relates only to new construction, the objective of the amendment seems to encourage new construction for rental purposes.

Many owners are stuck with non-paying tenants due to this Act. How tenants moved in on nominal rents and have become the owners of the properties abound in places like Connaught Place, Chandini Chowk and South Extension Tenants of these areas pay Rs. 5 to 10 per Sq. Ft. per month rental where as the prevalent rent in these districts are as high as Rs. 450/- per Sq. Ft. In most of the cases, tenants are now taking advantage of the reality market to illegally lease out the properties of which they hold lease. The genuine owner is not being given his due. Delhi Rent Control Act in its current form is the single reason why Delhi landlords prefer to give their places on rent to foreigners. Foreigners go back but Indians stay on and use the Act to exploit the owners. This is for properties where rents are lower than Rs. 3,500/- per month. Over Rs. 3,500/- the law is balanced but the sentiment of good owner-tenant relationship has been systematically destroyed over the past few decades by the use of this Act. Much more comprehensive policy reforms are required for that purpose.

Over the years, apart from few schemes, and provisions of certain financial assistance the only major thing government has done regarding rental housing is rent control act (RCA). This was meant to be for a certain period only but continued for years together and its negative impacts are being observed in India s housing market. Purpose of rent control was to protect tenants from having to pay more than a standard/fair rent. Fair rent is based on the percentage of land value and cost of construction when built. Through this process RCA discouraged the large private suppliers to build for renting. The very low rents were not sufficient for maintenance and hence led to rapid deterioration of existing rental stock. Also pro tenant RCA led to increasing vacancy rates. Since property tax was calculated on controlled rent, municipal revenues got eroded.(Dev 2006)

The RCA had an unintended impact on structure of rental housing market. It had segmented the market as controlled and uncontrolled submarket and also led to small scale of operation (at household level). This structure had negative impact for low income tenants. It had

introduced imperfection in the market and also made regulation of the rental housing market very difficult. The imperfections are mainly due to absence of information about price and availability of rental housing in different locations of the city.

4.6.2 DELHI MASTER PLAN 2021

The master plan 2021 as such do not provide any direct provision for increasing rental housing or any plans for improvement in rental housing market in Delhi, but through different ways of increasing Housing stock in Delhi will indirectly influence the rental housing condition and stock in city.

The MPD-2021 takes cognisance of the fact that there is shortage of housing stock and has based its conclusion on the projected population of 230 million in the city by 2021. The housing requirement is expected to be 24 lakh (2.4 million) dwelling units.

The proposed housing strategy incorporates specific approaches for development of new housing areas, up gradation and re-densification of existing housing areas including unauthorised colonies, housing in villages and Special Area.

4.6.2.1 Re-densification: The draft recommends a revision of height restriction on buildings to 15 meters from the existing 11.5 meters. The FAR is increased like 350 for plot sizes of 175 to 200 sq meters.

Old Delhi, Karol Bagh and about 600 unauthorised colonies are under the scanner for re-modelling. If the FAR is increased to 400 in these areas, 33.33 % of the plot would be utilized. Multi-storied construction is being considered for these localities.

The draft MPD allows for 20 floors if 20% of the land is being used, with real estate builders providing for adequate infrastructure like roads, water and sewage treatment plants and parking space.

4.6.2.2 Re-development scheme: that lays down the provision of individual families in group housing societies pooling their resources and roping in a private builder to construct high-rise apartments. "The families subscribing to the scheme will get 1.5 times floor area ratio (FAR) than the existing one. Currently, this scheme can be worked out only in a minimum of 3,000 square metre areas. The flats built by DDA, particularly those which have become aged, may be redeveloped.

15 lakhs additional units will be available after 1,500 illegal colonies regularization with revised building norms. The Master Plan indicates the immediate urban extension in the zones of J to L, N & P. And the holding capacity of Dwarka, Rohini phase III, IV & V and Narela will be enhanced. Influence zone along MRTS corridor is envisaged as intensive development zone with wide belt on both sides of centre line of the MRTS route upto 500m. For MPD 2021 refer ANNEXTURE - IV

4.6.2.3 Housing for Urban Poor: As per the provisions laid in Delhi Master Plan 2021, high-rise tenements would be constructed where slums currently sprawl. Each tenement will contain a built up area of 25 sq m. It promises that 50% of all new housing accommodations in the city will be for the poor.

4.6.2.4 Private sector participation: The Delhi development authority (DDA) "in principle" gave the nod to direct participation of the private sector in land development and housing. As per the projections of the MPD 2021 about 20 to 24 lakh dwelling units are to be constructed by the DDA of which about 12 to 15 lakhs could be netted by the private players.

The government has now allowed FDI up to 100 per cent "under the automatic route" in townships, housing, built-up infrastructure and construction development projects, so other countries like Singapore, Malaysia are interested in Housing sector at Delhi that will encourage housing supply in city.

A multi-pronged housing strategy is been adopted for provision of housing stock and for delivery of serviced land, involving the private sector to a significant extent, public agencies and cooperative societies etc.

Hence these approaches will increase the rental housing stock by encouraging the private developers, welfare housing societies, independent household owners towards rental housing developments.

CHAPTER 5: FIELD SURVEYS ON DELHI'S RENTAL HOUSING MARKET

The present situation of Rental housing of Delhi is analysed from two different surveys. The collection of data from secondary sources like newspapers and internet is done to know and analyse the present situation of Delhi Rental housing market. And the preferences of tenants for Rental housing in Delhi is analysed from the field survey conducted through questionnaire (ANNEXTURE I)

5.1 SURVEY OF SECONDARY DATA FROM MEDIA

5.1.1 DATA SOURCE ZONES

The print medium of newspaper and non print media of internet were used as data source for this survey. The real estate advertisements of Times of India dealing with availability of rental accommodations in Delhi and various internet sites giving information on availability of rental accommodation were surveyed to study the types of accommodation availability, location, rental rates etc.

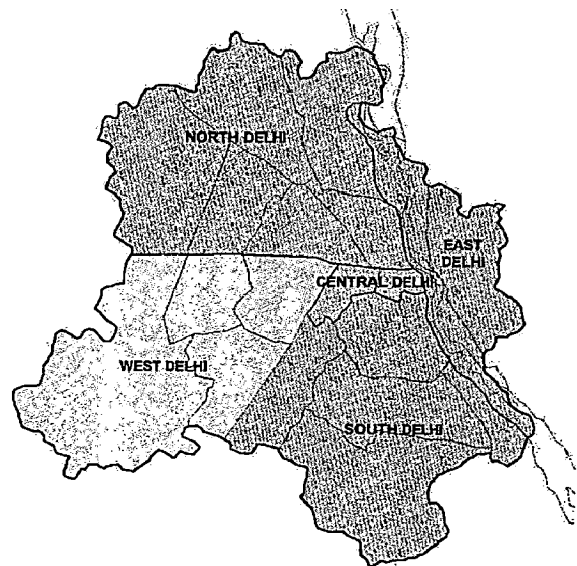


Figure 5.1: Survey Zones of Delhi (*Self generated*)

The internet and news paper based surveys and analysis are done to assess the demand pattern in the study area – Delhi. For this purpose, Delhi is divided into 5 areas, north Delhi, South Delhi, East Delhi, West Delhi, and Central Delhi (Fig 5.1). A total number of areas taken for survey are 80; Total 945 internet advertisement samples are taken; Total 180 samples from Newspapers are taken to analyse the following findings.

5.1.2 AVAILABILITY OF RENTAL HOUSING IN DIFFERENT ZONES OF DELHI

As the data reveals availability of RH in above mentioned zones is different. out of the total availability the percentage of RH is maximum in South Delhi varying from 72 percent of the net based data and 75 percent of the newspaper based data, and least in Central Delhi 0.5 - 2

percent. Refer Figure 5.2(a) and 5.2(b) for present availability of accommodation in different zones of Delhi.

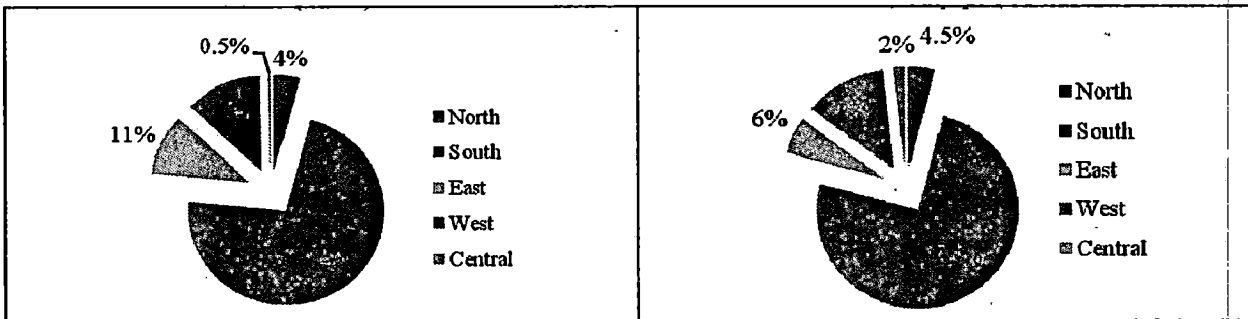


Figure 5.2: Availability of RH in different zones of Delhi through internet 5.2 (a) and newspapers 5.2 (b)

5.1.3 AREA OF RENTAL HOUSING AVAILABILITY

The analysis of surveyed data recalled the different areas within the zones of Delhi where rental accommodation is available. Figure 5.3 shows the names and locations of different areas and Figure 5.4 shows the number of areas of rental accommodations available in the different zones of Delhi.

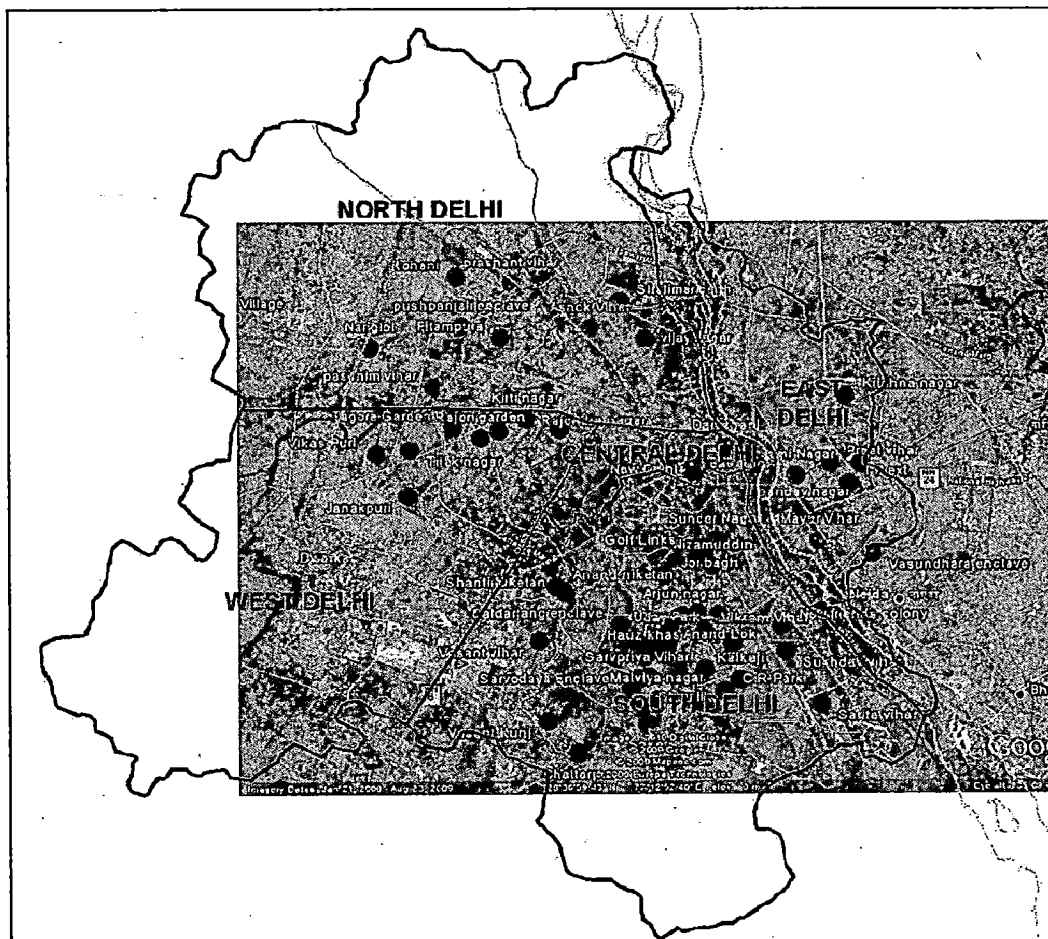


Figure 5.3: Map of Delhi showing selection areas for internet and newspaper survey (Generated)

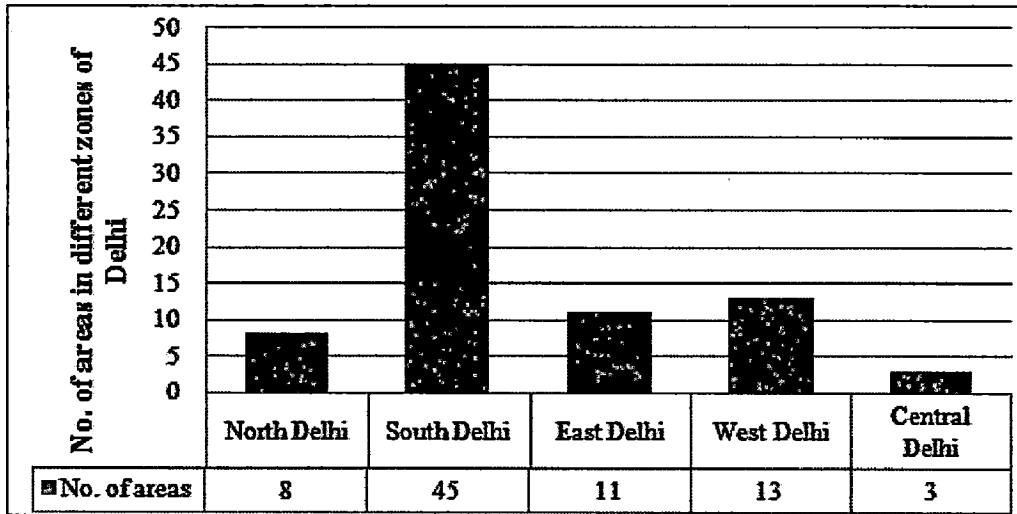


Figure 5.4: RH available in number of areas of different zones of Delhi

The South Delhi have maximum number of different areas available for RH options, and then followed by west Delhi, East Delhi, North Delhi and Central Delhi.

5.1.4 SOURCE WISE AVAILABILITY OF RENTAL HOUSING

The RH in Delhi is available through Individuals, Builders, and Agents. Figure 5.5(a) shows the source wise availability of rental housing in Delhi. And Figure 5.5(b) shows the source wise availability of rental housing in different zones of Delhi. About 91 percent of the availability is through real estate agents.

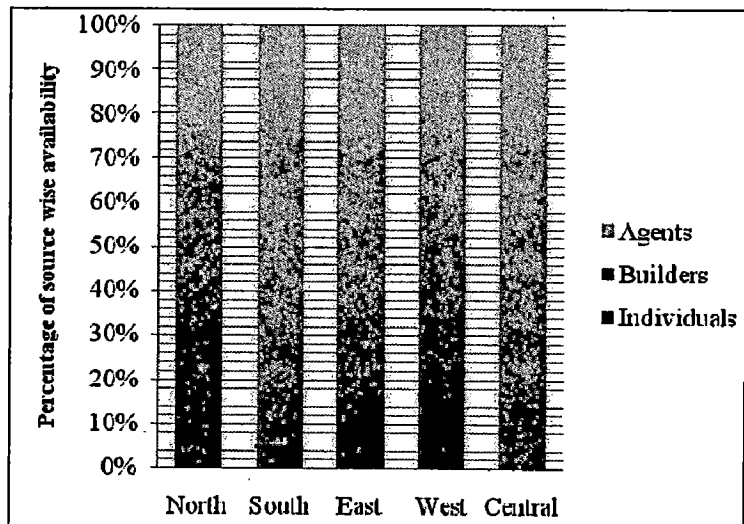
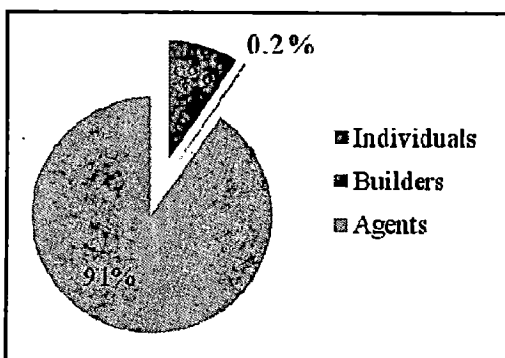


Figure 5.5(a): Source wise availability of RH in Delhi. Figure 5.5(b) source wise availability in different zones of Delhi.

5.1.5 RENTAL HOUSING AVAILABILITY AREA WISE, IN DIFFERENT ZONES OF DELHI

5.1.5.1 North Delhi - The North Delhi is having 4 – 5 percent of total RH of Delhi. In North Delhi Rohni is having the maximum percentage of 54 percent of RH. Pitampura and Shalimar bagh also contribute a good percentage for providing rental housing of 23 and 10 percent respectively. Where as Vijay nagar and Pushpanjali enclave contribute with 3 percent each, Prashant vihar, Ashok vihar with 2 percent each. And the rest of North Delhi gives 3 percent of Rental housing supply (Figure 5.6).

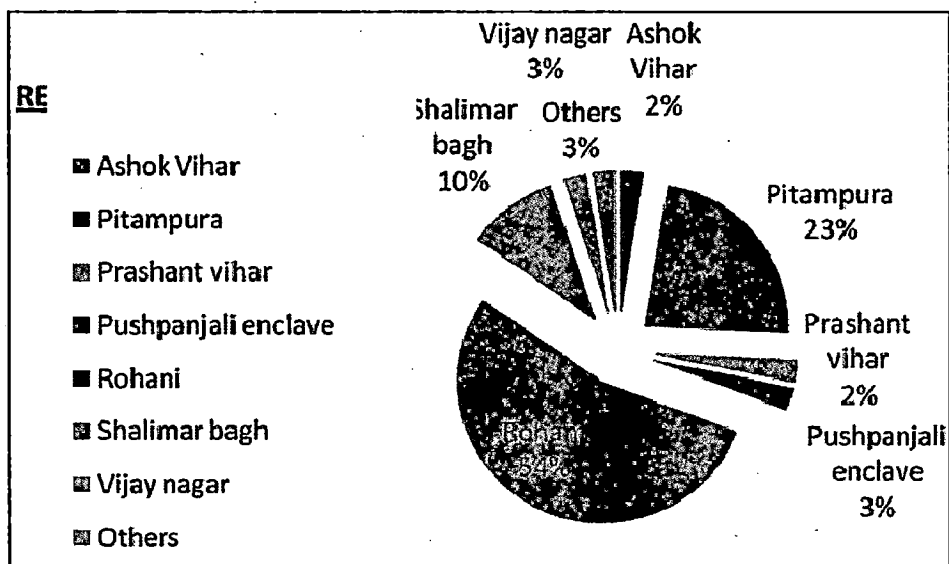


Figure 5.6: Area wise availability of RH in North Delhi

5.1.5.2 South Delhi – South Delhi plays major role in supply of Rental housing in Delhi as 75-79 percent of Rental housing of Delhi is provided by it. The areas like Greater Kailash, Defence colony, Saket and East of Kailash supply maximum RH of 13, 8, 8, and 7 percent of South Delhi. The areas like Vasant kunj, Panchsheel park supply 4 percent each. Sudharjung, Panchsheel enclave, Lajpat nagar and Green park each caters to 3 percent of South Delhi RH Supply and South Ex, Vasant vihar and Gulmohar Park supply 2 percent each of South Delhi. Many areas of South Delhi like Anand lok, Anand niketan, Arjun nagar, CR park, Chattarpur, Chanakya puri, Golf links, Hauz khas, Jor bagh, Kailash colony, New friends colony, Nitibagh, Nizamiddin, Panchsheel, Sarita vihar, Sarvodaya enclave, Sarvpriya vihar, Shanti niketan, Shivalik, Sunder nagar, Uday park, Vikram vihar, Western green etc each supply 0.5 – 1 percent of RH. And rest of South Delhi contributes upto 10 percent of RH supply (Figure 5.7).

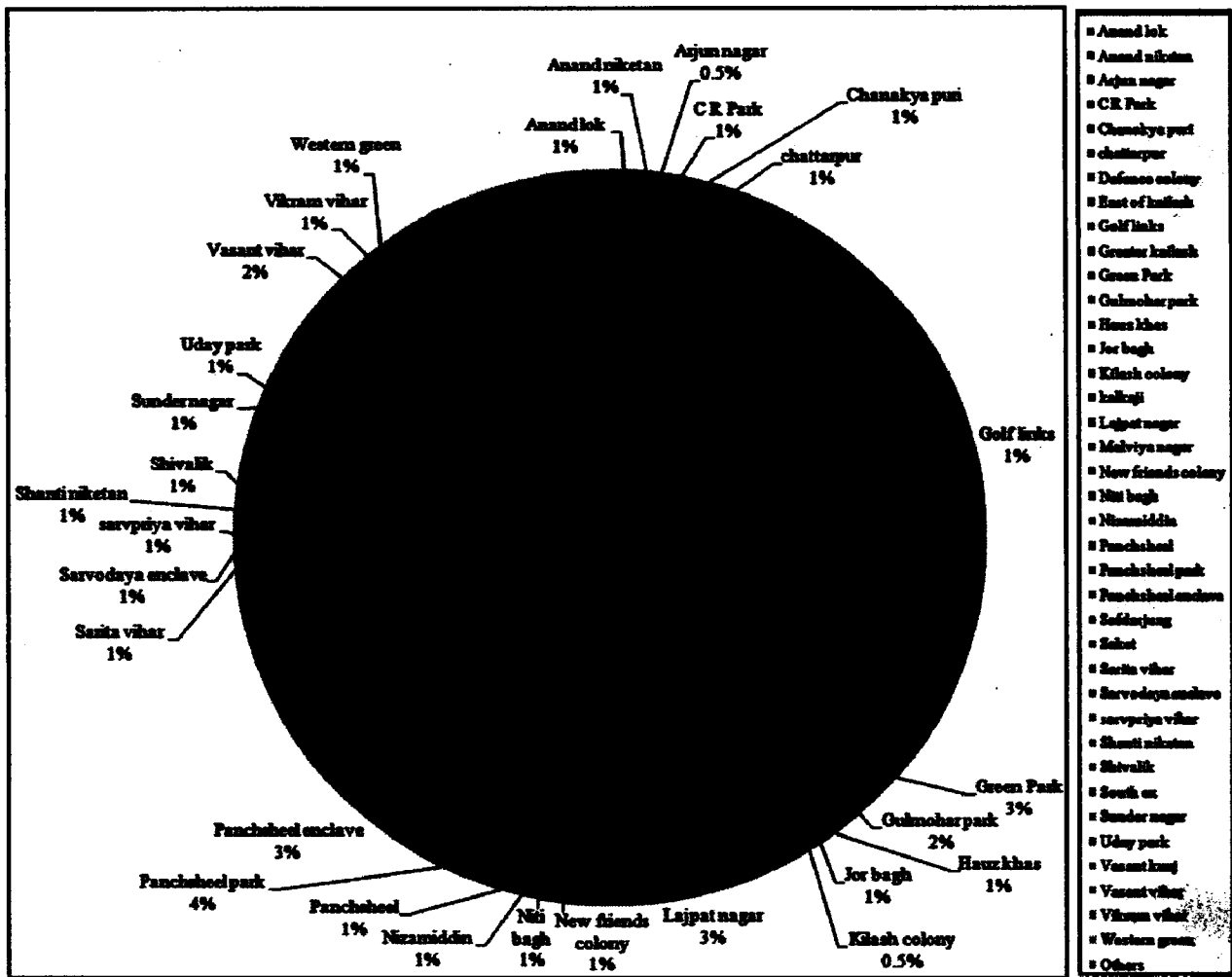


Figure 5.7: Area wise availability of RH in South Delhi

5.1.5.3 Central Delhi – In Central Delhi rental housing dwellings are not available much as is mainly a commercial zone but in few areas like Babar Road, Daryaganj and Rajendera Place contribute 1 – 2 percent of rental housing supply of Central Delhi.

5.1.5.4 East Delhi - The Rental housing Supply in East Delhi is not very good. But some areas like Pranav Nagar, Ganesh nagar has good RH supply of 47 and 21 percent respectively. IP Extention, Mayur vihar, Patparganj and Krishna nagar gives avarage RH supply of 9, 9, 5 and 4 percent respectively. Where as areas like Vasundra enclave and Preet vihar have very limited supply of RH of 1 and 2 Percent of East Delhi. And rest of the East Delhi provides only 2 percent of RH (Figure 5.8).

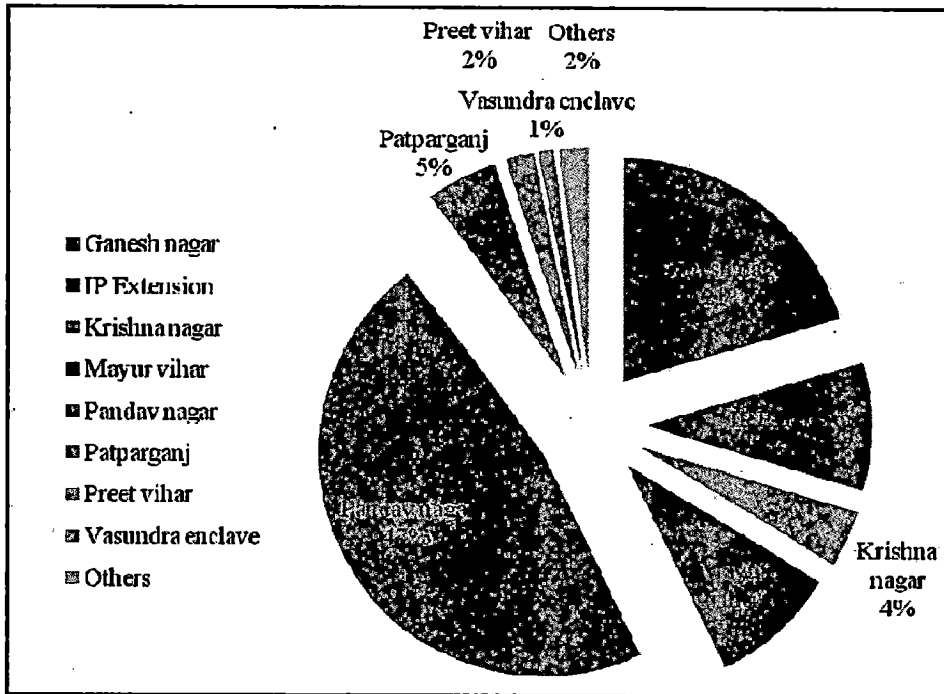


Figure 5.8: Area wise availability of RH in East Delhi

5.1.5.5 West Delhi – As West Delhi also supply good percentage of RH in Delhi. The major contribution is by Dwarka, Janakpuri and Paschim vihar each of 29, 25, and 24 percent respectively. Average supply of RH by areas like Kirti nagar, Ramesh nagar and Patel nagar each 5, 4 and 3 percent respectively. And other areas like Rajouri garden, Tagore garden, Vikas puri and Tilak nagar supply 2 percent each. And rest of the West Delhi contributes for 2 Percent of Rental housing Supply (Figure 5.9).

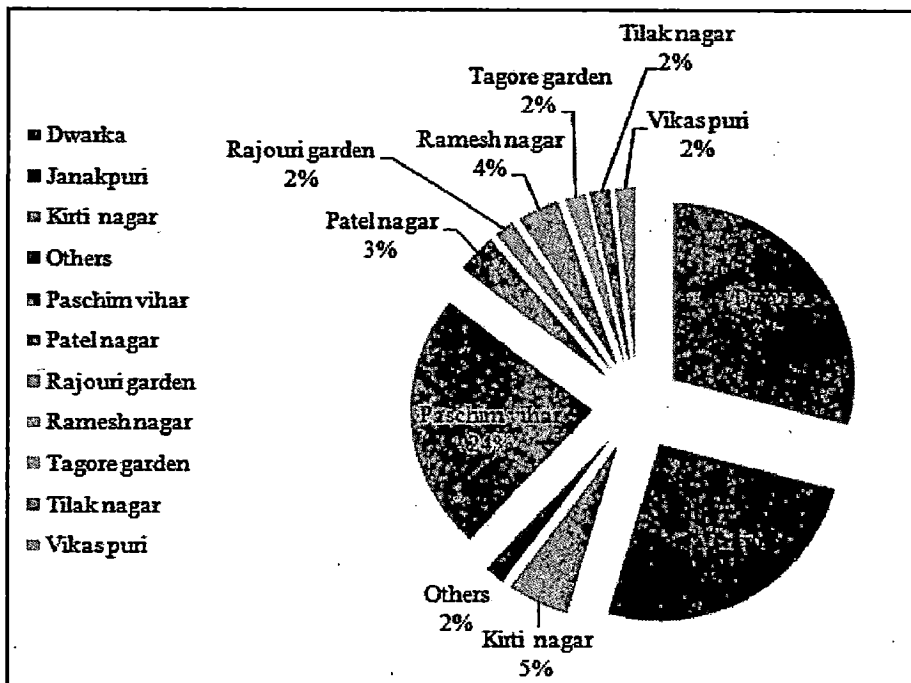
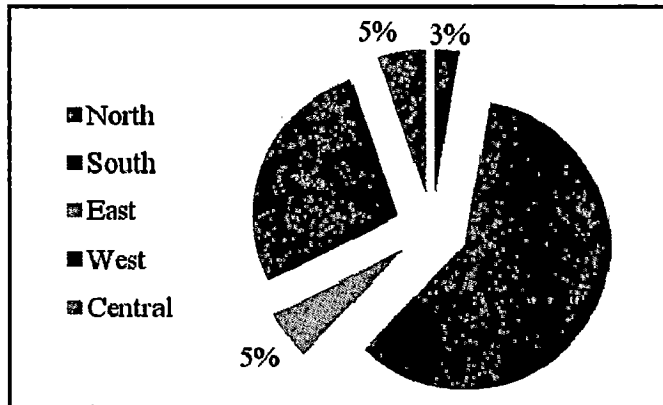


Figure 5.9: Area wise availability of RH in West Delhi

5.1.6 EMBASSY AND OFFICE IN RENTAL HOUSING

Some part of Rental housing is occupied as office or by embassies in Delhi. As nine percent of total Rental housing of Delhi is occupied by Embassy and offices in different zones of Delhi. The percentage in each zone varies as the maximum embassy and offices are in South



Delhi i.e. 60 percent of total percent of embassy occupied RH in Delhi. In West Delhi, 28 percent of rental housing. East and Central Delhi 5 percent each. And least by North Delhi of 3 percent (Figure 5.10).

Figure 5.10: Percentage of Offices/ Embassy in RH units in different zones of Delhi

5.1.7 RENTAL HOUSING TYPES

The rental housing in Delhi is available as different types of dwelling unit's viz. apartment, service apartment, independent house and Builder floor. An analysis is done on basis of comparison of most available types of dwelling units. Taking Delhi as whole, the major part of RH is Apartments type that account for 87 percent, followed by Independent house type of 8 percent and very minor percentage of builder floor of 4 percent followed by service apartments 1 percent of total RH stock (Figure 5.11(a) and 5.11(b)). Similar percentage distribution is noticed in different zones of Delhi as shown in Figure 5.12.

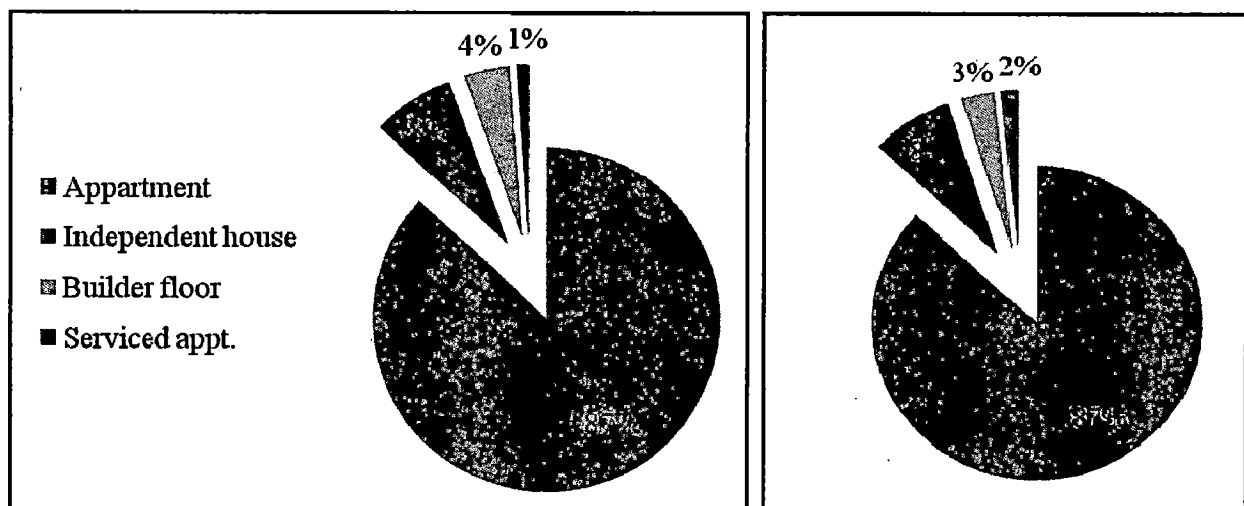


Figure 5.11: Rental housing types in Delhi 5.11(a) and South Delhi 5.11(b)

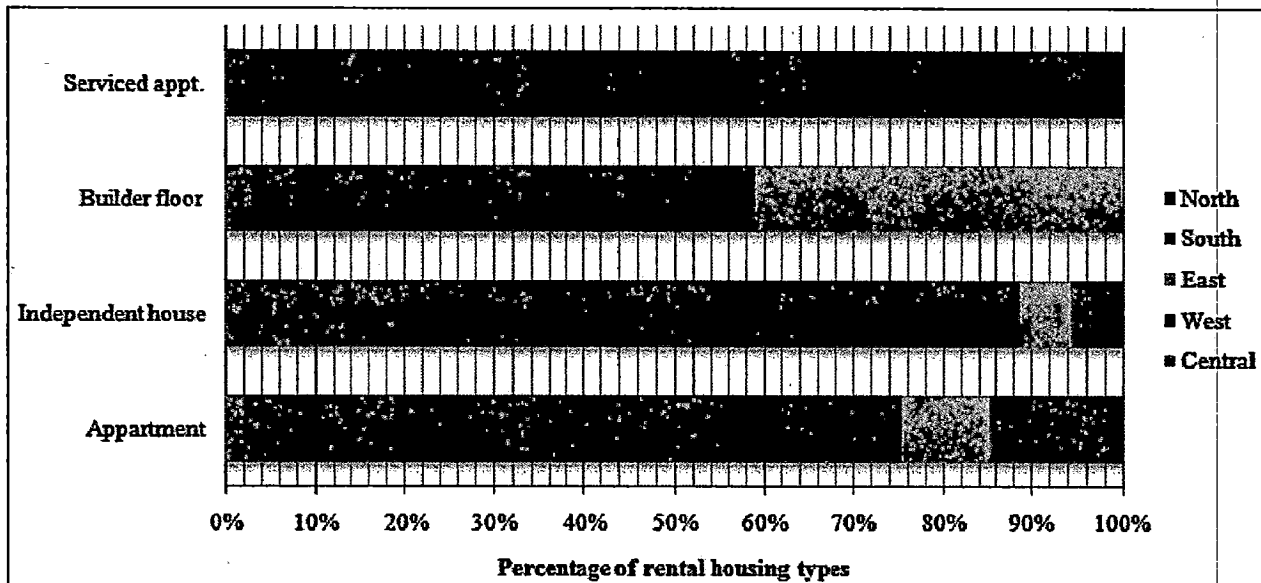


Figure 5.12: Rental housing types in different zones of Delhi

Figure 5.12 shows the available RH types in different Zones of Delhi. As in South Delhi the Apartment types RH is maximum. Similarly in rest of the zones of Delhi, and then followed by West Delhi, East Delhi, North Delhi and Central Delhi. The Percentage of builder floor type RH is maximum in South Delhi and then followed by East Delhi and North Delhi. And the Independent house type RH is maximum in South Delhi followed by North Delhi, West Delhi and East Delhi. The variety of RH types is very minimum in Central Delhi because the Percentage of RH is least, that doesn't give many options for the RH types.

5.1.8 TYPE OF RENTAL DWELLING UNITS IN DIFFERENT ZONES OF DELHI

The RH in terms of number of habitable room in Delhi is generally categories as 1BHK, 2BHK, 3BHK, 4BHK, 5BHK and above. The percentage of 3BHK is maximum in Delhi i.e. of 42 percent of RH of Delhi, 28 percent of RH of Delhi is of 2BHK, 13 percent of 4BHK, 11 percent of 1BHK, 4 percent of 5BHK and only 2 percent of RH types are 5BHK category (Figure 5.13(a)).

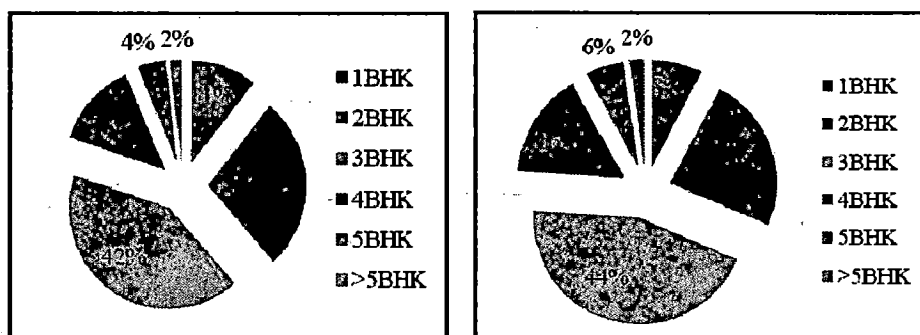


Figure 5.13: Percentage distribution of rental dwelling units in Delhi 5.13(a) and South Delhi 5.13(b)

The situation observed in South Delhi is very similar to Delhi, 44 percent of 3BHK, 24 percent of 2BHK, 16 percent of 4BHK, 8 percent of 1BHK, 6 percent of 5BHK, and least of 2 percent above 5BHK of RH types dwelling units available in South Delhi (Figure 5.13(b)).

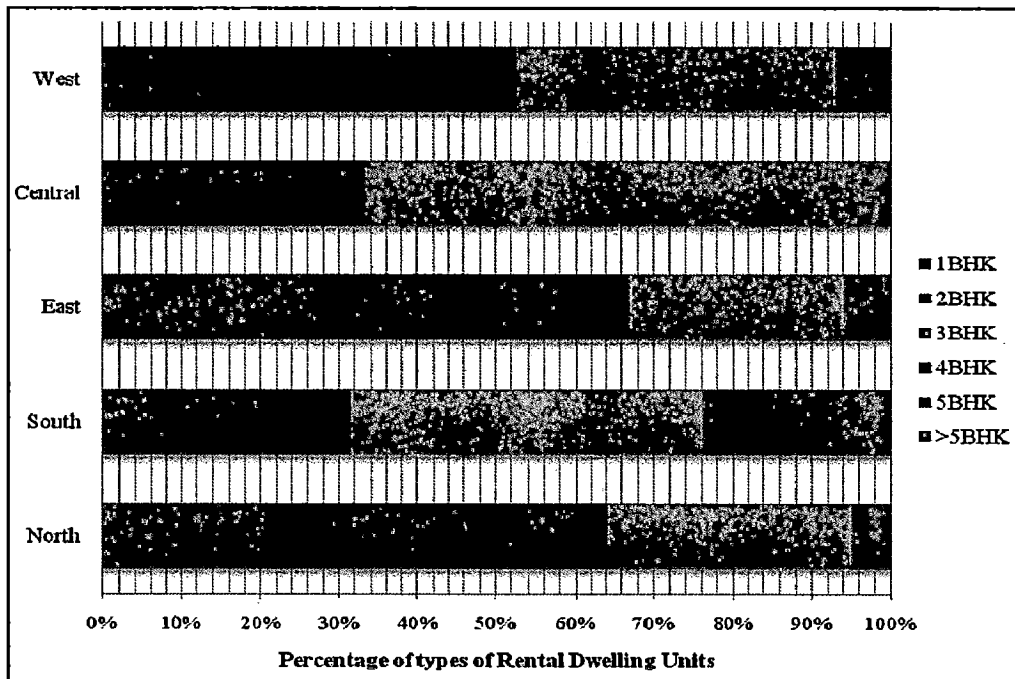


Figure 5.14: Types of Rental dwelling units in different zones of Delhi

As in Figure 5.14 the South Delhi has maximum variation in type of rental dwelling unit compared to other zones of Delhi. In East Delhi 2BHK type rental dwelling unit is maximum followed by 3BHK and 1BHK available in similar percentage, and very little number of 4BHK and above rental dwelling units. In West Delhi maximum of 3BHK and 2BHK in similar ratio is available as rental dwelling units followed by 1BHK and very few rental dwelling units of 4BHK and above. In North Delhi maximum of 2BHK, followed by 3BHK and 1BHK. Type of rental dwelling unit above 4BHK is very limited in east Delhi. Similar is case of Central Delhi.

5.1.9 AREA WISE (SQ. FT.) DISTRIBUTION OF RENTAL HOUSING

In Delhi the rental accommodations are available in varying sizes, from less than 500 sq ft to more than 10000 sq ft in floor area. In some cases, complete floor area is rented out without partition, and the tenant enjoys the temporary designing of area according to its own needs. In Delhi maximum percentage of rented accommodation is between 1501 – 2500 sq ft floor area category 34 percent RH and category between 500 – 1500 sq ft RH area is upto 30 percent. Whereas 18 percent RH are in the category of 2501-4500 sq ft, 11 percent of 4501 – 10000

sq ft, 6 percent less than 500 sq ft, and 10 percent of RH are of more than 10000 sq ft area (Figure 5.15).

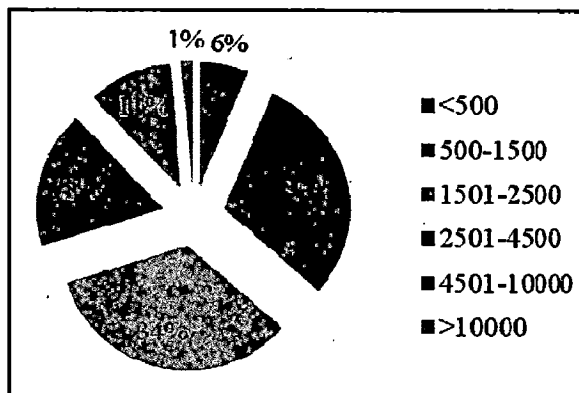


Figure 5.15: Distribution of Area wise (sq. ft.) category of Rental housing units in Delhi

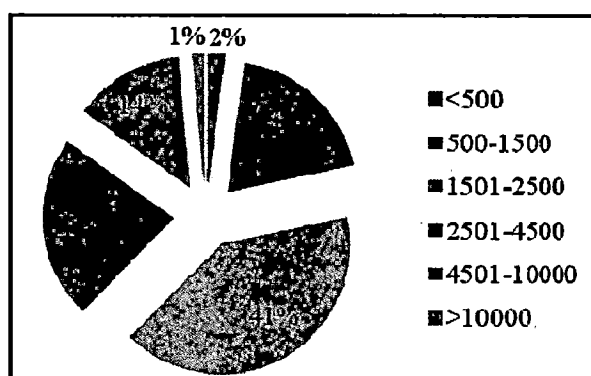


Figure 5.16: Distribution of Area wise (sq. ft.) category of Rental housing units in Delhi

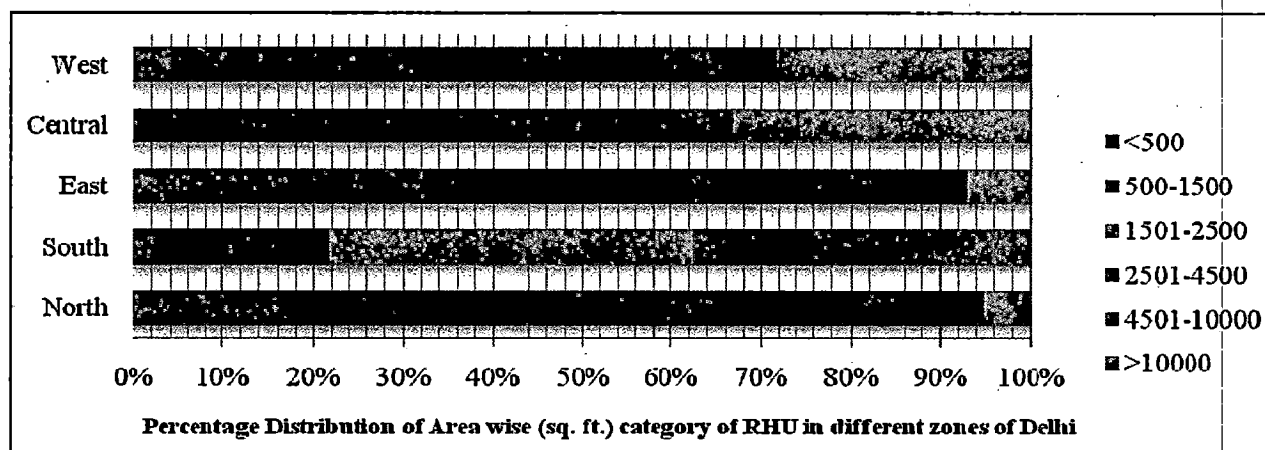


Figure 5.17: Distribution of Area wise (sq. ft.) category of Rental housing units in different zones of Delhi

In South Delhi and West Delhi maximum variation in areas of rental accommodation is available, as shown in figure 5.17. In South Delhi the maximum RH units are of 1501-2500 sq ft category with 41 percent. The 21 percent of rental accommodation in South Delhi are of 2501-4500 sq ft. 20 percent are of 500-1500 sq ft, 14 percent of 4501-10000 sq ft, 2 percent

with less than 500 sq ft area and around 1 percent with area more than 10000 sq. ft. (Figure 5.16).

Similar is the case of West Delhi. In East Delhi maximum rental accommodations are with area of 500-1500 sq ft and dwelling units of area less than 500 sq ft are more than three times in quantity than that of area with 1501-2500 sq ft similar case is in North Delhi. Whereas in Central Delhi choices of rental accommodations are not much, as RH options are available with area of 500-2500 sq ft. And very few options available with area more than 2500 sq ft and less than 500 sq ft floor area of rental accommodation (Figure 5.17).

5.1.10 MONTHLY RENTS OF RENTAL HOUSING IN DELHI

In Delhi the housing rents are very high and the rents have reached above 25000 Rs per month. Around 54 percent of rental accommodation in Delhi have rents more than 25000 Rs per month. Only about 0.5 percent RH is having rental below 3000 Rs per month, 2 percent with 3001-5000 Rs, 5 percent with 5001-7500 Rs, 5 percent with 7501-10000, 8 percent with 10001-15000 rental, 13 percent with 15001-25000, and about 13 percent of rental accommodations have undisclosed rental value. (Figure 5.18)

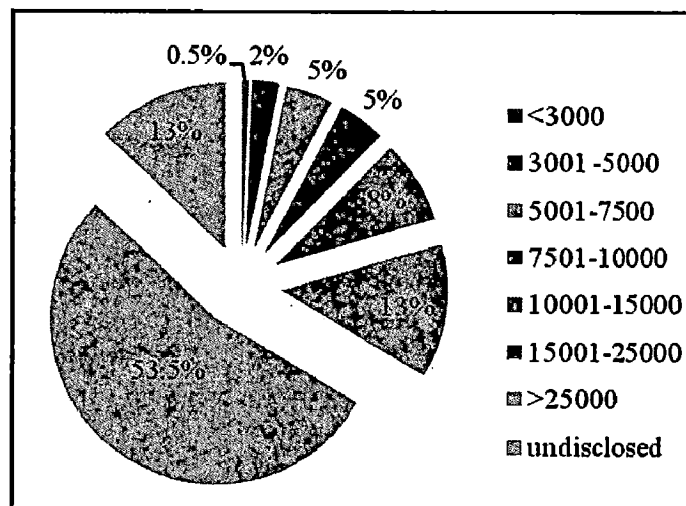


Figure 5.18: Percentage distribution, monthly rent wise, in Delhi

The rents are very high in South Delhi as compared to rest of the parts of Delhi, as the rents are reaching more than 25000 per month, and maximum percent of rents in south Delhi is more than 25000 Rs per month. This is followed by rents between 15001-25000 Rs per month. Similar situation is observed in Central Delhi too. Whereas the East Delhi the maximum rent paid is between 5001-7500 Rs per month, in North Delhi the maximum rent

paid is between 10001 -15000 Rs per month, and in West Delhi between 10001 -25000 Rs per month (Figure 5.19).

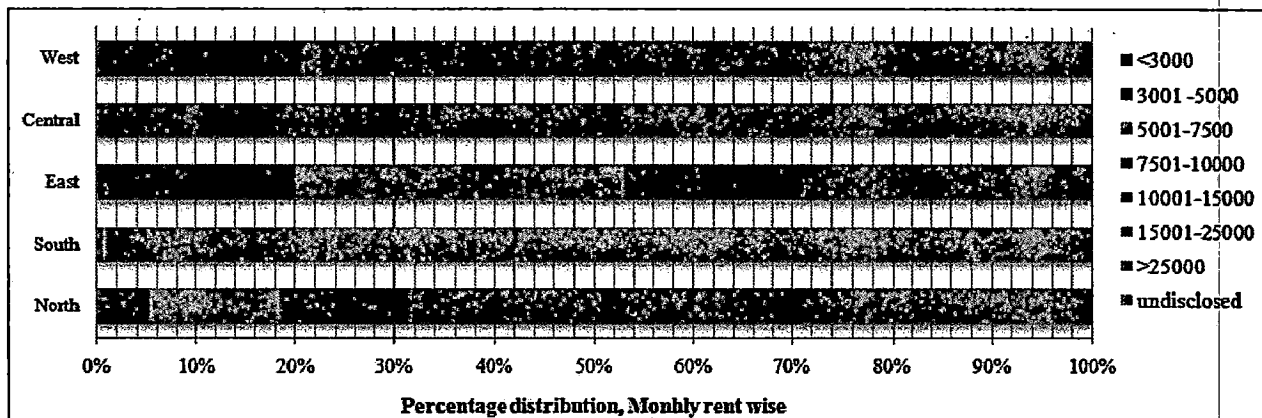


Figure 5.19: Percentage Distribution, Monthly Rental wise, in Different Zones of Delhi

5.2 SUMMARY OF FINDINGS FROM THE SURVEY OF SECONDARY DATA

The findings from the analysis of secondary data gathered from the media are summarised and given in Table 5.1

Table 5.1: Summary of findings from internet and newspaper survey

PARAMETERS	PERCENTAGE SHARE OF THE TOTAL RH STOCK OF NCT DELHI
Rental housing available	Maximum in South Delhi 72-75%, least in Central Delhi 0.5 – 2%, - 11 percent and 4 - 4.5 percent in East and North Delhi respectively. The West Delhi has 13 percent of RH, and 58 percent of it is available in Dwarka.
Source of availability of Rental housing	91% through Agents, 9% through Individuals, and 0.2% through builders
Rental housing Types	87% are apartments, 8% independent houses, 4% builder floors, and 1% serviced apartments
Type of Rental Dwelling Units	42% 3BHK, 28% 2BHK, 13% 4BHK, 11% 1BHK, 4% 5BHK and 2% above 5BHK
Area Of Rental Accommodation	34% of rental accommodation of area between 1501-2500sq ft, 30% b/w 500-1500 sq ft.
Monthly Rents	53.5% more than 25000Rs, 13% between 15001-2500Rs, 8% between 10001-15000Rs, 2% between 3001-5000Rs, 10% between 5001-10000 Rs.

5.3 PRIMARY SURVEY OF TENANTS ON RENTAL HOUSING IN DELHI

A field survey has been done to analyse the present situation of rental housing in NCT Delhi. For field survey a few locations were selected from each of the five zones of Delhi. From these locations tenants samples were selected randomly and survey done using questionnaire. In each area, initially a reconnaissance survey was conducted to become familiar with areas selected and to identify the locations of rental premises. To locate the rental premises, small discussion with local estate broker was done. The samples of 20-40 rented accommodations from each zone have been taken as part of field survey. The location of sample is taken by accounting the concentration of MIG and LIG in various locations of the city. Total number of surveys taken is 108 from 52 different areas of NCT Delhi, as shown in Figure 5.20. The questionnaire used for survey is given in ANNEXTURE – I.

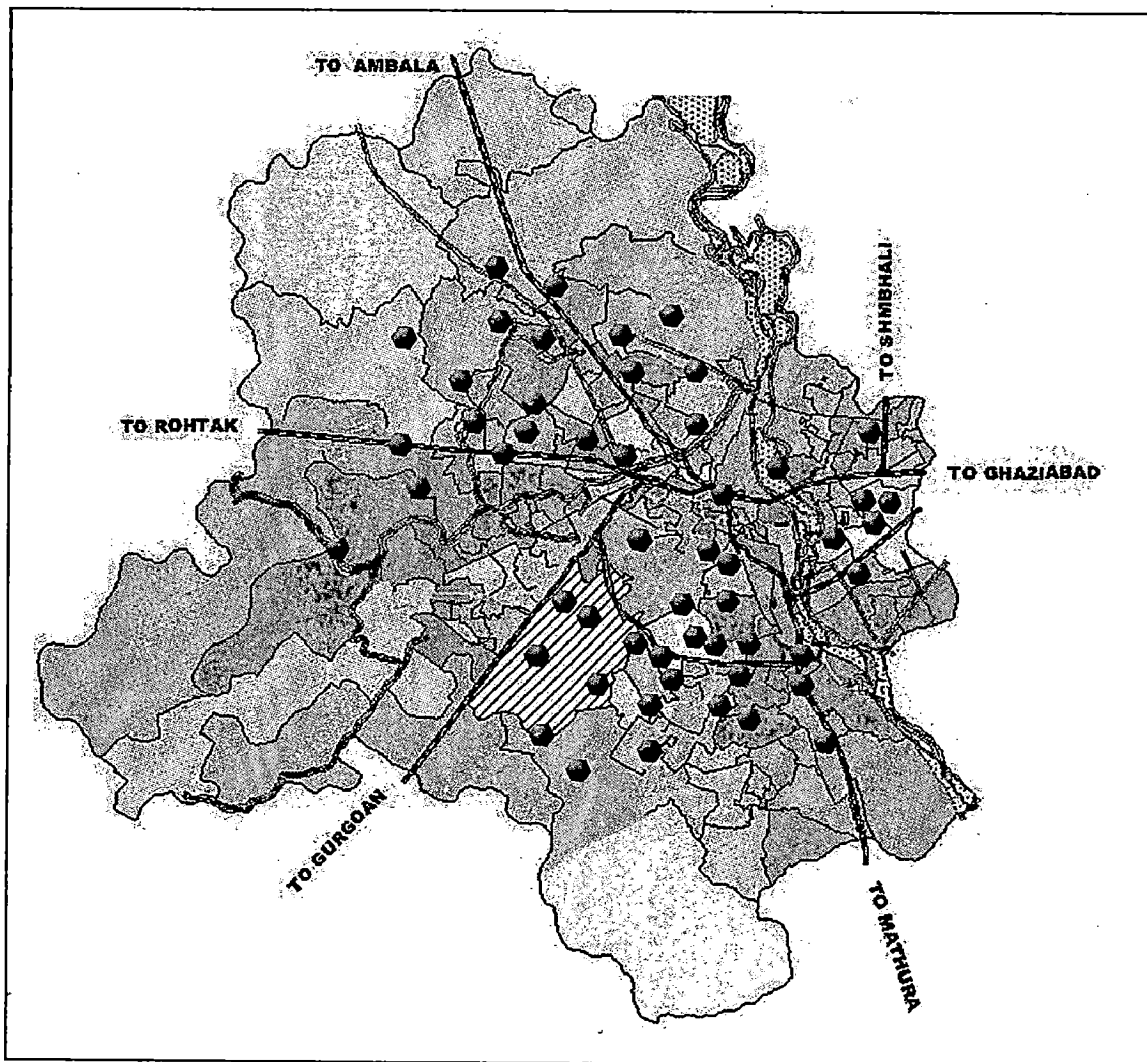


Figure 5.20: Areas selected for feild survey

5.3.1 SURVEY OF TENANTS IN NCT DELHI

The survey has been targeted to understand existing profile of tenants, basis of selection of rental housing problems and preferences. The questionnaire for tenants includes following aspects:

5.3.1.1 Current Residential Status of Tenants-

- Employment type
- Location of residence at present
- Respondents category
- Tenure of residence
- Resident status
- Area of residence
- Average monthly family income
- Migration parameters
- Distance of workplace
- Reason for choosing current location
- Source of knowledge about availability of rental house?
- Type of dwelling unit and number of toilets
- Type of accommodation
- Condition of Present accommodation
- Monthly rent paid
- About contract agreement signed if any
- Annual average percentage increase of rent during last five years
- Influence of current economic slowdown on rent pattern
- Duration of stay in current residence?
- Maintenance of dwelling unit
- Facilities provided by owner

5.3.1.2 Rental housing Preferences:

- Willingness to change the present residence
- Reason for changing current residence
- Preferences of tenants on type of rental accommodation

- Willingness to share house with co-tenants
- Important parameters while selection of rental/accommodation

5.3.1.3 Present status of tenants

5.3.1.4 Problems of rental housing in Delhi

5.3.1.5 How can be rental housing situation can be improved?

5.3.2 ANALYSIS OF QUESTIONNAIRE SURVEY DATA

This survey was conducted to know the various existing governing factors of rental housing from Tenants, like their existing rental housing conditions, facilities provided by owner, transportation facilities and their preferences.

PRESENT STATUS AND PREFERENCES FOR RESIDENTS

5.3.2.1 Age Group Classification of Tenants: Maximum of 42 percent of total tenants are of age group less than 25, 39 percent between age group 25-39, 15 percent between 40-55 age group. And very few of 4 percent in age group of more than 55 age. So the percentage of tenants less than 39 ages, works out 81 percent. (Figure 5.21)

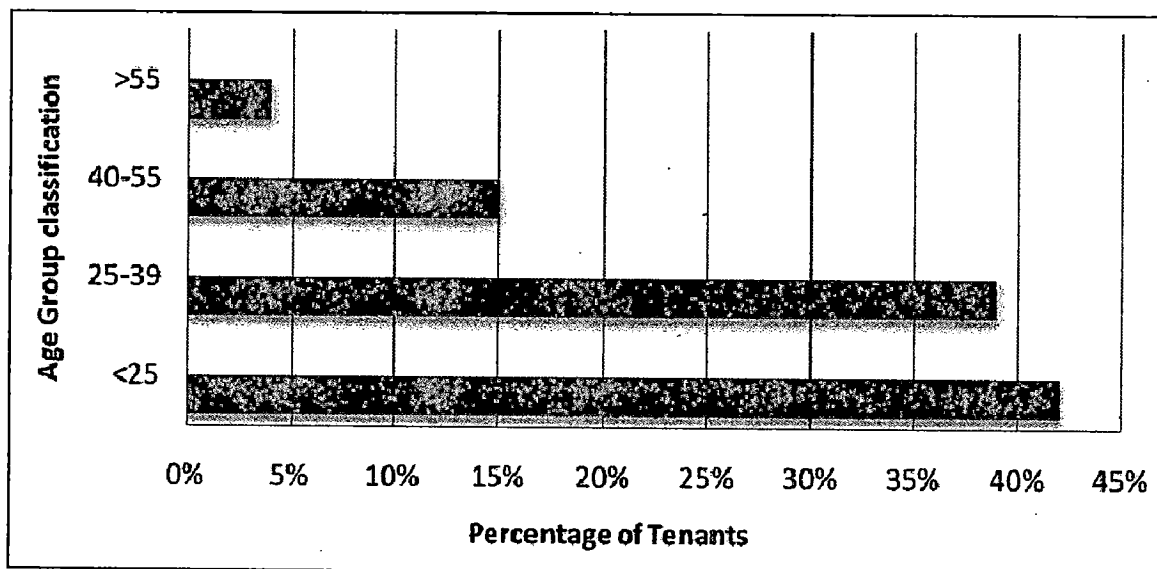


Figure 5.21: Age Group classification of Tenants

5.3.2.2 Employment of Tenants: Maximum tenants of 55percent are employed in private sector, about 19 percent in Government sector, 15 percent tenants are self employed and rest are of 11 percent, like students etc. (Figure 5.22).

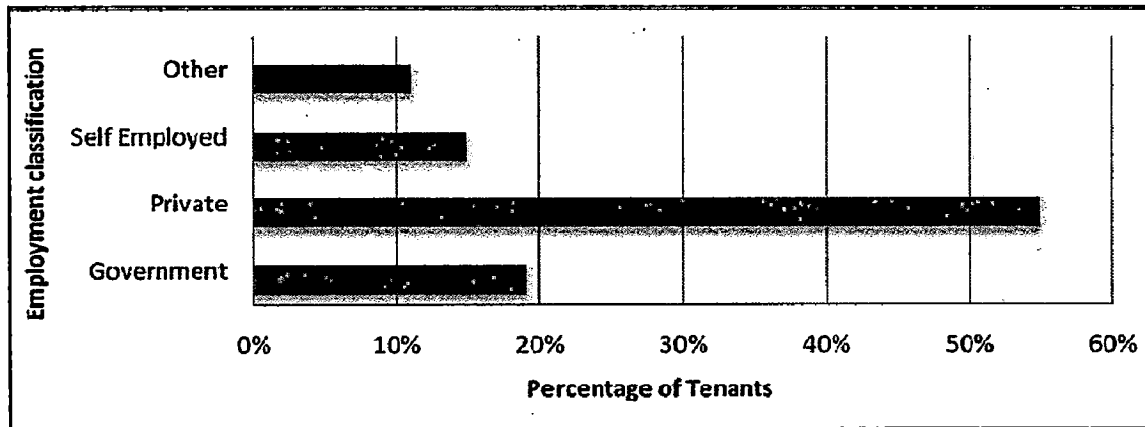


Figure 5.22: Employment classification of Tenants in NCT Delhi

5.3.2.3 Language Spoken by Tenants: The maximum number of tenants (66 percent) can speak Hindi language, 10 percent Punjabi and 24 percent rest of the language.

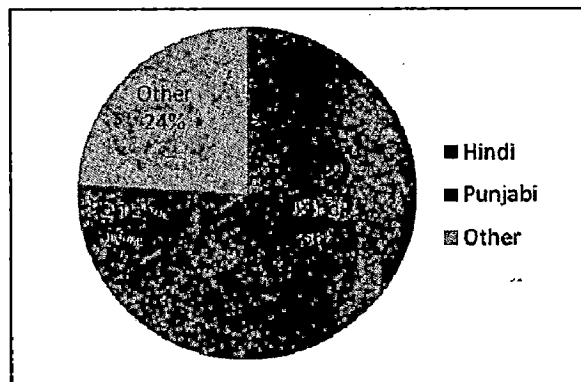


Figure 5.23: Language spoken by Tenants in NCT Delhi

5.3.2.4 Tenants Category: About 68 percent of Tenants is employers, 18 percent students, 13 percent of businessman and one percent of rest of the tenants are self employed etc. (Figure 5.24).

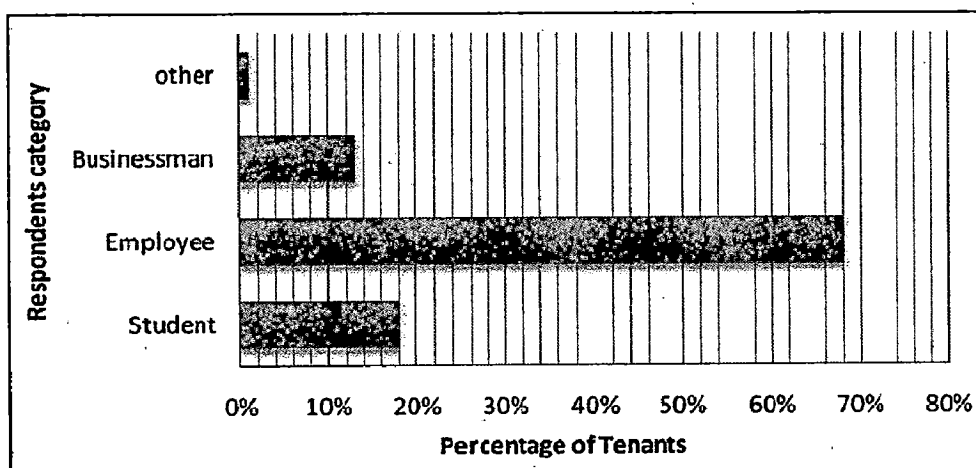


Figure 5.24: Respondents category based on Occupation

5.3.2.5 Tenure of Residence: About 73 percent of Delhi Tenants live in rented dwelling units, 11 percent in Hostel, 7 percent in company/ institute/ government quarters, 5 percent in paying guest accommodations, and 3 percent in leased accommodation and one percent in other tenure of residence (Figure 5.25).

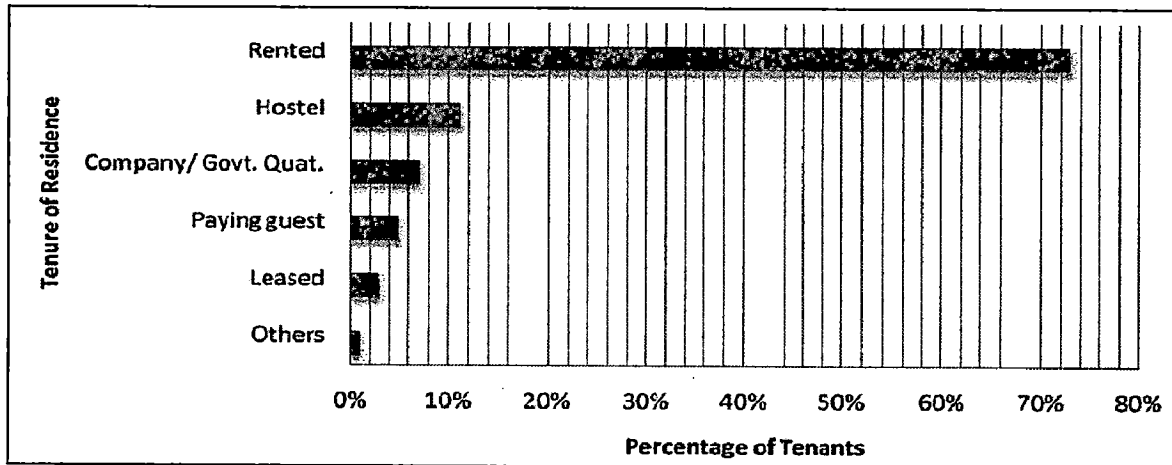


Figure 5.25: Tenure of Residence

5.3.2.6 Residence Type: About 35 percent of tenants in Delhi live in Apartment, 27 percent in Row Housing, 17 percent as Part of home with owner or other tenants, 11 percent in Hostels, 3 percent in Bungalow, 3 percent in Barsati and rest of 5 percent in other types of residences like Complete floor, in which the partition of rooms can be done by tenants according to their usage or necessity (Figure 5.26).

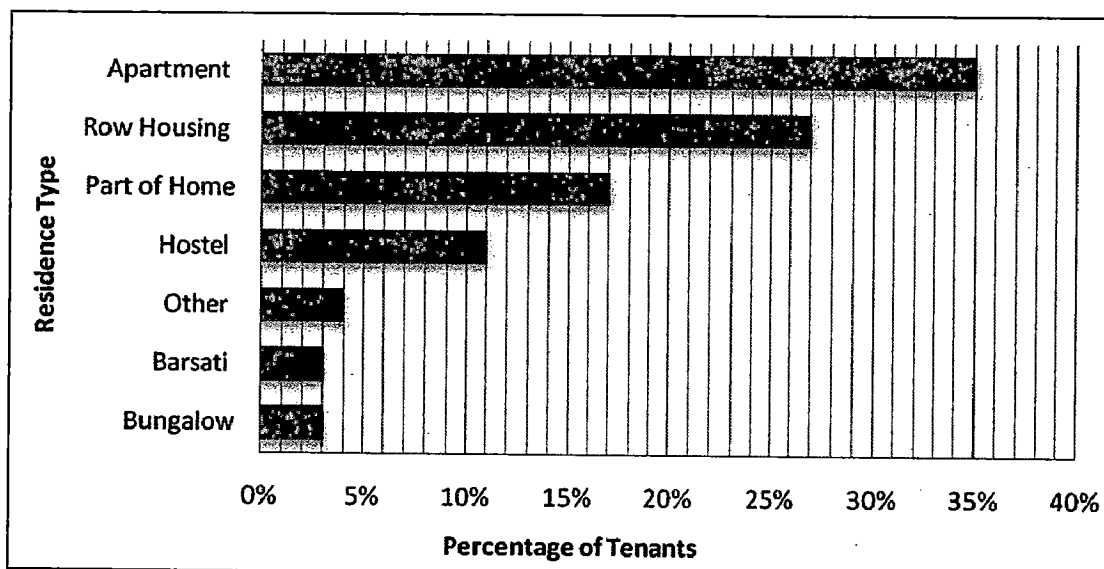


Figure 5.26: Residence Type

5.3.2.7 Residence Status: About 43 percent of tenants are residing with their family, 39 percent sharing with friends or colleague, 13 percent living single, and 5 percent as paying

guest. So the maximum percentage of tenants are staying with family and on sharing basis. Where as very few percentage are staying alone or as single tenant (Figure 5.27).

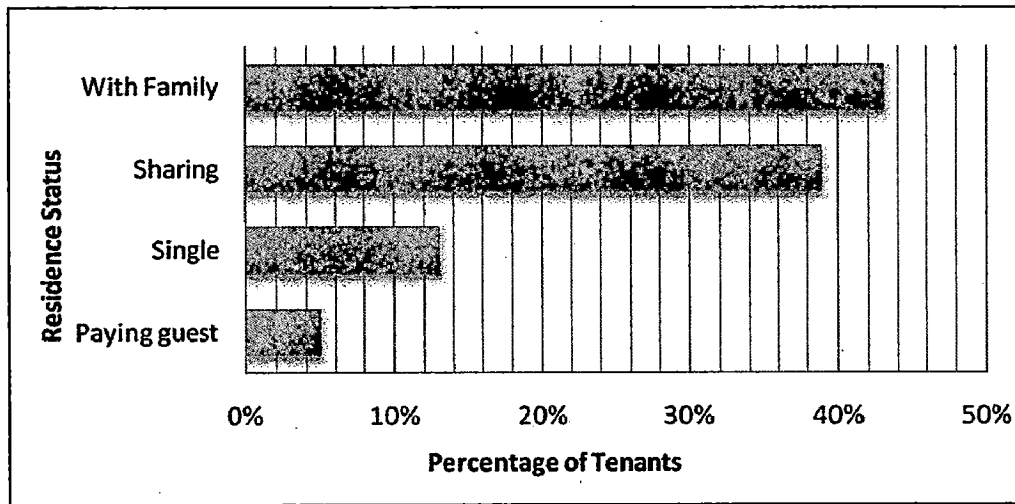


Figure 5.27: Residence Status

At present maximum number of tenants are sharing their accommodation with one person, and very few with more than three people. The sharing of rental accommodation with two or three people is also seen in good percentage.

5.3.2.8 Area Of Residence/ Accommodation: Maximum of 35 percent rental accommodation/ residence are of area between 76-100 sq.m, 30 percent of area between 51-75 sq.m, 25 percent less than 50 sq.m area, and 10 percent more than 100 sq.m area like 3 BHK, 4 BHK or above residences. The areas like hostel, studio apartments, single room, barsati etc are of size less than 50 sq. m (Figure 5.28).

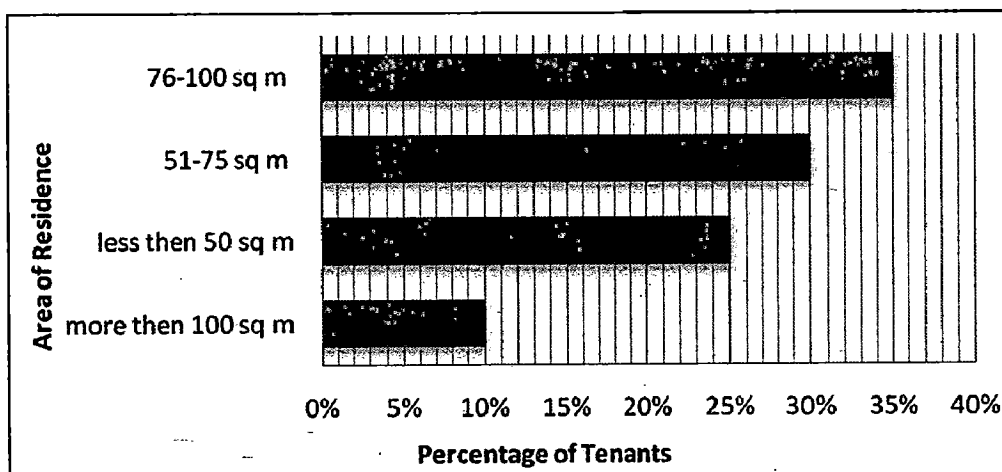


Figure 5.28: Area of Residence/accomodation

5.3.2.9 Satisfaction With Size of Accommodation: About 56 percent are not happy with the size of their accommodation. Only 44 percent, of the tenants are satisfied with their residence (Figure 5.29). There are people who are not comfortable with size of residence but still satisfied with current residence and do not want to change the current residence. This is because there are other factors which they give importance to other than the accommodation size, many like accommodation provided by employer, facilities provided by owner, low rents, short term stay, do not want to waste time and money in search of other residence etc.

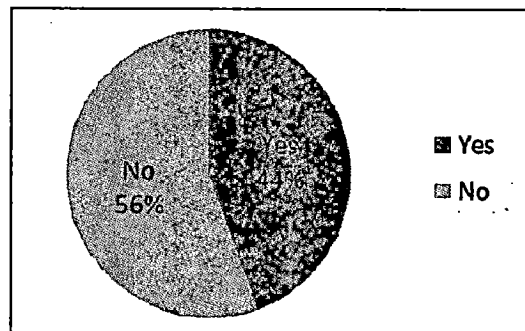


Figure 5.29: Percentage of residents satisfaction with size of residence/ accommodation

5.3.2.10 Tenants Monthly Income: As per the survey data, the 11 percent of tenant's family/ their income is less than 10,000 Rs/month, 20 percent earning between 10,000 – 25,000 Rs/month, 45 percent between 25,001 – 50,000 Rs/month, and 24 percent above 50,001 Rs/month. This indicates that maximum no of tenants earning between 25,001-50,000 Rs/month (Figure 5.30).

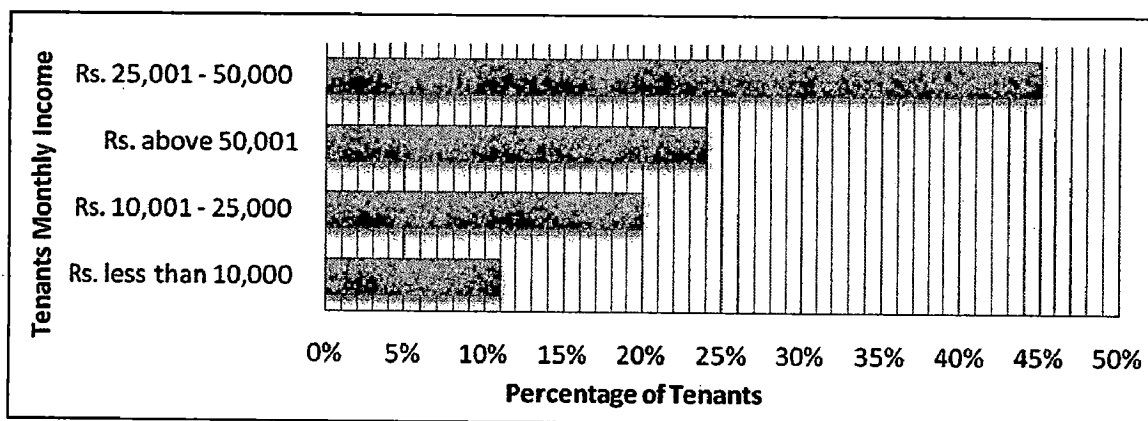


Figure 5.30: Tenants monthly income/Their family monthly income

5.3.2.11 Migration status of Tenants: As shown in Figure 5.31, 81 percent of tenants have migrated to Delhi from other places in which maximum percentage of migrated tenants are from Uttar Pradesh, Bihar, Rajasthan, Haryana, Punjab, the adjoining states of Delhi. And 19

percent are residents of Delhi that includes the tenants living in employer housing from last generation, also people living on rental basis from last few decades and paying very low rent.

5.3.2.12 Duration of Stay in Delhi: Maximum percentage of residence in Delhi staying as tenants from last 1- 3 years i.e. 34 percent of Delhi tenants, 11 percent residents are staying as tenants from last 1 year, 16 percent from 3-6 years, and 31 percent for more than 10 years; these includes tenants staying in government/employer housing etc (Figure 5.32).

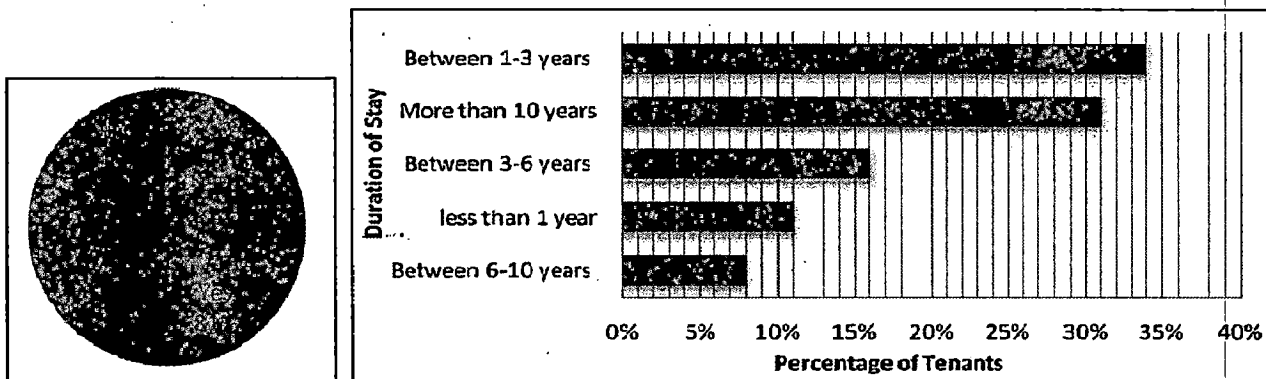


Figure 5.31: Percentage of migrated tenants Figure 5.32: Duration of stay of Tenants in Delhi

5.3.2.13 Workplace Distance from Current Residence of Tenants: Maximum percentage of tenants travel 2-5 km from their residence to their workplace i.e. 28 percent of tenants (Figure 5.33).

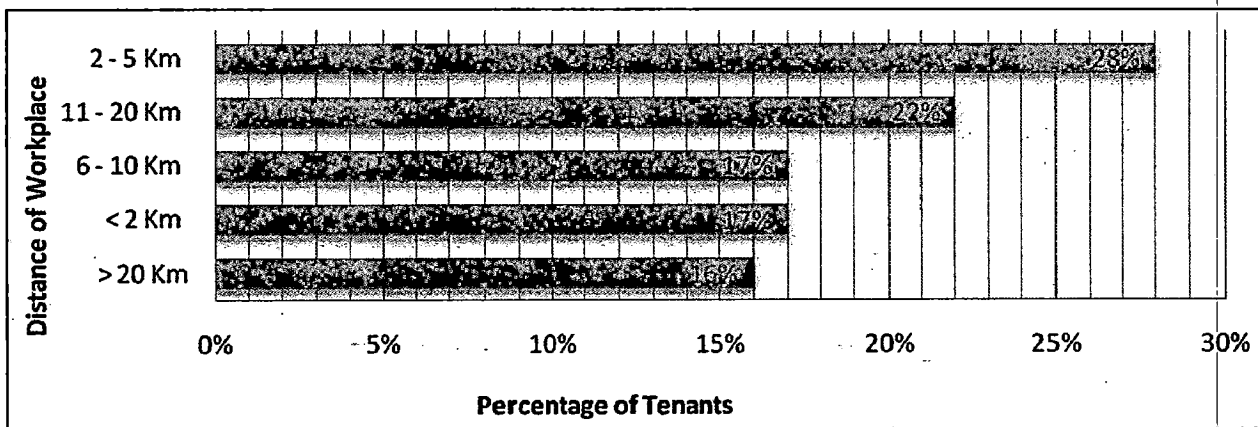


Figure 5.33: Distance of Tenant's workplace from their residence

5.3.2.14 Reason for Choosing Current Location: As shown in Figure 5.34, the Accessibility, Proximity to work place, Better infrastructure, transport facility, market/recreational facilities, proximity to friends/relatives, are considered very important reason for choosing current location. Living with family, financial opportunity, parking facility, school/ health facility, improved housing considered as less important reason for choosing the current residence/

accomodation. Where as free from pollution and less congestion are considered not important reasons.

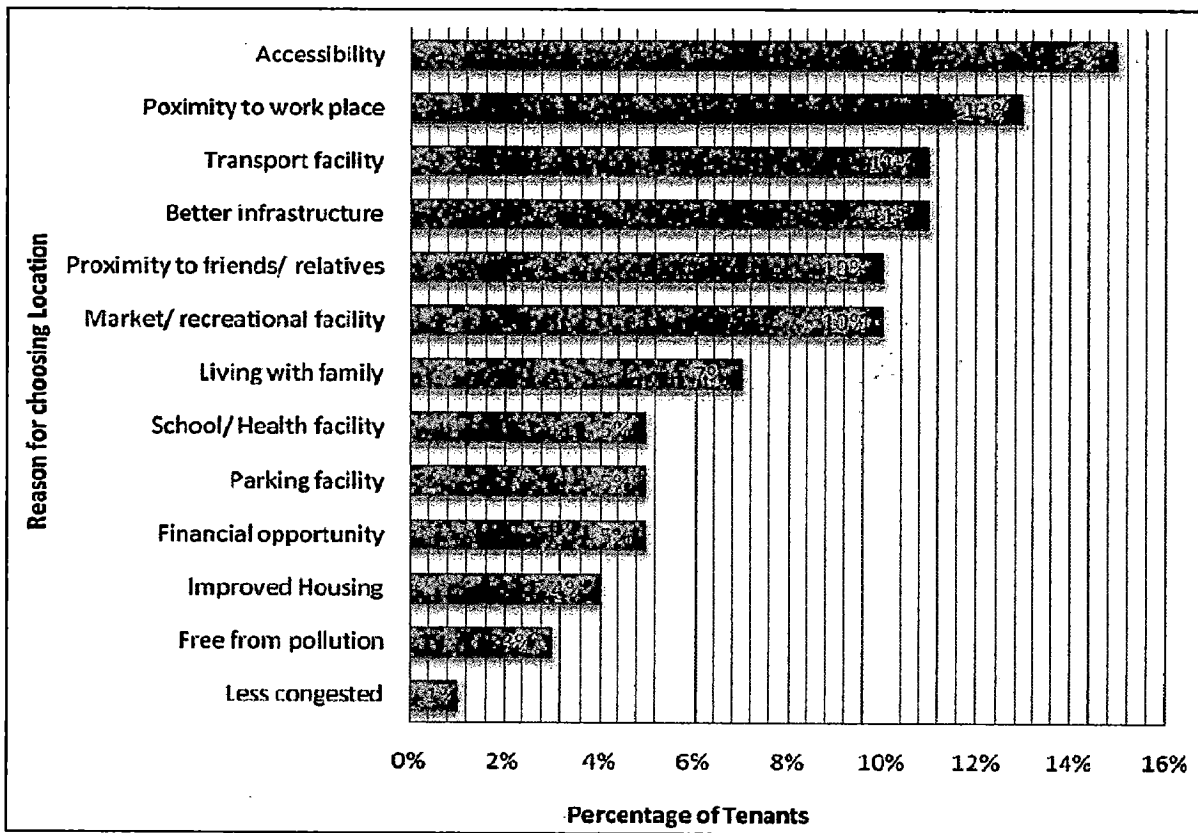


Figure 5.34: Reason for choosing current loaction by tenant's

5.3.2.15 Information on Rental Accommodations Availability: Maximum number of tenants that is 43 percent of tenants, get information of avialible rental accomodation through friends/ relatives, 31 percent through property agents/brokers, 14 percent get through employers, 7 percent through advertisements and 5 percent through other sources (Figure 5.35).

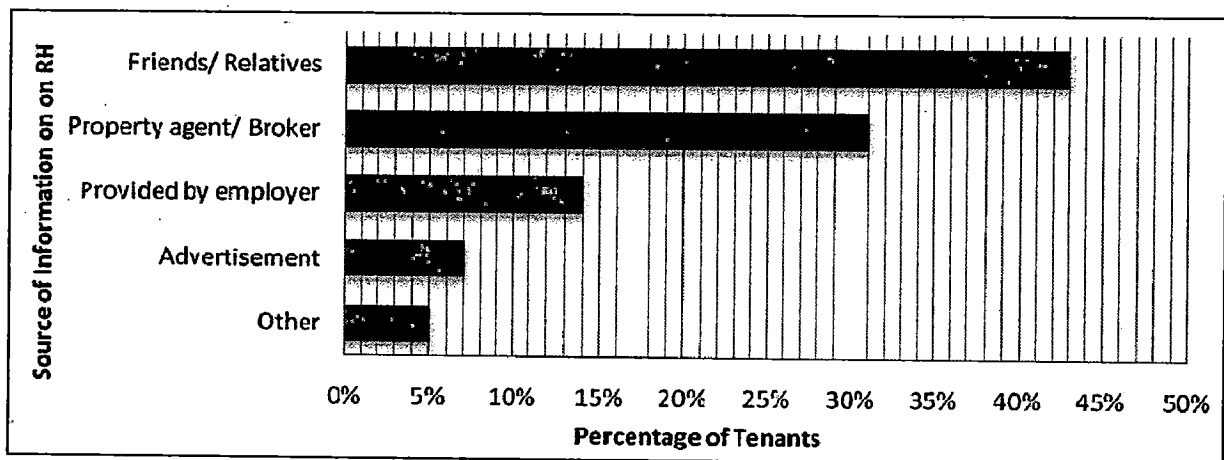


Figure 5.35: Source of information on available rental accomodation

5.3.2.16 Type Of Dwelling Units: About 11 percent of tenants are residing in 1BHK dwelling units, 33 percent in 2BHK, 27 percent in 3 BHK, 8 percent in 4 BHK, and 21 percent in studio/ single room/ barsati accomodation (Figure 5.36)

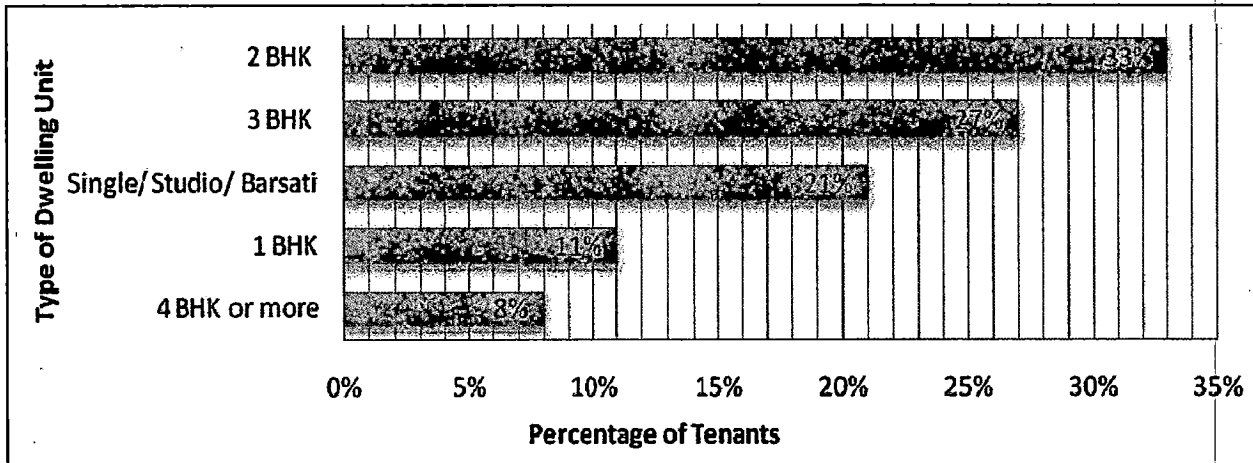


Figure 5.36: Type of Dwelling unit tenants residing at present

5.3.2.17 Toilets in Rental accomodation: 42 percent of rental accomodation have 1 toilet, 29 percent have 2 toilet, 12 percent have 3 toilets, 5 percent have 4 or more toilets, and 12 percent have toilets on sharing basis (Figure 5.37).

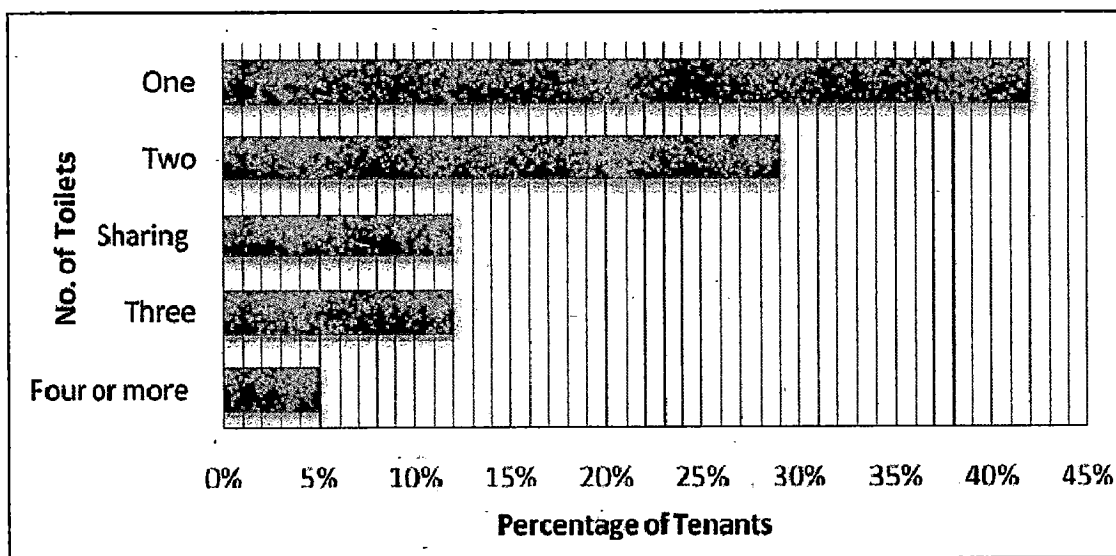


Figure 5.37: Number of toilets in present rental accomodations

5.3.2.18 Type of Accomodation: About 34 percent of tenants live in unfurnished accomodation, 46 percent in semifurnished, and 20 percent in fully furnished accomodation. This shows the maximum number of tenants live in semi furnished residences (Figure 5.38).

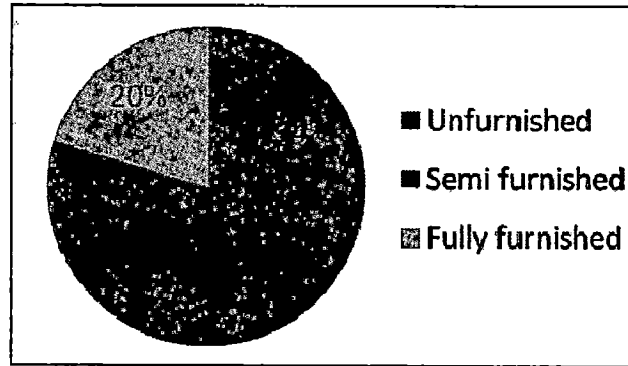


Figure 5.38: Type of accommodation tenants residing at present

5.3.2.19 Tenants Satisfaction With the Current Residence: aspects of tenants current rental housing in NCT Delhi are-

Satisfactory – Floor area, Habitable room

Unsatisfactory – Room size, construction quality, House rent, Security

Poor – Balconies/ ventilation (Figure 5.39)

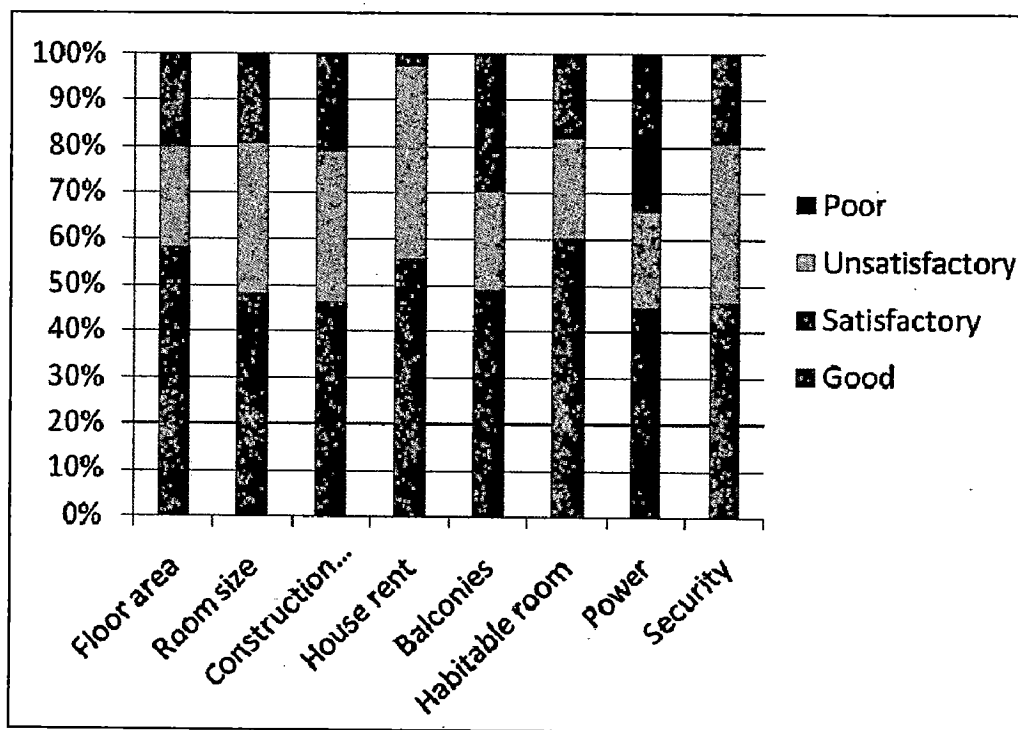


Figure 5.39: Tenants satisfaction with different aspects of RH

5.3.2.20 Monthly Rent Paid: About 7 percent pay less than 1000 Rs/month, 17 percent pay between 1001 – 2500 Rs/month, 8 percent pay between 2501 – 5000 Rs/month, 37 percent pay between 5001 – 10000 Rs/month and 31 percent tenants pay rent more than 10,000-Rs/month (Figure 5.40).

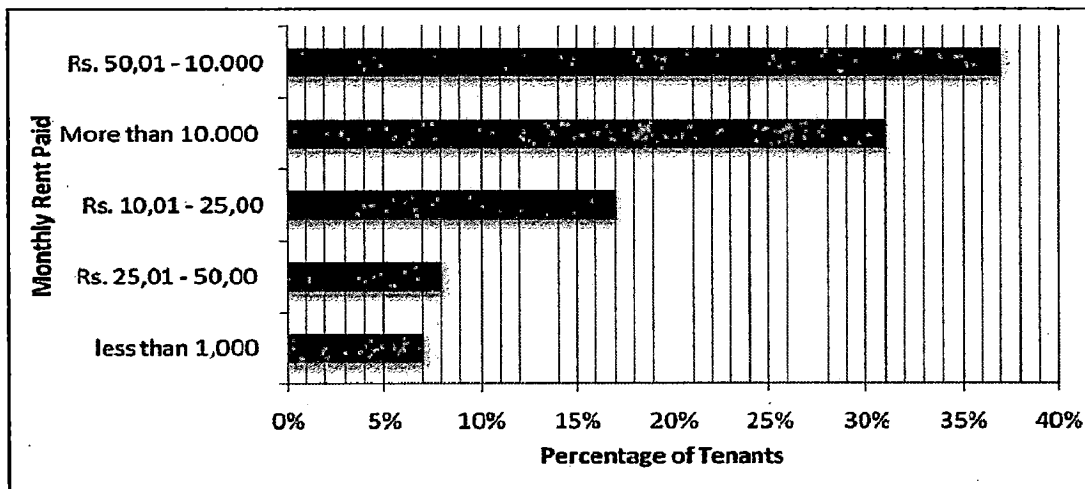


Figure 5.40: Monthly rental paid by tenant

5.3.2.21 Rental Agreement/Contract: About 64 percent of tenants have signed their rental agreement or contract with the owner or employer (Figure 5.41). 47 percent of tenants contract agreement donot specify anything about rent increase. 14 percent contract/agreement specify rent increase and less than 5 percent, 33 percent contract/agreement specify rent increase between 5 – 10 percent and 6 percent tenant contract/agreement specify more than 10 percent rent increase (Figure 5.42).

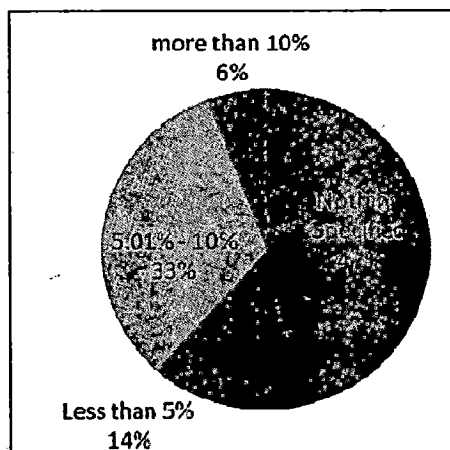
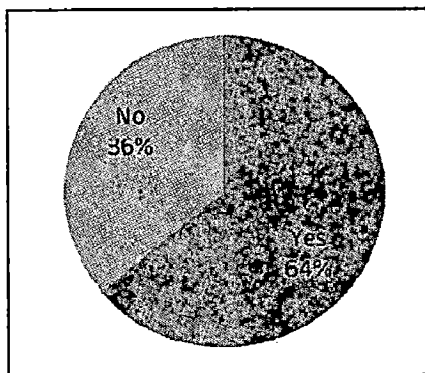


Figure 5.41: Percentage Having Agreement Figure 5.42: Rent increase specified in contract

5.3.2.22 Annual Increase of Rent During Last Five Years: As the pie chart in Figure 5.43 shows 3 percent of RH have redused average rent, during last five years, 37 percent of RH have less than 5 percent of rent increase during last five years, 34 percent and 26 percent of RH have 5.01 – 10 percent and more than 10 percent of annual average rent increase respectivelyduring last five years. So this clearly indicates that maximum RH have annual average rent increase of less than 5 percent.

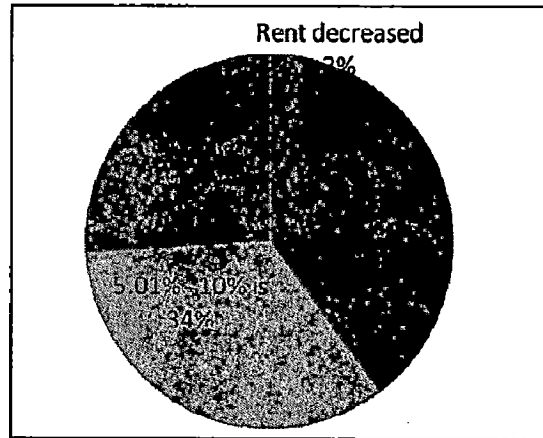


Figure 5.43: Annual increase of rent during last five years

5.3.2.23 Impact of Economic Slowdown on Rent Pattern: About 65 percent of tenants have experienced no change as per agreement condition, 6 percent tenants have experienced rent increase less than agreed condition, and 28 percent have experienced rent increase more than agreed condition (Figure 5.44).

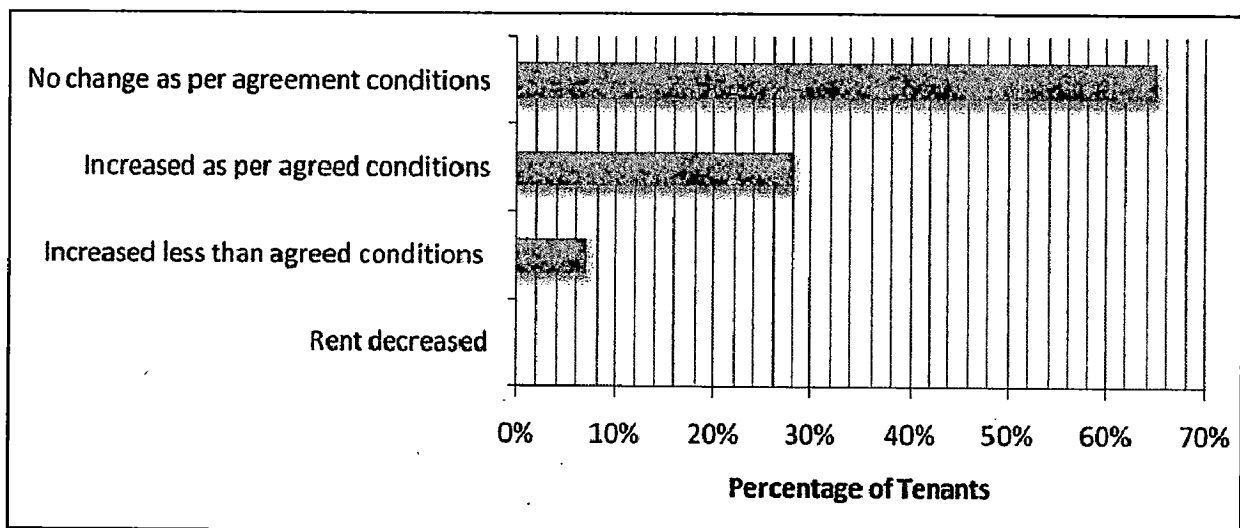


Figure 5.44: Influence of current economic slowdown on rent pattern in Delhi

5.3.2.24 Duration Of Stay In Current Residence: About 28 percent of tenants are staying in current accommodation for less than one year, 44 percent from last 1-3 years, 12 percent for the last 3- 6 years, 5 percent for the last 6- 10 years, and 11 percent for more than 10 years (Figure 5.45).

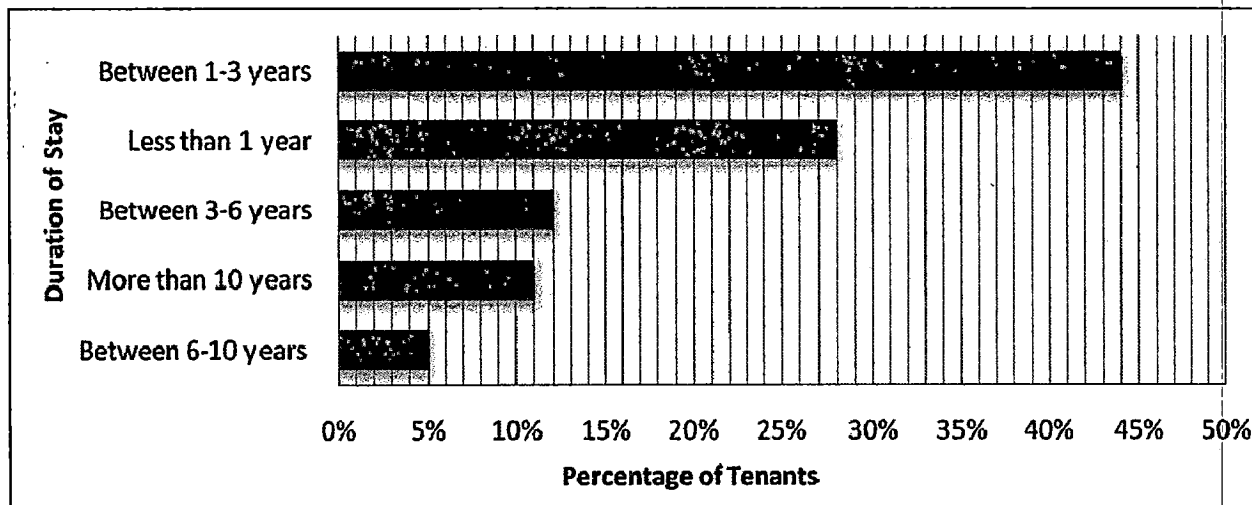


Figure 5.45: Bar chart showing Duration of stay in current residence

5.3.2.25 Maintenance of Rental housing: About 50 percent of rental housing maintenance is done by tenants, 43 percent by owners, and rest of the 7 percent by others like, government for employer housing, by club or community in group housing etc (Figure 5.46).

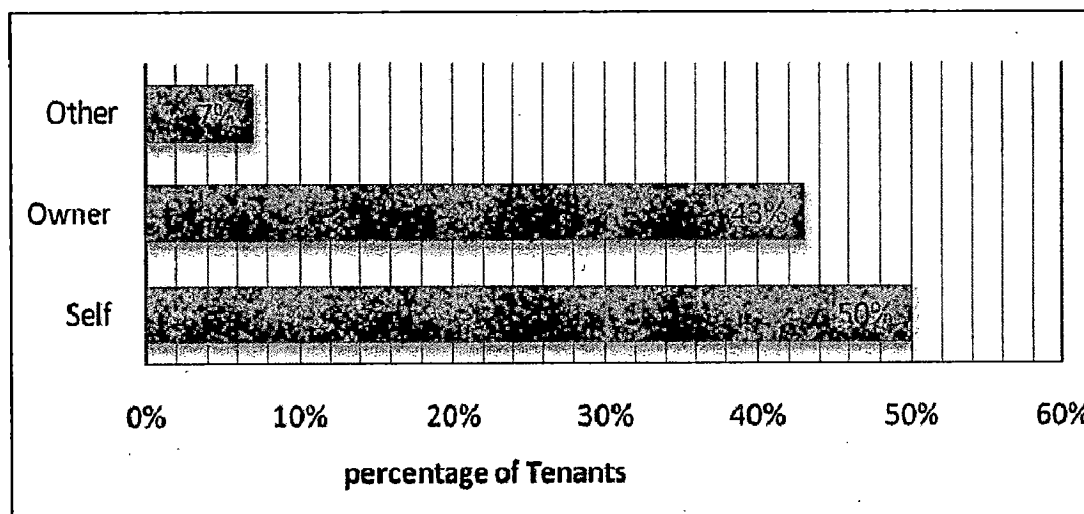


Figure 5.46: Maintenance of Rental Accommodation

5.3.2.26 Facilities Provided by Owner: maximum number of tenants do not get any facilities, but the tenants who get facilities from owner, gets maximum facilities like modular kitchen etc. Also many tenants get furniture facilities but only a very few tenants get fridge or television from owners (Figure 5.47).

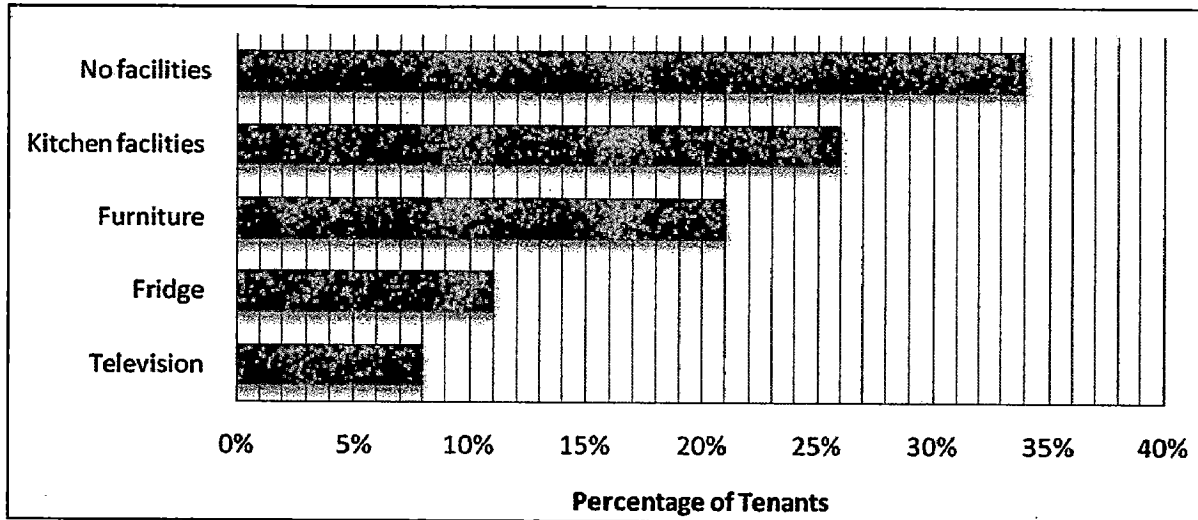


Figure 5.47: Facilities provided by owner

RENTAL HOUSING PREFERENCES -

5.3.2.27 Willingness to Change Their Residence: About 58 percent of tenants are willing to change their current residence. Of these 25 percent people wants to move to a better location, 15 percent wants to move to a bigger house, 15 percent wants more facilities within same rent, 12 percent wants to locate near work place, 11 percent wants to move to own house, 6 percents wants to go for less rent accommodation, 4 percent for better safety/ security, and 4 percent due to end of agreement/contract. The rest of the 8 percent have their other reason (Figure 5.48 and Figure 5.49).

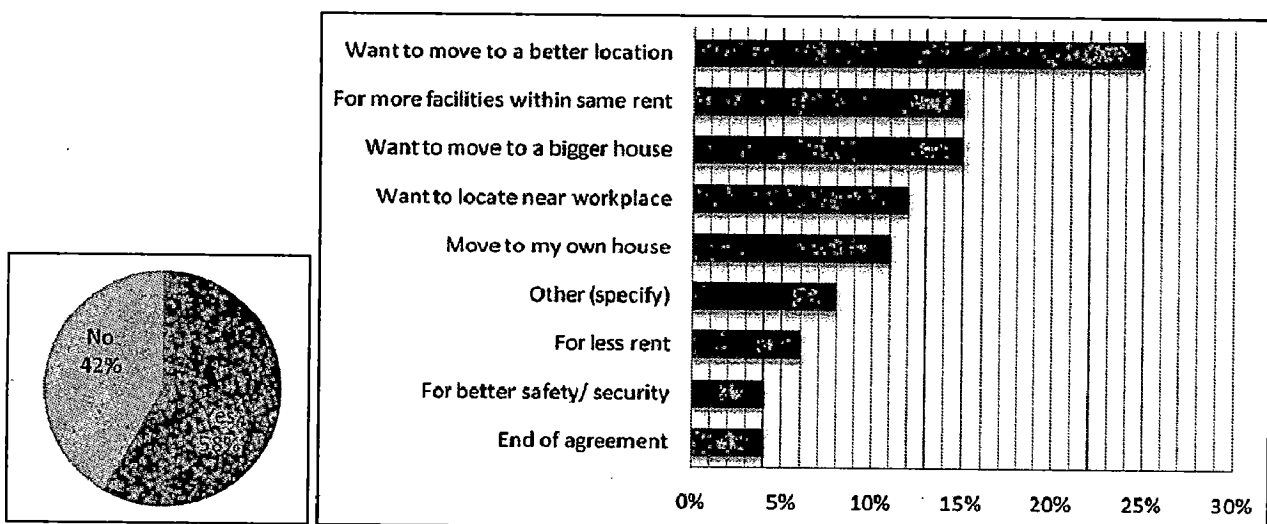


Figure 5.48: Willingness to change residence Figure 5.49: Reason for changing residence

5.3.2.28 Type of Accomodation Tenants Want to Rent: About 68 percent of tenants are willing to go for apppartments, 15 percent for row housing, 10 percent for bungalow, and 7

percent for hostel or paying guest accommodation. So this states that maximum number of tenants willing to go for apartment type of accommodation (Figure 5.50).

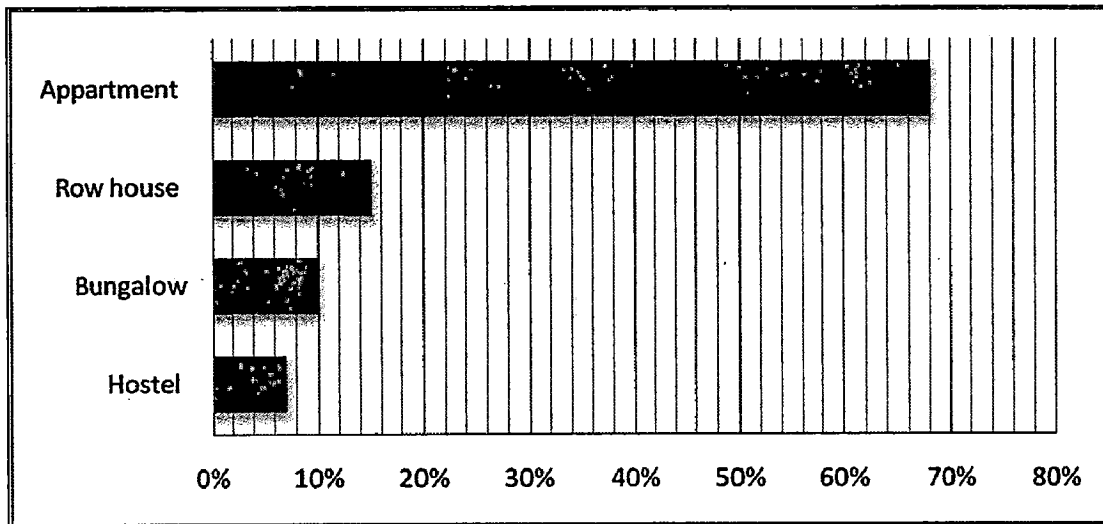


Figure 5.50: Willingness to change residence

5.3.2.29 Willingness to Share Rental Accommodation: only 41 percent of tenants are willing to share their rental accommodation with others, where as 59 percent are not. And majority of people prefer sharing rental accommodation with 2-3 people (Figure 5.51).

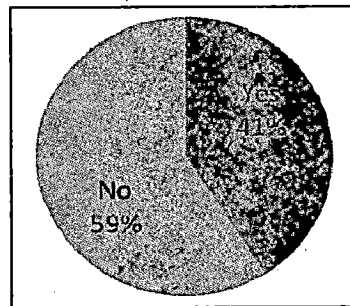


Figure 5.51: Willingness to share rental accommodation

5.3.2.30 Governing Parameters of Rental housing: The twelve parameters or criteria for selection of rental housing by the tenants can be grouped into 3 categories as given below-

- Very important – Proximity to work place, Transport facilities, Neighbourhood (locality), financially affordable.
- Important – Proximity to hotels/restaurants, Proximity to retail areas, Peaceful area/away from city, close entertainment facilities, Facilities by owner, Less control/ restriction by owner, Healthy social interaction.
- Not important - Proximity to airport/ railway station, Proximity to hotels/restaurants.

The survey results are shown in Figure 5.52.

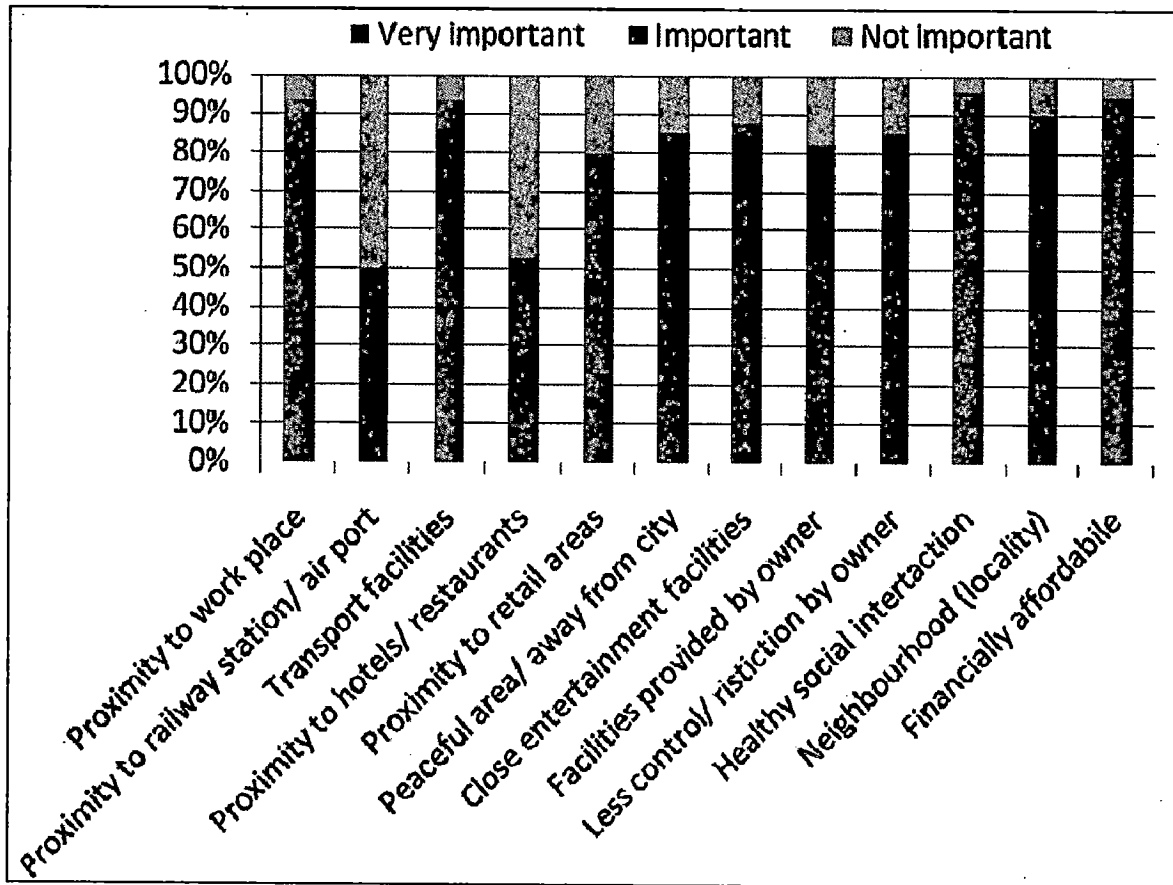


Figure 5.52: Governing parameters for rental housing

5.3.2.31 Present Status Of Tenants In NCT Delhi: About 45 percent of tenants are happy with current residence, 12 percent are willing to consider any place cheaper than current residence, 18 percent willing to consider better place with higher rent, 25 percent willing to consider better place within the present rent (Figure 5.53).

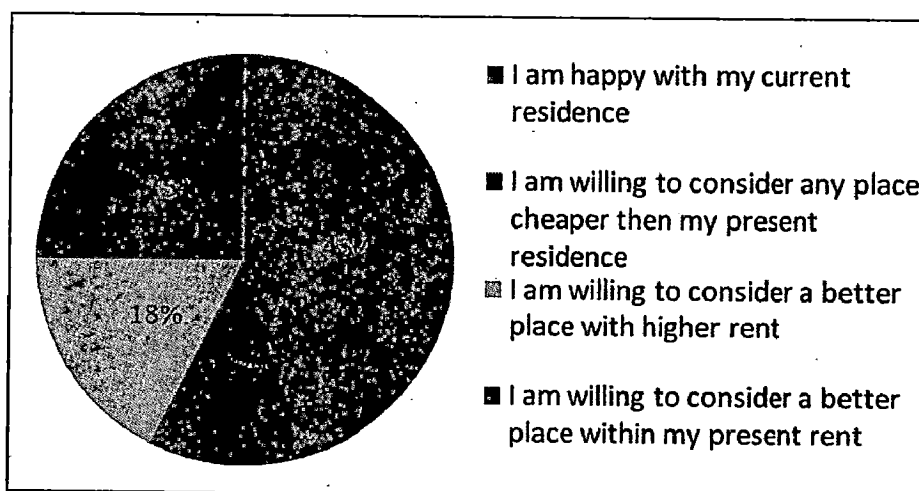


Figure 5.53: Present status of tenants in NCT Delhi

5.4 VISUAL SURVEY BASED ON RENTAL HOUSING

Visual survey of Delhi rental housing is done to analyse the problems faced by tenants. These problems are stated by tenants through questionnaire and verbal communication. The rental housing problems are as listed below:

As there is increase in population in rental accommodation, the quality and durability of materials used in construction of the rental accommodation is not upto the living standards, and many tenants undeniably live in very poor housing conditions like temporary structures (Figure 5.56), barsati or part of home, as do many resident landlords and poor home-owners that live in the same neighbourhood. Lack of proper maintenance and timely repairs makes rental housing of inferior quality

The average living area per person is nearly always lower than it is in owner-occupied housing. Rent levels are often such that tenants can only afford accommodation through overcrowding. That lead to load on basic infrastructure and services like shortage of water supply, electricity etc. The Figure 5.57 shows the scarcity of water supply. In many areas the electric connections are provided with illegal unsecured electric wires through electric poles (Figure 5.58).



Figure 5.56: Temporary arrangements for RH

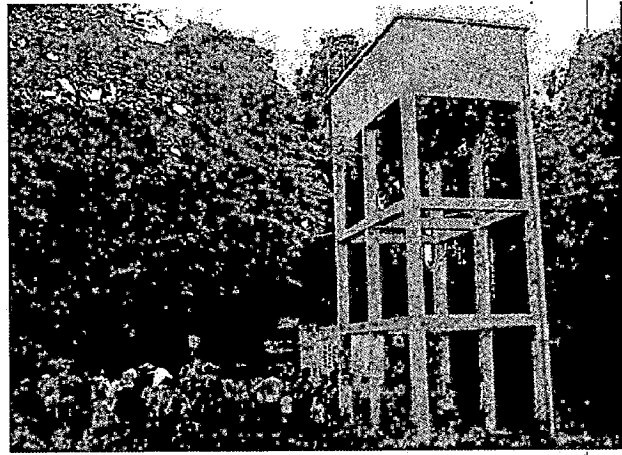


Figure 5.57: Water scarcity for RH

For the quality accommodation the tenants have to pay high rents and the rents keeps increasing frequently, many tenants face the problem of misguided rental agreement/ contract, that do not specify the terms and conditions clearly and hence create problem for tenants latter. Many people are not even asked to sign the rental agreement, and if signed are not been provided with the rental receipt. Hence there is unexpected increase in rents after few months.



Figure 5.58: Illegal electric connections for RH



Figure 5.59: Expensive rents for better living

The Shortage of rental accommodation has led to increase in rents of current rental housing, good quality rental housing are expensive and the rents not affordable in good locality (Figure 5.59). Whereas the rental housing are facing problems like – Dampness in Floors and roofs (Figure 5.60), Unhygienic bathroom and toilets (Figure 5.61), open dumping (Figure 5.62), Water scarcity and improper sanitation (Figure 5.63), improper ventilation (Figure 5.64), etc.

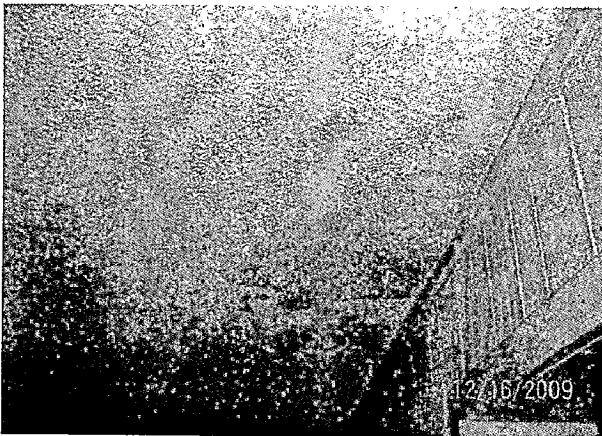


Figure 5.60: Dampness in floors and roofs

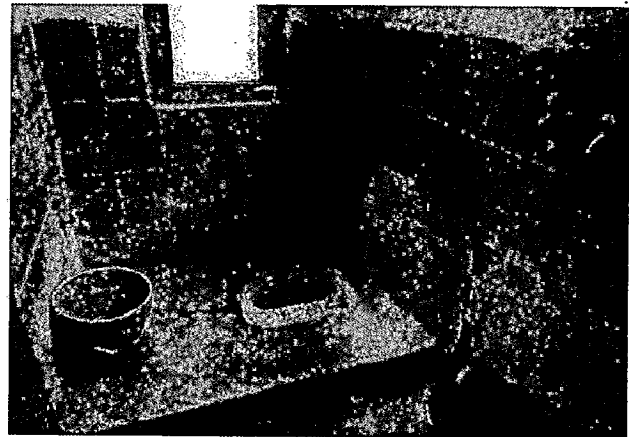


Figure 5.61: Unhygienic bathroom and toilets.



Figure 5.62: Open Dumping

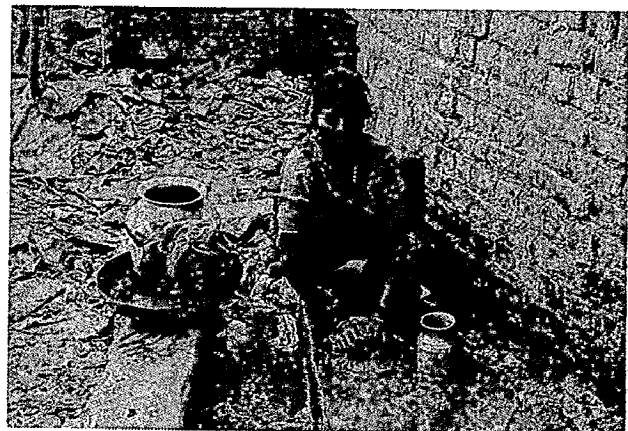


Figure 5.63: Water scarcity & improper sanitation



Figure 5.64: Improper ventilation

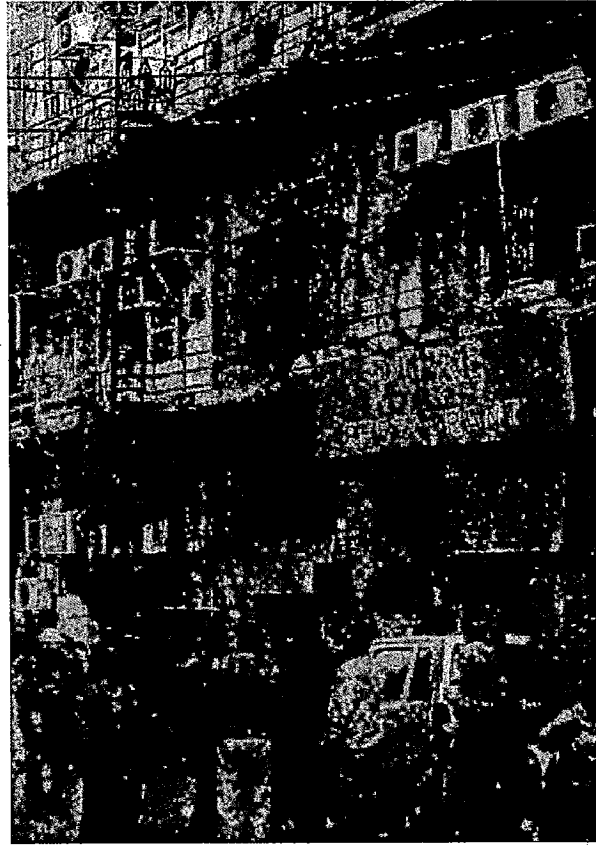


Figure 5.65: Deteriorating condition of houses

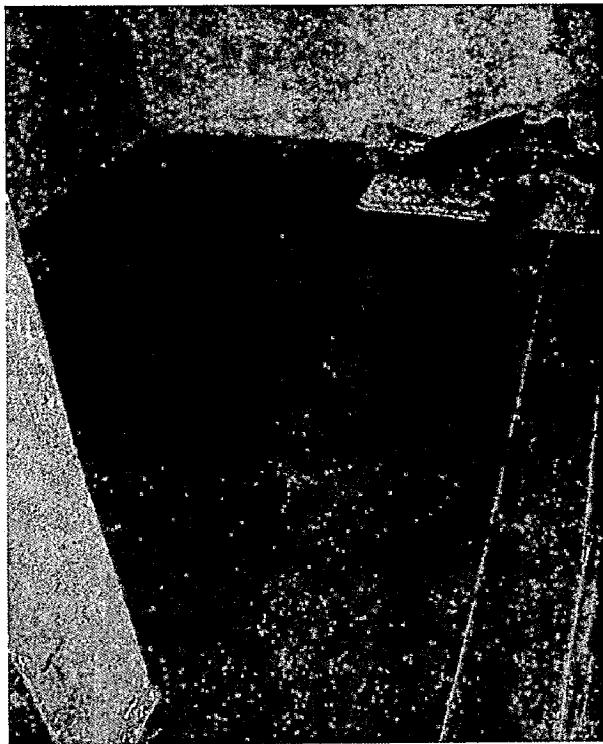


Figure 5.66: Small size of rooms for RH



Figure 5.67: Narrow and dark lanes for RH

As the property stamp duties is very high so people keep their properties undervalued, that leads to deteriorating condition of rental housing (Figure 5.65). More over for many owners renting is money making business and less interested in spending money on maintenance of

housing. Greed of landowner, less facility maximum extraction. The construction of housing for rental purpose by owner is mostly within less area with small sizes of rooms (Figure 5.66), with narrow and dark access lanes to rental housing (Figure 5.67), in congested areas, with improper ventilation in steps, corridors, rooms etc, illegal construction with improper management of resources (Figure 5.68) Etc.

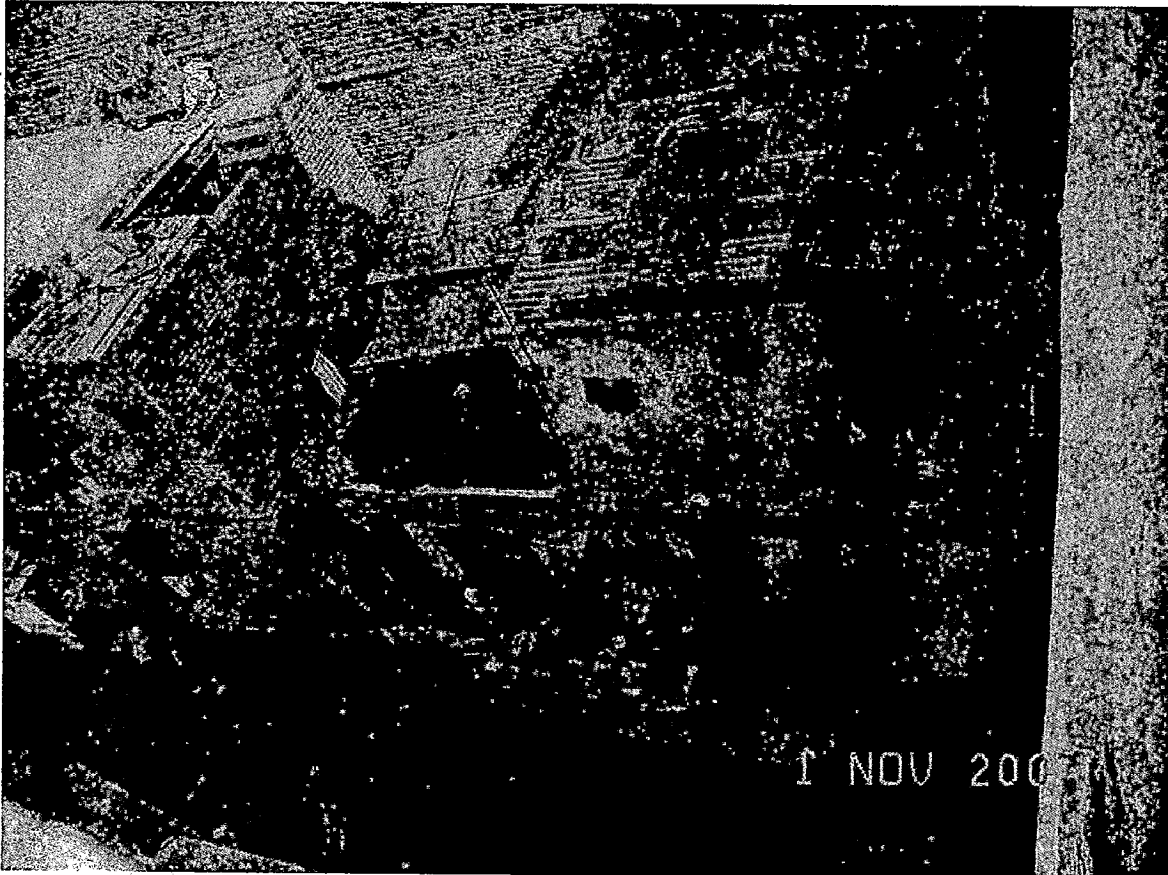


Figure 5.68: Illegal construction for RH with improper management of resources

The rental housing Moreover most of the rental housing is not provided with parking facilities and if provided is mostly open parking that lacks the vehicle security (Figure 5.70). Moreover in many cases the tenants face owner's interruption within their rented house, hence disturb their privacy.

There is insufficient supply of rental housing for single persons. The hostels and paying guests for single persons are either too congested or with very high rents (Figure 5.71).

Some of the tenants face short term agreement problem, as after the completion of agreement the tenants have to go through the process of search and shifting of rental housing, hence creating extra burden on tenants.



Figure 5.70: No proper parking facilities, as more no. of renters living in single building.

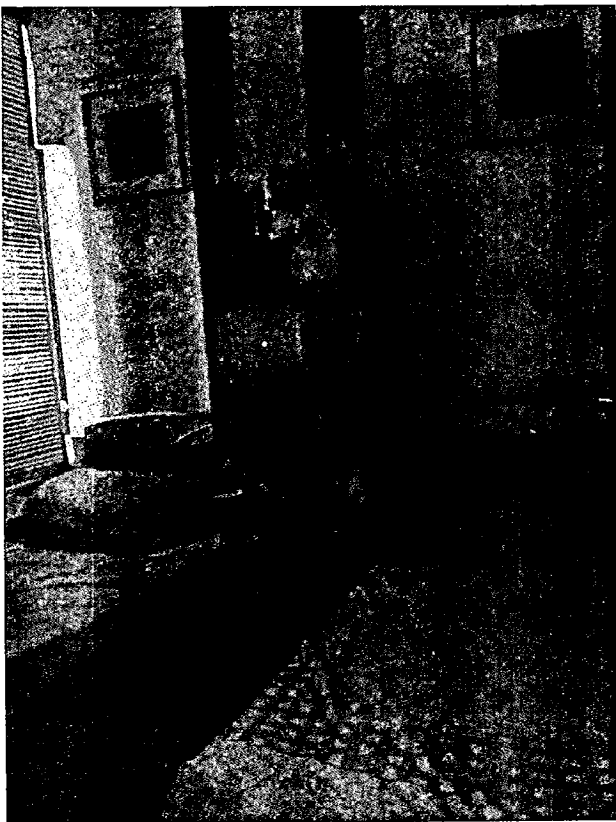


Figure 5.71: Congested Paying Guest accommodation with high rents.

5.5 EXPERTS VIEW ON NEED FOR RENTAL HOUSING IN DELHI

The work force in Delhi increased from 48.85% in 1991 to 52.52% in 2001. This increase in work force in Delhi was primarily due to migration of unemployed people from the neighbouring states. The employment elasticity (i.e. the growth in employment as compared to the growth in Gross State Domestic Product), has increased from 0.16 during the period 1992-93 to 1999-2000 to 0.27 during the period 1999-2000 to 2001-02. The estimated number of persons employed in Delhi increased from 32.61 lakh in 1992 to 38.94 lakh in 1999-2000, then to 41.75 lakh in 2001-02 and further to 45.49 lakh in 2003. The table below shows the employment increase in different sectors.

As activities like manufacturing, construction and tertiary sectors like transport communication, trade, hotel restaurants, finance etc, increase the employment every year hence as most of these jobs are transferable so the companies, or individuals require rental housing for their stay.

Table 5.2: Activity-Wise Employment as per NSSO Round

S. No	Activities	48 th round (1992-93) in lakh	55 th Round (1999-2000) in lakh	Annual Compound Growth (1992-93 to 1999-2000) (%)	Employment elasticity (in Lakh)
1	Secondary sector				
(i)	Manufacturing	7.84 (24.04)	8.78 (22.55)	1.63	0.17
(ii)	Construction	1.78 (5.46)	2.26 (5.80)	3.47	0.25
2	Tertiary Sector				
(i)	Trade, Hotel and Restaurants	6.85 (21.01)	11.31 (29.05)	7.43	0.58
(ii)	Transport, Communication etc.	2.59 (7.94)	2.91 (7.47)	1.68	0.1
(iii)	Finance and Business Activities	1.53 (4.69)	2.49 (6.40)	7.21	0.28

Note: Figure in bracket indicates in percentage

Source: Economic survey of Delhi 2005-2006

From experts: Recent trends of rental properties in India are conspicuous by the immense potential that is being realized today. Rental values in cities like Delhi and outskirts are witnessing an increase of 20-25%. Real estate agents are devoting themselves to negotiations for rented homes than ever. Though the interest rates on home loans, continued tax exemptions on such prompts people to buy property, those with the ability to buy a flat among the middle-class are thinking twice.

In Delhi and other metropolitan cities the rental and leasing market is rising. The residential market has seen a drop in actual transactions, which is giving a push to the rent and lease market. Rents will increase by at least 20-25 per cent because people right now are postponing their decision to buy a house. There will always be demand for rental houses," says Pankaj Bajaj, MD Eldeco Group.

Shveta Jain, Cushman & Wakefield India, "The expected supply would create considerable options in the market, keeping rentals in check. Investors/individuals who invested in under-construction properties can look at renting out their properties now. Owners considering renting out properties within central or prime locations can expect a significant rental income as there is a robust demand for such properties,"

"This year 2010 will be a good one for the property market across India. Tier III cities may take a longer time to revive but movement in metros and tier II cities will be fast. As the property prices rise, it's obvious that the residential rental will also move with the flow." Nitesh Kumar, director, sales and marketing of Delhi-based realty firm TDI

Delhi has been witnessing an acute crunch in rented properties and the decision of Delhi University to vacate the hostels is adding to the woes. With nearly 20,000 students looking for housing for next 3 months, rentals have fuelled up across the North and South campus areas.

Residential property has been a favourite with all and is currently the hottest segment in Delhi real estate. Even in the times of economic slowdown, the demand for housing never died down- be it for buying or renting purposes. Since buying flats in Delhi became expensive for large number of home buyers, they started opting for rented accommodations like flats and PGs. With an already acute shortage of rented housing in the capital city, this shift added all the more to the supply deficit in the sector. This ultimately resulted in a 50-100% increase in home rentals across the city including NCR. Rented homes in Delhi are going to get costlier in the coming few months due to the forthcoming events like Commonwealth Games, expansion of Metro rail and the ever increasing shortage of land in the city.

"One more reason for the rise in increasing trend in the rent and lease market is the 30 per cent tax haven that people enjoy from rental income," says Subhash Lakhotia, tax and investment consultant. He says that the trend will pick up in the coming years. "As in America, the trend of leasing out is gaining importance through REITs. People will buy apartments in bulk and then rent it out

“The demand for rented accommodation has really gone up in a big way as many people, who were looking for a house of their own, have shelved their plans due to the current insecurity in their jobs,” explains Naresh.

The other reason is that many people are shifting from South Delhi to East and West Delhi for the simple reason that rentals in South Delhi are at least 20-25 % higher compared to other parts of the capital. The economic slowdown has hit home sales and sent prices plummeting. The flip side - house rents have shot up. Rents went up by around 30% in major cities including Delhi and the National Capital Region (NCR) last year, as more and more consumers, hit by the slowdown, preferred living in rented houses to investing huge sums in properties, industry officials say. “The slowdown has fuelled rental market. On an average, the residential rental has gone up 25% in the last one year in Delhi and NCR. In many areas, it went up by even 40%,” says Anu Gupta of Century 21 India.

” According to industry officials, the high cost of properties and slackening supply of houses have fuelled rentals in Delhi. “People need a house to live in, and not everyone can buy one. With prices still beyond the reach of a large section of the middle class, staying in a rented accommodation is the only option left,” says Anu Gupta

Hence it is clear from the expert’s comments, that major percentage of city population need rental housing, either due to their transferable job, in affordability of ownership, or other reasons. so there is need for increasing stock and availability of rental housing in NCT Delhi.

5.6 SUMMARY OF FINDINGS FROM FIELD SURVEY FOR DELHI RENTAL HOUSING

The study has helped to establish the relationship between the socio-economic characteristics of the people, demand of rental housing, characteristics of tenants and rental housing characteristics preferred. The important parameters relating these characteristics were used in developing business for rental housing.

The Findings from the analysis of the field survey data gathered through household questionnaire survey are summarised below (Table 5.2)

Assessment of preferences for type of housing states that major share of housing is consisting of rental front only followed by the owned. As it has been found that many of the respondents are willing to change their existing housing scenario and wanted to shift for owned housing unit and followed by rental housing units. Respondent's preferences states that many of the respondents staying at company owned units are willing to shift from there either to owned or rental units. Also others like the respondents who are staying with relatives, friends also want to shift to owned or rented unit.

The rental market of NCT Delhi is very vast, and varied and the rental accommodations are available in a wide range from apartments, hotels, hostels, studio room , barsati, part of house even floor space etc. Also, the rental housing in Delhi is facing lot of problems.

The rental housing is very limited in East Delhi. The maximum percentage of tenants are of age less than 25 as large percentage for students come to study, and young people engaged in service sector jobs. The residents of RH are mainly engaged in private sector.

The most preferred type of accommodation for RH is Apartments i.e. 68 percent of total rental housing, and prefers living with family or sharing basis with 2-3 people. The most preferable area is 76 – 100 sq.m. for rental housing. Most of the tenants are migrated from other states, but there are tenants residing in RH from last few generations with low rents or on employer housing.

In NCT Delhi the accommodation size of RH are not according to standards, the room sizes are very small with other problems of congested spaces. But still tenants prefers to live in these residents because of other prime reasons like proximity to work place, Better infrastructure, low rent, locality, living with family/relatives, etc.

The most preferable distance of RH from workplace is 2 -5 km. The RH availability information known to people through advertisements, property agent etc, but mostly the information is known from friends and relatives.

The 2 BHK RH in NCT Delhi is available and preferred in maximum, with one toilet. Semi-furnished accommodation are mostly preferred as rental accommodation as there are many tenants who stay for short duration in city and go back to the other states so they don't want to invest money in furniture. The facilities like Kitchen and furniture's like bed table etc are mainly provided as part of semi furnished accommodation for rental accommodation.

The rental housing in Delhi is facing lot of problems that need to be improved like deteriorating construction quality, small room size, congested spaces, high rent, improper ventilation, stinking toilets and bathrooms, power shortcuts, water scarcity, number of people are more as compared to available size of accommodation making it congested. The security in many rental housing is not good as the maintenance of rental accommodation is not taken care by owners, the temporary arrangements of door, windows, locks leads to misuse of property. The power supply problems are faced in many localities as especially in unauthorised colonies where people have gone for unauthorised construction the illegal power supply is given to tenant's accommodation, so maximum time that faces power breakdown at time of over load. The same situation is with water supply as the number of people living in a building increases, the load on water supply also increases that result into water scarcity, water logging, foul smell in kitchen, toilets etc.

The Rental agreement signed between tenant and owner or employer is not been taken seriously in Delhi. As there are many tenants who have not signed contract/agreement because there are many people who resides with their relatives/ friends and pay lump-sum rent. The tenants who have signed the agreement are either misguided agreement/contract, in which the rent amount, annual increase in rent, conditions are not mentioned clearly so later the owner take advantage of the agreement and misuse the right, creating problems for tenants. In many cases the tenants do not get the receipt, as some of the rents are paid cash, so there are no proof with tenant's rent payment, this creates problem in latter stage when the dispute takes place between tenant and owner the case get in favour of owner.

The rental agreement signed between tenant and owner mostly not clear, they don't even specify the percentage of rent increase. The rent increase in Delhi is between 5 – 10 percent. And maximum percentage of tenants is staying in current residence since 1-3 years. In Delhi maximum owner expect the maintenance other than rent of the residence from tenants. About 50 percent of tenants take care of maintenance of rental housing.

The most preferable governing parameters are Proximity to work place, Transport facilities, Neighbourhood (locality), financially affordable., those are most important for rental housing. the other parameters like Proximity to hotels/restaurants, Proximity to retail areas, Peaceful area/away from city, close entertainment facilities, Facilities by owner, Less control/ restriction by owner, Healthy social interaction are also important depending on type of

tenure, tenants occupation, age etc. And Proximity to airport/ railway station, Proximity to hotels/restaurants is least preferred parameters for rental housing.

Out of the surveyed lot, 55 percent of tenants are not happy with current residence, and willing to shift to a better or cheaper accommodation.

5.6.1 Summary of Findings

Table 5.3: Summary of findings from Field survey

PARAMETERS	FINDINGS FROM TENANTS SURVEY FOR NCT DELHI
Tenure of Residence	73% rented dwelling units, 11% Hostel, 7% company/institute/govt quarters, 5% PG accommodation, & 3% leased accommodation and 1% in Other tenure of residence.
Residence Type	35% Apartment, 27% Row Housing, 17% Part of home, 11% Hostels, 3% Bungalow, 3% Barsati and 5% other types of residences
Residence Status	43% of tenants residing with their family, 39% sharing with friends or colleague, 13% living single, and 5% PG accommodation.
Tenants Monthly Income	Maximum tenants earning 25,001-50,000 Rs/month, i.e. 45%
Area Of Rental Accommodation	35% of tenants prefer to be in rental accommodation of area between 76-100 sq m
Satisfaction with current residence	56% of Tenants are not happy with the size of current residence.
Type Of Dwelling Units	11% of tenants are residing in 1BHK dwelling units, 33% in 2BHK, 27% in 3 BHK, 8% in 4 BHK, and 21% in studio/ single room/ barsati accommodation.
Type of Accommodation	34% tenants lives in unfurnished accommodation, 46% in semi furnished, and 20% in fully furnished accommodation.
Monthly Rent Paid	37% pay between 5001 – 10000 Rs/month and 31% tenants pay rent more than 10,000 Rs/month.
Rental Agreement/Signed-	64% tenants have signed their rental agreement/ contract with the owner or employer. 33% contract specify rent increase between 5-10%
Willingness To Change Residence	58 percent of tenants are willing to change their current residence.

Type Of RH Willing To Go For Rent	68% of tenants are willing to go for apartments, 15% for row housing, 10% for bungalow, and 7% for hostel or PG.
Willingness To Share Residence	41% Willing To Share Rental Accommodation , and maximum people prefer sharing with 2-3 people
GOVERNING PARAMETERS	
Very important	Proximity to work place, Transport facilities, Neighbourhood (locality), financially affordable.
Not important	Proximity to airport/ railway station, Proximity to hotels/restaurants.
Important	Proximity to hotels/restaurants, Proximity to retail areas, Peaceful area/away from city, close entertainment facilities, Facilities by owner, Less control/ restriction by owner, Healthy social interaction.

CHAPTER 6: RECOMMENDATIONS TO FACILITATE RENTAL HOUSING

After studying the rental housing in Delhi it is clear, that rental tenure is extremely important for many households. It is responsive to changes in individual and household life-cycles. Following outcomes are particularly clear. As ownership is always preferred by all, rental housing is extremely important for those who cannot afford an ownership house. Most of the households progress from renting to owning. The biggest positive point about existing rental housing is its location within the city keeping households close to their workplaces. Another important aspect is need for rental housing for single migrants apart from the families who cannot afford ownership housing. This suggests there is a need for a range of rental options for different types of migrants including migrants with family, single migrants and floating population.

6.1 POLICY RECOMMENDATIONS FOR INCREASING RENTAL HOUSING OPTIONS

The following policies recommendations consist of strategies and guidelines for increasing rental options/ availability in Delhi, which can also be applicable to the metropolitan cities phasing similar situation.

- 6.1.1** Introduce government interventions like land reservations for rental housing or social housing.
- 6.1.2** Facilitate the various types of suppliers to determine the inclusion or exclusion of a particular category of tenant. This implies there is a need to identify which kind of suppliers will be appropriate to whom. There can be wide range of rental housing suppliers like for high income groups the rental housing can be provided by the developers who expect high return on their investments apart from financial feasibility of the project. Other groups like the low income group can be supplied with rental housing with the help of government reservations and subsidies which will help to increase the stock for this group.

- 6.1.3** Encourage new development which will be less constrained and affordability levels will be enhanced as barriers are mitigated or eliminated.
- 6.1.4** Make appropriate financial provisions to bridge the gap between the capital investment and the returns from the project. As financial feasibility is important aspect to promote rental housing by private investment,
- 6.1.5** Provide tax relaxations to encourage the different developers and attract investors. This will lead to financial feasibility of the project to provide rental housing.
- 6.1.6** Establish a rental housing information system for Delhi to cater the needs of the various stakeholders of rental housing market. This would help in providing new migrants in finding place as per their need.
- 6.1.7** First the government should reduce registration fee and then the lengthy process should made simpler. Also it should be made mandatory for the owners to register an agreement with tenant at registration office. This agreement ensures fair deal for both the owner and tenant. This will indirectly help the ULB for proper documentation of rented properties. After the date base of rental properties is made, standard rent can be fixed as per the fair market rents within the rent control framework.
- 6.1.8** Modify or repeal of necessary, the Delhi rent control act 1958 to make the provisions attracted to owners, by fixing rental values at realistic levels. Improve the terms and conditions of the lease and licence agreement.
- 6.1.9** Establishing an authority to promote rental housing and dealing with the various issues of rental housing in the different areas of city. This authority will set rents for rental units built for the poor, LIG and MIG groups by government agencies and private builders. It will estimate zone-wise requirement of affordable rental dwelling units for lower and middle income group and then decide percentage of reservation of such dwelling units. This authority will promote special rental residential zones for reservations of land which can be developed for rental housing. It will be an authority formed to protect interest of renters particularly the most neglected sections.
- 6.1.10** Through suitable legislative measures, make it mandatory for the government, corporate and industrial employers with minimum to 500 employees to make arrangement for suitable rental housing. This could help the new employees get

established in the community and begin to search for future housing options on their own.

6.1.11 Make it obligatory for the employees to arrange for rental housing to its employees. Employer Housing: through tying up with the SHOs/ voluntary sector ensuring tenants to them instead of providing rental housing dwelling.

6.1.12 Encourage/ facilitate the Social housing by- voluntary sector/institutional: SHO/ voluntary sector would be most preferable for single migrants offering subsidized rental accommodation, as single migrants wish to save maximum and sent the money back home. This would be suitable for the single migrants, like students, hotel and restaurant workers or factory workers, where they could tie up with the employers which would also ensure constant supply of tenants. Also they could tie up with institutes like coaching centers which trains the students for professional exams like IAS, IIT, and MBBS etc.

6.1.13 Subsidies

6.1.13.1 Financial: Provide low interest up gradation/ maintenance loans to private household to support the rental housing market. Low interest construction loans can also be provided to SHOs or private landlords to encourage them to build affordable rental houses. For supply by employer housing, attempts have already been made by National Housing Bank by a scheme named "Refinance of construction finance for affordable housing" which aims at "financing for new construction i.e. housing related infrastructure as well as for up-gradation/repairs of existing properties." Even the "Rental housing projects for migrant labor in metro and other cities." are eligible for this financing. Similarly HUDCO has schemes as "Staff Housing" but only on hire purchase system

6.1.13.2 Land at subsidized rates: Make available land at subsidized rates for construction of rental housing by SHOs, close to the work places of migrants.

6.1.14 Incentives

6.1.14.1 Tax incentives: Remove/ reduce higher rates of property taxes for rented units to encourage the private household sector. Exemption of rental income from income tax can also encourage private landlords and SHO. This would help them to charge less rents and improve the affordability.

6.1.15 Ease in building approvals:

- 6.1.15.1 **Increase in FSI:** Grant higher FSI in developed and developing areas of the city (within the city limits) to encourage SHOs and private landlords for building rental houses, as in case of MMRDA in Mumbai.

6.2 LAND USE BASED STRATEGIES/ PROPOSALS

The master plan 2021 projects the Capital's population to touch 230 lakh by 2021. To cater to this population, the estimated additional housing stock required will be around 24 lakh. The trend of future jobs will be more in private sectors and transferable. And the 25-40 percent of the population will be particularly very mobile. This will mean that an increasing percentage of population will need temporary accommodation. There for demand for rental housing will increase in the near future.

The rental housing unit percentage in Delhi by census 2001 was 26 percent and by NSSO 2005 that increased to 32 percent. This shows the demand for rental housing is increasing rapidly. So in near future also there will be an increased demand for rental housing and it is safe to assume that it will be at least one third of total no. of dwelling units. As total additional dwelling unit required by 2021 is around 24 lakh so we can expect at least 8 lakh dwelling units to be rental housing.

Assuming the economic profile of the population to be same and the percentage of various rental housing will also be same as from the primary survey, it is seen that 73 percent tenants would be living in rented dwelling units, 11 percent in hostel, 7 percent in company/institute/government quarters, 5 percent in paying guest accommodation, 3 percent in leased accommodation and 1 percent in other tenure of residence. Hence it is expected out of 8 lakh dwelling units the dwelling units in different types of tenure of rental housing will be approximately as shown in Table 6.1

Table 6.1: Future projection tenure Of rented accommodation by 2021

S.No.	No. of Dwelling Units	Tenure of Rental residence
1.	584,000 dwelling units	Rental dwelling units including row housing, apartments, bungalows, builder floor, part of home, barsati etc.
2.	88,000 dwelling units	Hostel accommodation

3.	56,000 dwelling units	company/institute/government quarters
4.	40,000 dwelling units	Paying guest accommodation
5.	24,000 dwelling units	Leased accommodation
6.	8,000 dwelling units	Other tenure of residence

As from the analysis from primary survey conducted through questionnaire in NCT Delhi, out of 8 lakh rental dwelling units the breakup of projected family rental accommodation by 2021 will be as shown in Table 6.2.

Table 6.2: Breakup of projected family rental accommodation by 2021

S No.	Residence Tenure	Percentage of Rental dwelling units	Total dwelling units
1.	Households with family	43	344,000
2.	Sharing	29	232,000
3.	Single	13	104,000
4.	Paying guest	5	40,000
5.	Total	100	

With the change towards increasing percentage of rental housing it is more likely that the share of rental housing will reach upto 35-40 percent of the total.

6.2.1 SHO with Private Developers:

The Master Plan also suggests a redevelopment scheme that lays down the provision of individual families in group housing societies pooling their resources and roping in a private builder to construct high-rise apartments. "The families subscribing to the scheme will get 1.5 times floor area ratio (FAR) than the existing one. Currently, this scheme can be worked out only in a minimum of 3,000 square metre areas. These developments can be taken by SHO's/ residential welfare societies and private developers with some provisions for incentives. The individual plotted housing owners will also be motivated to provide rental housing within affordable range with required necessary quality standards of housing.

Similar kind of provisions in Government quarters/ company quarters/ or employer's housing like in R K Puram, Motibagh, Laxmibai nagar, Lodhi colony areas can be provided for rental housing/ temporary arrangements for single persons within affordable range (Figure 6.1). As these areas are presently low density areas and Master Plan 2021 suggests increase in vertical height from 12.5 m to 15 m, apart from increase in FAR and densification.

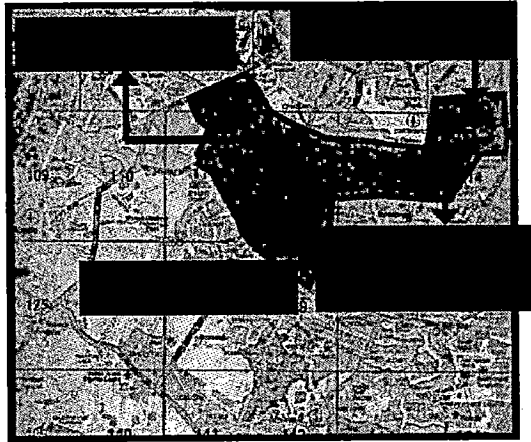


Figure 6.1: Low Density areas in Delhi

As due to the provision of increase in FAR in Master Plan, that will increase the percentage of tenants occupying part of the house. So to regularise and ensure proper functioning of these arrangements the SHO's can help to function in progressive way. This can also be done by providing vouchers to the most eligible needy people based on their requirements and necessities. Some percentage of these vouchers can also be given to people who are not able to afford accommodation and the rents can be collected by organising regular arrangements as in case of electric bills, telephone bills etc.

6.2.2 Urban extension

The Master Plan indicates the immediate urban extension in the zones of J to L, N & P, shown in Figure 6.2 and 6.3. The activities such as wholesale market, ISBT, vegetable market etc and is going to shift in these new extension areas from Zone B, G and E. So more and more economic activities will give rise to temporary accommodation arrangements in new extension areas. So the Government needs to provide arrangements like single room, hostels, shared accommodation and temporary accommodations for few days to few months.

As in suggested in Master Plan the holding capacity of Dwarka, Rohini phase III, IV & V and Narela will be enhanced. So that will demand increase in rental accommodations also.

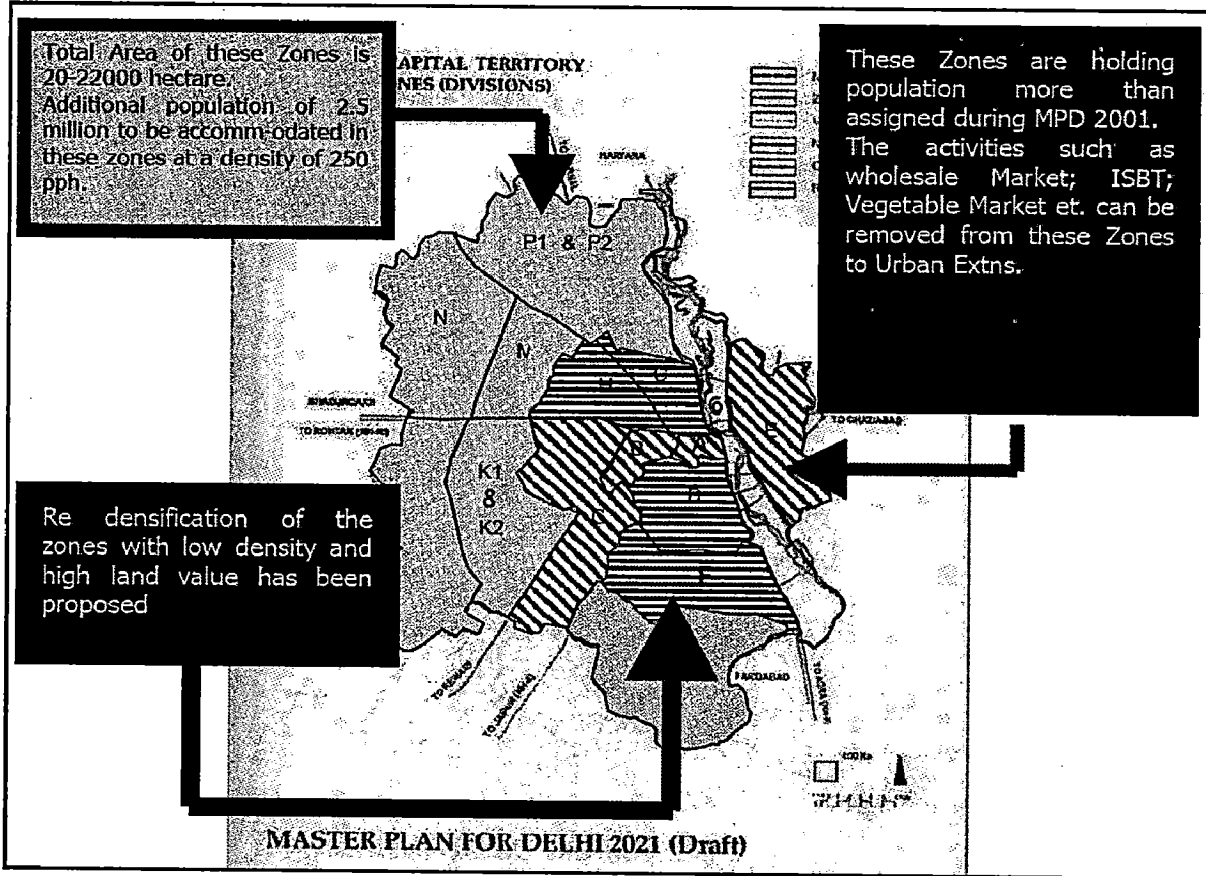


Figure 6.2: Urban extension and redensification areas in NCT Delhi

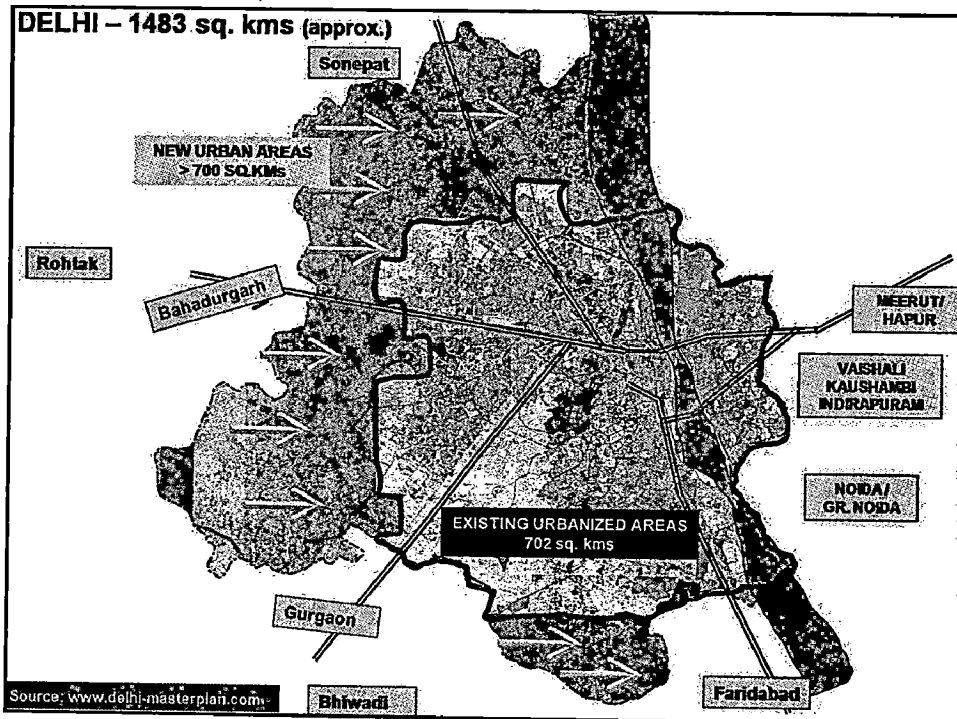


Figure 6.3: NCT Delhi with New Urban Areas and Existing Urbanised Areas.

6.2.3 Special Area Zone

The special area has been divided into three categories namely (i) **Walled City**; (ii) **Walled City Extension** and (iii) **Karol Bagh** (Figure 6.4). These are characterized by a mix of different land uses and have similarities in compact built form, narrow circulation space and low rise high density developments mainly accommodating residential, commercial (both retail or wholesale) and industrial uses. Therefore it is important that these areas, which are already established with identified uses, continue to play an active economic role as suggested in Master plan 2021. With the development in economic activities there is need for encouraging individual households to facilitate rental housing. As with the mix use development in these areas the rental dwelling units demand will increase 40-50 percent. The master plan provisions like area surrendered for public facilities or for heritage value to be used as tradable TDR, permissible higher FAR upto 1.5 times can help in increasing the rental dwelling stock.

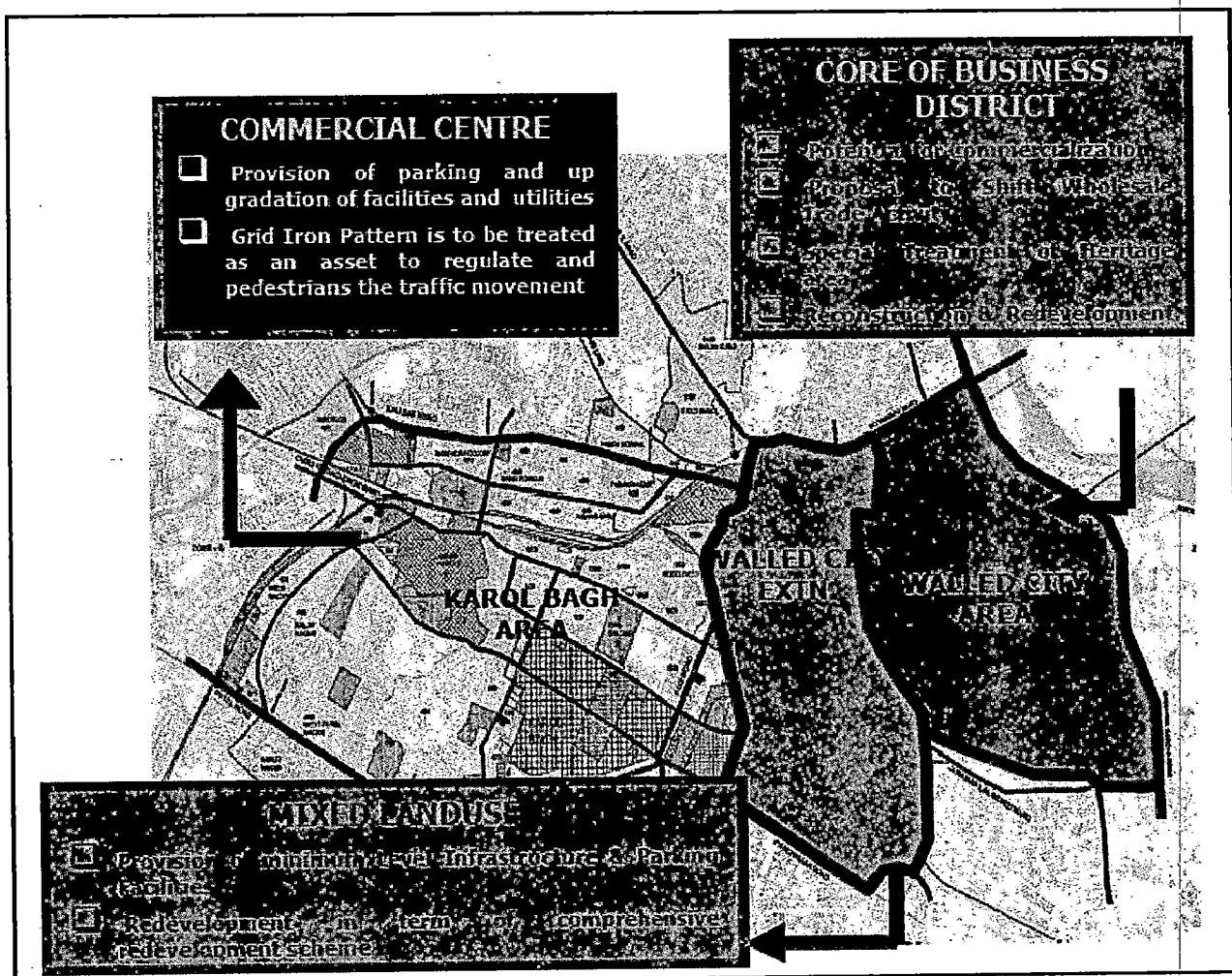


Figure 6.4: Rental housing proposals for Special Area of Delhi

6.2.4 Influence Zone along MRTS and Major Transport Corridor

Growth of Delhi over the years has been on the ring and radial pattern with reliance on road based public transport. The proposed MRTS network will bring sizable urban area within walking distance from the proposed stations. In this process, a sizable proportion of the additional population with requisite facilities and employment can be absorbed along these corridors. Influence zone along MRTS corridor is envisaged as intensive development zone with wide belt on both sides of centre line of the MRTS route upto 500m. This area would need more rental housing as most of the people will not be able to go for ownership housing and more people would like to locate near the transit corridors as shown in Figure 6.5.

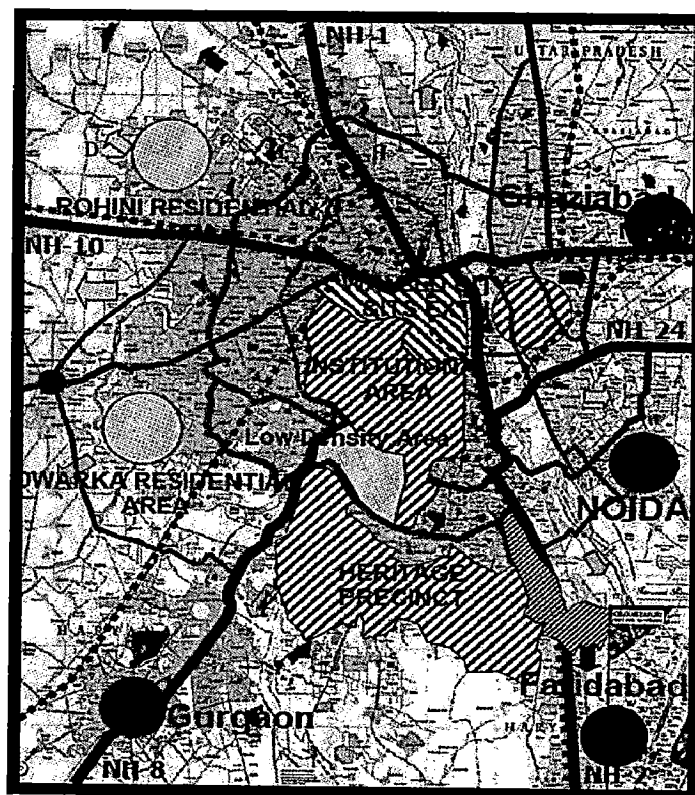


Figure 6.5: Rental housing development along Major Transport Corridors

6.2.5 New Townships Development:

DDA has proposed 5 mega new townships by 2021 in 60,000 hectares of land, to accommodate 73 lakh populations. As per Master plan that will have approximate 14 lakh of dwelling units. So within these areas it's required to make availability of 4700 rental dwelling units (as one third of total housing can be rental housing).

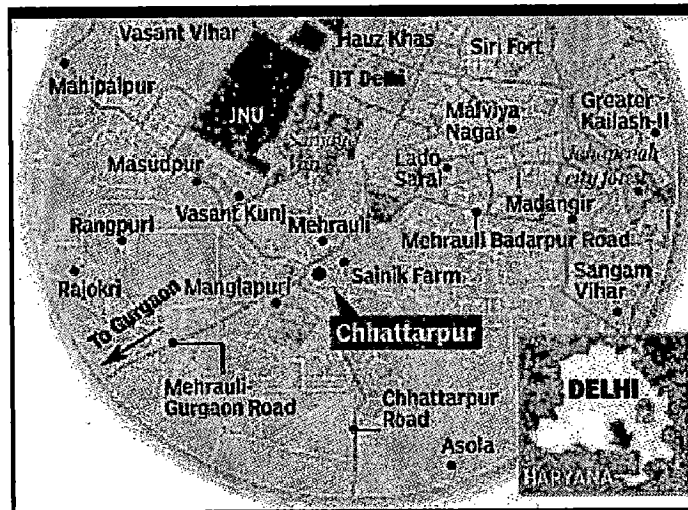


Figure 6.6: New Townships development in and around Chhattarpur in South Delhi.

Zone J: of the total 60,000 hectare land 8,268 hectare i.e. approximately 12,000 acres of land in and around Chhattarpur in south Delhi has been cleared by the apex court for acquisition falls under Zone J. Located to the south of Vasant Kunj and extending up to the Gurgaon border, the township is to come up in an area of 8,268 hectares with capacity of 10 lakh. One third part of it can cater to rental housing.

6.3 CONCLUSION

As a large proportion of households in current market situation are unable to own a house, it will take considerable time to provide ownership houses to many low income households. Also, many households prefer rental accommodation due the stage in life cycle or nature of their migrant status and employment in the city. Hence a healthy mix of tenures is needed. Hence rental housing also needs to be encouraged through appropriate measures to assist low income households to achieve better living conditions.

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ANNEXTURES

ANNEXTURE – II

DELHI FACTS AND FIGURES

Area	1,483 sq km
Latitude	28.38° N
Longitude	77.13° E
Altitude	293 m above sea level
Total Population	1, 38, 50,507
Altitude	293 m above sea level
Male	76, 07,234
Female	62, 43,273
Density (Per Sq. km)	9340
Sex Ratio (per 1000 Males)	821
Literacy Rate (%) Persons	81.67
Literacy Rate (%) Males	87.37
Literacy Rate (%) Female	74.71
Birth Rate (per 1000)	21.24
Death Rate (per 1000)	5.81
Infant Mortality Rate (per 1000)	23.93
Per Capita Income	RS.38864
Gross Domestic Product	478 billion INR (2005)
Climate of Delhi	Summer 45° C to 28° C Winter 25° C to 2° C
Time Zone	IST (UTC+5:30)
Language	Hindi, English, Punjabi
Importance	Capital of India, separate state, Second largest metropolitan city in India, Industrial & IT Hub, Education centre par excellence. Seat of government and influence

1. DELHI the national capital territory spread over a land of **1,483 sq km** area with a population of nearly **14 million**.
2. The National Capital Territory, Delhi (NCTD) area consists of the following three municipal areas-
 - i. **New Delhi Municipal Corporation (NDMC)** area at the core, spread over an area of 42.74km²
 - ii. **Municipal Corporation of Delhi (MCD)** area, occupying 1,397 sq. kms, or 94 % of the area of city..
 - iii. **Delhi Cantonment Board (DCB)** area between the Airport and the NDMC area, spread over an area of 42.97 sq. kms.
- 3 As per census 2001 Rural area 591.01 sq. kms, Urban area 891,09 sq. kms, and total area 1483 sq. kms
- 4 165 urban villages and 52 census towns form part of the National Capital Territory of Delhi (NCTD).
- 5 Only an estimated 30 % of the city's population lives in planned areas.
- 6 Delhi receives 40 per cent of the 20 lakh tourists to the country every year.
- 7 Delhi adds roughly 500 000 to its population every year.
- 8 Every decade Delhi adds 40 lakh migrants.
- 9 Delhi has been one of the **fastest growing cities in the country**, clocking over **47% decadal growth** from 1991-2001, more than **double the national rate**.
- 10 Migration has been a major driver in the population increase in the city. In **2001**, the population of Delhi **increased by 285,000** as a result of migration and by a **additional 215,000** as a result of **natural population growth** – this made Delhi one of the **fastest growing cities in the world**.

ANNEXTURE – II

- 11 A majority of the migrant workers are employed as petty traders or vendors in the service sector and manufacturing. Together these account for over 80% of the migrant population.

RENTAL VALUES IN DELHI:

Apartment Rental Values (2 Bedroom - Hall - Kitchens of Delhi:-

- Central Delhi - Rs 8, 000 to Rs 50, 000 per month
- East Delhi - Rs 5, 500 to Rs 13, 000 per month
- West Delhi - Rs 3, 000 to Rs 10, 000 per month
- North Delhi - Rs 5, 000 to Rs 15, 000 per month
- South Delhi - Rs 15, 000 to Rs 35, 000 per month

Builder Flat Rental Values In Delhi:-

- Central Delhi - Rs 10, 000 to Rs 60, 000 per month
- East Delhi - Rs 4, 000 to Rs 40, 000 per month
- West Delhi - Rs 10, 000 to Rs 20, 000 per month
- North Delhi - Rs 6, 000 to Rs 30, 000 per month
- South Delhi - Rs 8, 000 to Rs 1, 50, 000 per month

ANNEXTURE - III

RENTAL AGREEMENT

Address _____

Address _____

THIS AGREEMENT made this ___ day of _____, by and between _____, _____, herein called "Landlord," and _____, _____, _____, _____, herein called "Tenant." Landlord hereby agrees to rent to Tenant the real property located in the City of _____, State of _____, described as follows: _____, Commencing on the 1st day of _____ and monthly thereafter until the ___th day of _____, at which time this agreement is terminated. Landlord rents the demised premises to Tenant on the following terms and conditions:

1. Rent: Tenant agrees to pay Landlord as base rent the sum of \$_____ per month, due and payable monthly in advance on the first day of each month during the term of this agreement. Rent must be received by 5:00 P.M. If the rent has not been received by 9:00 A.M. on the second of the month, then a seven - (7) day notice will be posted.

2. Payment of Rent: Monthly rent payments may be paid by check until the first check is dishonored and returned unpaid. Time is of the essence and no excuses will be accepted. Rent shall be made payable to _____ and hand delivered (or sent by mail at Tenant's risk) to Landlord at _____. Any rents lost in the mail will be treated as if unpaid until received by Landlord. All tenants will contribute equally in the payment of rent and only one single payment will be accepted. If any tenant withdraws from the lease, for any reason, the remaining tenants will be responsible for making up the difference in rent.

3. Additions to Rent for Payment of Certain Utilities: Tenant will add an additional \$75 to rent each month to pay for water and sewer service. At the end of this agreement, landlord will compare the actual billed amounts with the sum of these monthly payments. If the Tenant overpaid, Landlord will reimburse Tenant for the amount overpaid. If a shortage exists, Tenant shall pay for the shortage amount. All other utilities will be paid for directly by Tenant.

4. Appliances: The house is rented with the following appliances: Refrigerator and Stove. Other appliances may be included in the rental property that are the sole responsibility of the tenant to upkeep. The landlord will not be responsible for the upkeep of these appliances and does not warrant the condition of these appliances. The above rental payment specifically EXCLUDES any appliances other than the refrigerator and stove. Such appliances as are in the property are there solely at the convenience of the Landlord, who assumes no responsibility for their operation. Landlord agrees to remove appliances at the request of Tenant. Any personal property remaining on the Premises may be used by the Tenant, however the Tenant assumes sole responsibility to keep said personal property in working and/or operating condition, and agrees to return said personal property to the Landlord at the termination of this Lease Agreement in the same or better condition, reasonable wear excepted.

5. Rental Collection Charge: Tenant hereby acknowledges that late payment will cause Landlord to incur costs not contemplated by this Rental Agreement, the exact amount of which will be extremely difficult to ascertain. In the event rent is not received prior to 5:00 P.M. on the 1st of the month, regardless of cause including dishonored checks, Tenant further agrees to pay a late charge to Landlord equal to twenty-five dollars (\$25) each week the rent is late. Neither ill health, loss of job, financial emergency or other excuse will be accepted for late payment.

6. Bad-Check Servicing Charge: In the event Tenant's check is dishonored and returned of any reason to Landlord, Tenant agrees to pay as additional rent the sum equal to thirty-five dollars (\$35) for each occurrence. This amount shall be in addition to all late fees, if check is not paid prior to the first of the month. If for any reason a check is returned or dishonored, all future rent payments will be cash or money order.

7. Use: The Tenant agrees to use the premises only as a residence for self, and those persons identified below.

_____, _____, _____,
_____, _____, _____.

By no means may Tenant allow any additional persons to occupy premise beyond limit proposed by the law. Tenant agrees to assume all responsibility for actions taken by any person entering the property. Landlord will hold Tenant solely responsible for all damages to property or for violations against this rental agreement.

ANNEXTURE – III

8. Pets: No pet shall be brought onto the Premises (even temporarily) without the express written permission of the Landlord. If a pet has been in the Premises at any time during the Tenant's occupancy (with or without the Landlord's consent), a charge may be made for de-fleaing, deodorizing, and/or shampooing, and/or damages occasioned by the pet. Any animals on the property not registered under this Rental Agreement will be presumed to be strays and will be disposed of according to law, at the option of the Landlord.

9. Non-assignment of Rental Agreement: Resident agrees not to assign this agreement, nor to Sub-Let any part of the property, nor to allow any other person to live therein without first requesting permission from the Owner and paying the appropriate surcharge. Further, that covenants contained in this Rental Agreement, once breached, cannot afterward be performed; and that unlawful detainer proceedings may be commenced.

10. Legal Obligations: Tenant hereby acknowledges that they have a legal obligation to pay their rent on time each and every month regardless of any other debts or responsibilities they may have. They agree that they will be fully liable for any back rent owed. They also acknowledge that defaulting on this Rental Agreement could result in a judgment being filed against them and a lien being filed against their current and future assets and/or earnings.

11. Attorney's Cost: If court action is sought by either party to enforce the provisions of the Rental agreement, attorney's fees and costs may be awarded to the prevailing party in the court action.

12. Repair policy: The Tenant shall use customary diligence in care of the Premises. The Tenant is encouraged to treat this as their home, in that all minor repairs are expected to be performed by or at the direction of the Tenant, at the sole responsibility of the Tenant. Any and all repairs made at the direction of the Tenant shall be done by a competent professional, or by the Tenant providing that the Tenant is capable and qualified to make said repairs. All repairs shall be done in compliance with all applicable codes and regulations. Any repair that is estimated to cost more than fifty dollars (\$50) must receive permission of the Landlord prior to being made. Under no circumstances will Landlord be responsible for any improvements or repairs costing more than \$50 unless the Tenant is given written authorization to make repairs or improvements in advance. The Tenant acknowledges responsibility for any damages caused by their negligence and that of their guests or invitees.

13. Occupancy: Tenant to Maintain dwelling unit as follows:

1. Comply with all obligations primarily imposed upon tenant by applicable provisions of building codes materially affecting health and safety.
2. Keep that part of the premises that he occupies and uses as clean and safe as the condition of the premises permit.
3. Dispose from his dwelling unit all rubbish, garbage, and other waste in a clean and safe manner.
4. Keep all plumbing fixtures in a dwelling unit or used by the tenant as clean as its condition permits.
5. Use in a reasonable manner all electrical, plumbing, sanitary, heating, ventilating, air-conditioning, and other facilities and appliances including elevators in the premises.
6. Not deliberately or negligently destroy, deface, damage, impair, or remove any part of the premises or knowingly permit any person to do so.
7. Conduct himself and require other persons on the premises with his consent to conduct themselves in a manner that will not disturb his neighbor's peaceful enjoyment of the premises.

Resident warrants that he/she will meet above conditions in every respect, and acknowledges that failure to perform the obligations herein stipulated will be considered grounds for termination of this agreement and loss of any or all deposits.

14. Security Deposit: The Tenant has deposited with, and the Landlord acknowledges receipt of, \$ xxx as a Security Deposit. This Security Deposit is to guarantee the return of the Premises to the Landlord in the same or better condition as when accepted by the Tenant, reasonable wear excepted, and to satisfy any obligations of the Tenant unfulfilled at the termination of this Lease Agreement, as specified herein. Satisfactory compliance with this section includes removing all trash and belongings of the Tenant. If any provision of this Lease Agreement is violated, the Security Deposit is forfeited. The Security Deposit is to indemnify the Landlord against damage and/or loss of value as a result of the Tenant's action, mistake, or inaction during the term of occupancy. The Security Deposit may not be applied by the Tenant as and for payment of any rent due the Landlord. Should the Tenant be responsible for damage

ANNEXTURE – III

and/or loss of value to the Premises greater than the value of the Security Deposit, the Tenant hereby agrees to reimburse the Landlord for such loss immediately upon the presentation of a bill for said damage and/or loss. The Landlord shall return the balance of said Security Deposit, if any, to the Tenant at the Tenant's forwarding address, upon vacating, return of keys to the Landlord and termination of this contract according to other terms herein agreed. The deposit will be returned within thirty (30) days after the Tenant vacates the Premises, along with an itemized statement as to the deductions, if any, from said Security Deposit. The Security Deposit must be paid in full prior to Tenants moving into building.

15. Cleaning Fee: Tenant hereby agrees to accept the property in its present state of cleanliness. They agree to return the property in the same condition or better, or pay a minimum \$250 cleaning fee to cover Landlord costs for having the property professionally cleaned. If the Landlord notifies Tenant to clean up the property at any time, and the Tenant neglects to do so, the Landlord will charge the Tenant a minimum \$250 cleaning fee.

16. Plumbing and Electricity: Tenant agrees not to put or pour any debris, grease, paper towels, Q-tips, tampons, newspaper, food, or any other matter in the sink drain or toilets. Tenant agrees to pay the ENTIRE AMOUNT on bills for all sewer cleaning services resulting from clogged pipes/sewer back-up. Tenant must not overload electrical circuits. Only two electrical operated items may be plugged in any electrical receptacle.

17. Tenant Cooperation: Tenant agrees to cooperate with Owner/agent in showing property to prospective tenant, prior to termination of occupancy.

18. Removal of Landlord's Property: If anyone removes any property belonging to Landlord without the express written consent of Landlord, this will constitute abandonment and surrender of the premises by Tenant and termination by them of this Rental Agreement. Landlord may also take further legal action.

19. Tenant Insurance: No rights of storage are given by this Lease Agreement. The Tenant agrees to hold the Landlord harmless from any liability by reason of personal injury to any person and for property damage occurring on or about or connected with the Premises or resulting from the Tenant use thereof. The Tenant hereby acknowledges this and agrees to make no such claims for any losses or damages against the Landlord. The Tenant agrees to purchase Renter's Insurance at their own expense, sufficient to cover themselves and their property from damage or injury caused by fire, theft, burglary, and breakage, and electrical connections and hereby relieves the Landlord of all risks that may be insured thereunder. They acknowledge that if they fail to procure such insurance, it is their responsibility and they alone shall bear the consequences.

20. Abandonment: If Tenant leaves the premises unoccupied for 15 days without paying rent in advance for that month, or while owing any back rent from previous months, which has remained unpaid, the Landlord and/or his representatives have the right to take immediate possession of the property and to bar the Resident from returning. Landlord will also have the right to remove any property that the Residents have left behind and store it at Tenant's expense.

21. Lock Policy: No additional locks will be installed on any door without the written permission of Landlord. Landlord will be given duplicate keys for all locks so installed at the Tenant's expense, before they are installed.

22. Condition of Premises: The Tenant acknowledges that the said property is in good condition. If there is anything about the condition of the property that is not good, they agree to report it to Landlord within 3 days of taking possession of the property. They agree that failure to file any written notice of defects will be legally binding proof that the property is in good condition at the time of occupancy.

23. Inventory and Inspection Record: An Inventory and Inspection Record has been provided for the Tenant's use. Only after this has been filled out (within the three-day time limit) will the Owner take any action to complete the necessary repairs. Landlord warrants that all major systems will be functional and in good repair at time of possession. Light switches, wall plugs, doors, windows, faucets, drains, locks, toilets, sinks, heater, etc., will either be in working order or will be repaired once Tenant have completed the Inspection and Inventory Record. Tenant is encouraged to report any necessary repairs, no matter how slight, in writing, but they are hereby advised the Landlord

ANNEXTURE – III

does not normally repair or replace nonfunctional items such as paint, carpets, etc., every time a property changes possession. Those items are scheduled for repair/replacement at regular intervals regardless of tenant turnover.

24. Tenant Responsibility: Good housekeeping is expected of everyone. Tenant agrees to keep quarters clean and in sanitary condition. The Tenant agrees not to permit any deterioration or destruction to occur while they are occupying the property. They agree to maintain the walls, woodwork, floors, furnishings, fixtures and appliances (if any), windows, screens, doors, fences, plumbing, air-conditioning and heating, electrical and mechanical systems as well as the general structure and appearance of the property. Tenant agrees to follow all Landlord instructions, especially where posted.

25. Alterations: Tenant shall make no alterations, decorations, additions or improvements in or to the premises without the Landlord's prior written consent, and then only by contractors or mechanics approved by Landlord. All alterations, additions, or improvements upon the premises, made by either party, shall become the property of Landlord and shall remain upon, and be surrendered with said premises, as a part thereof, at the end of the term hereof.

The Tenant specifically agree that no tacks, nails, screws, etc., will be driven into the walls, nor will they be marred or torn by glue or tape. They also acknowledge that they will be responsible for and pay any damage done by rain, wind, hail, tornadoes, hurricanes, etc., if this damage is caused by leaving windows open, allowing stoppage and/or overflow or water and/or sewage pipes, broken windows or doors, torn screens, broken door and window locks, etc. or any damage caused while Tenant has occupancy.

26. Maintenance of Lawns: The Tenant acknowledges that they are responsible for maintaining the lawns and landscaping and will be held liable for any damage caused by lack of water, abuse, or neglect.

27. Vehicle Policy ;The Tenant agrees never to park or store a motor home, camper, trailer, boat, or any sort of recreational vehicle on the premises and to park only automobiles only on the paved areas provided. Junk cars, cars on blocks, non-functional vehicles, or unlicensed automobiles are not permitted on property. Removal will be at the expense of the Tenant. Tenant agrees that any vehicle parked on unpaved areas may be towed and stored at Tenant expense. Tenant agrees to pay for any fines resulting from a summons issued to Landlord resulting from improper parking. Tenant will be charged a three-hundred-fifty dollar \$350 court charge along with the cost of all other fines, if the Landlord is required to go to court.

The Tenant must follow rules and laws of the city Parking Department concerning parking. Tenant must obtain all necessary parking permits and information for himself and guests. Landlord is not responsible for tenant's parking needs. Off street parking is not provided by landlord, unless otherwise noted in this agreement.

28. Utilities: Tenant will be responsible for payment of all utilities, garbage, water and sewer charges, telephone, gas or other bills incurred during their residency. Tenant specifically authorizes Landlord to deduct amounts of unpaid bills from their Security Deposits in the event they remain unpaid after termination of this agreement. (See section 3 for details on payment of certain utilities).

29. Roof and Termite Alert: Tenant agrees to notify Landlord immediately if roof leaks, water spots appear on ceiling, or at the first sign of termite activity.

30. Non-Liability: The Tenant hereby states that any work or repairs that need to be done will be handled by competent professionals, unless Tenant is qualified and capable of doing the work themselves and doing it properly, in a safe manner that meets all federal, state, and local regulations. Tenant further state that they will be legally responsible for any mishap they either do themselves or hire others to do. Landlord will be held free from harm and liability along with his agents and representatives. In the event that needed repairs are beyond the Tenant capacity, they are urged to arrange for professional help.

31. Disclosure of Landlord Agent: The Owner, _____ may be represented at various times by his employees or agents, who will carry identification. Owner's address is:

ANNEXTURE – III

32. Validity of Lease Provisions: Any provision set forth in this Rental Agreement which is contrary to the state Residential Landlord and Tenant laws shall be treated by Landlord and Tenant as void and as if it were not set forth herein, but all other provision of the Rental Agreement shall remain in full force and effect.

33. Phone: The tenant agrees to get a phone installed in the premises as soon as possible. Landlord will be given the phone number within two working days of installation and will be notified within two working days of any future changes in the phone number.

34. Access To Premises: The Owner reserves the right to enter the residence at reasonable times to inspect, make necessary repairs, supply services or show it to prospective residents, purchasers, mortgages, workmen, or contractors. Whenever practicable, a 24 hour notice of the Owner's intent to enter shall be given to the Resident. The Owner may also display "for rent" and "for sale" signs on the building of which the rented residence is a part.

35. Pest-Control Policy: Resident is responsible for any ongoing pest control service, if the Resident desires such a service. Owner is not responsible for any damage done to the Resident's person, or property by such pests, or to the person or property of Resident's family or any other persons on the premises.

37. City, County, or State Violations: Tenant is responsible for paying all violation fees issued against the house by the city, county or state for non-compliance to city, county or state laws. If the landlord is required to appear in court, tenant shall pay an additional \$350 fee to compensate landlord for his time.

Note: The City, Department of Inspections completes random neighborhood inspections each season. They FREQUENTLY issue violations for such items as "leaving garbage at curb on non-collection day", "did not shovel snow within 24 hours of snow storm".

38. Waiver: All rights given to Landlord by this agreement shall be cumulative in addition to any laws that exist or might come into being. Any exercise of any rights by Landlord or failure to exercise any rights shall not act as a waiver of those or any other rights. No statement or promise by Landlord, its agents or employees, as to tenancy, repairs, amount of rent to be paid, or other terms and conditions shall be binding unless it is put in writing and made a specific part of this agreement.

39. Legal Binding: Tenant hereby states that they have the legal rights to sign for any and all other residents and to commit them to abide by this contract.

40. Terms: In this agreement the singular number where used will include the plural, the masculine gender will include the feminine, the term Owner will include Landlord, Lessor; and the term Resident will include Tenant, Lessee.

41. Full Disclosure: The Tenant signing this Rental Contract hereby state that all questions about this Rental Agreement have been answered, that they fully understand all the provisions of the agreement and the obligations and responsibilities of each party, as spelled out herein. They further state that they agree to fulfill their obligations in every respect or suffer the full legal and financial consequences of their actions or lack of action in violation of this agreement. Signature by the Tenant on this Rental Agreement is acknowledgment and he/she has received a signed copy of the Rental Agreement.

Accepted this ___ day of _____.

_____	_____
, Landlord	, Tenant

	, Tenant

	, Tenant

	, Tenant

	, Tenant

ANNEXTURE – IV

ZONAL PLAN OF DELHI (as per Master Plan 2021)

