Public Private Partnership (PPP)

Ministry of Housing and Urban Affairs
Government of India
21/09/2017
Agenda

- List of PPP Models
- PPP Models on Government Land
- PPP Models on Private Land
PPP Models on Government Land

1. Government-land Based Subsidized Housing
2. Mixed Development Cross-subsidized Housing
3. Annuity Based Subsidized Housing
4. DBFMT: Annuity cum Capital Grant based Subsidized Housing
5. Direct Relationship Ownership Housing
6. Direct Relationship Rental Housing

PPP Models on Private Land

A. Private-land based Subsidized Housing (CLSS Scheme for EWS/LIG/MIG)
B. Private-land Based Subsidized Housing (AHP Scheme for EWS)
Model 1 - Government-land Based Subsidized Housing

**Activity Flowchart**

- **Land Identification**
- **Land Procurement**
- **Land Provisioning**
- **Preparation of Technical Guidelines**

**Beneficiary Identification** → **Beneficiary to pay a predetermined amount to PA**

**Bid Parameters: Per Unit Cost (Lowest lump sum amount)**

**Call for Bid** → **Selection/Empanelment of Private Developer** → **Construction of Housing Project**

**Beneficiary/ RWA to maintain the property** → **Handover of Dwelling Units to Beneficiary** → **Transfer of Housing Units to PA by private developer. PA to pay* back at predetermined cost**

**Fixed Parameters: Predetermined number of units, area, time and specifications**

* The payment by PA to private developer shall be milestone based.
**Project Structure**

**Model 1 - Government-land Based Subsidized Housing**

- **Public Authority**
  - Design, build and finance housing units
  - Pay EMI/Lump-sum amount
- **Beneficiaries**
  - Set eligibility criteria for beneficiaries
  - Handover housing unit
  - Maintain housing unit
- **Financial Institutions**
  - Provide subsidized loan
  - Monthly reporting
  - Interest Subvention
- **Central Nodal Agency (NHB/HUDCO)**
  - Prepare technical guidelines
  - Transparent Selection/Empanelment of developer
  - Provide land for development
  - Milestone based payment

- **Private Developer**

**Bid parameter:** Per unit cost (lowest lump-sum amount)

**Fixed Parameters:** Predetermined number of units, area, time and specifications
Model 2 - Mixed Development Cross-subsidized Housing

Activity Flowchart

1. Land Identification
2. Land Procurement
3. Land Provisioning
4. Preparation of Technical Guidelines

Beneficiary Identification

Beneficiary to pay a predetermined amount to PA

Bid Parameters: Number of affordable units provided @ rate fixed by State Nodal Agency

Call for Bid

Selection/Empanelment of Private Developer

Construction of Housing Project

Handover of Affordable units to Beneficiary

Transfer of Affordable Housing units to PA

Beneficiary/ RWA to maintain the property

By Public Authority (PA)

By Private Developer

By Beneficiary

Difference from last Model

Fixed Parameters: Predetermined area, time and specifications
**Model 2 - Mixed Development Cross-subsidized Housing**

**Public Authority**
- Prepare technical guidelines
- Transparent Selection/Empanelment of developer
- Provide land for development
- Design, build and finance housing units
- Transfer affordable housing unit
- Pay EMI/Lump-sum amount

**Private Developer**
- Develops and leases high-end housing/commercial development

**Beneficiaries**
- Set eligibility criteria for beneficiaries
- Handover housing unit

**Central Nodal Agency (NHB/HUDCO)**
- Maintain housing unit

**Financial Institutions**
- Provide subsidized loan
- Interest Subvention
- Monthly reporting
- Repay the loan

**Fixed Parameters:** Predetermined area, time and specifications

**Bid parameter:** Number of affordable units to be provided on given plot at the rate fixed by the State Nodal Agency
Model 3 - Annuity Based Subsidized Housing

Activity Flowchart

Land Identification → Land Procurement → Land Provisioning → Preparation of Technical Guidelines → Beneficiary Identification → Beneficiary to pay a predetermined amount to PA

**Bid Parameters:** Lowest Annuity Payment with NPV calculated at highest MCLR by SBI

Call for Bid → Selection/Empanelment of Private Developer → Construction of Housing Project

Handover of Housing Units to Beneficiary through PA. Developer to receive annuity payment

Maintenance of the Property by developer

By Public Authority (PA)

By Private Developer

By Beneficiary

**Fixed Parameters:** Predetermined number of units, area, time and specifications

*The lump sum payment/EMI received by PA shall be escrowed to Private Developer*
Model 3 - Annuity Based Subsidized Housing

- Prepare technical guidelines
- Transparent Selection/Empanelment of developer
- Provide land for development
- Pay annuity amount upto 10 years

Private Developer
- Design, build and finance housing units
- Transfer housing unit
- Maintain housing unit

Public Authority
- Pay EMI/Lump-sum amount

Beneficiaries
- Set eligibility criteria for beneficiaries
- Handover housing unit
- Repay the loan

Central Nodal Agency (NHB/HUDCO)
- Interest Subvention
- Monthly reporting

Financial Institutions
- Provide subsidized loan

List of PPP Models
- PPP Models on Govt. land

Bid parameter: Lowest Annuity Payment with NPV calculated at highest MCLR by SBI

Fixed Parameters: Predetermined number of units, area, time and specifications
**Model 4 – DBFMT: Annuity cum Capital Grant based Subsidized Housing**

**Activity Flowchart**

1. **Land Identification**
2. **Land Procurement**
3. **Land Provisioning**
4. **Preparation of Technical Guidelines**

- **Beneficiary Identification**
- **Call for Bid**
- **Selection/Empanelment of Private Developer**
- **Construction of Housing Project**
- **Handover of Housing Units to Beneficiary through PA**
- **Beneficiary to pay a predetermined amount to PA**
- **Upfront construction cost to be paid to developer**
- **Maintenance of the Property by developer**

**Bid Parameters:**
- Lowest Annuity Payment with NPV calculated at highest MCLR by SBI and fixed upfront grant*
- Or
- Lowest Upfront Grant with fixed annuity

**Fixed Parameters:** Predetermined number of units, area, time and specifications

*Capital grants payment to the private developer to be milestones-based.

**By Public Authority (PA)**
- By Private Developer
- By Beneficiary

**Difference from last Model**
Project Structure

Model 4 – DBFMT : Annuity cum Capital Grant based Subsidized Housing

- Prepare technical guidelines
- Transparent Selection/Empanelment of developer
- Provide land for development
- Pay upfront grant and long-term annuity

Private Developer
- Design, build and finance housing units
- Transfer housing unit
- Maintain housing unit

Public Authority
- Pay EMI/Lump-sum amount

Beneficiaries
- Set eligibility criteria for beneficiaries
- Handover housing unit
- Repay the loan

Central Nodal Agency (NHB/HUDCO)
- Interest Subvention
- Monthly reporting

Financial Institutions
- Provide subsidized loan

Bid parameter:
- Lowest Annuity Payment with NPV calculated at highest MCLR by SBI and fixed upfront grant
- Lowest Upfront Grant with fixed annuity

Fixed Parameters: Predetermined number of units, area, time and specifications
Model 5 – Direct Relationship Ownership Housing

Activity Flowchart

1. Land Identification
2. Land Procurement
3. Land Provisioning
4. Preparation of Technical Guidelines
5. Beneficiary Identification
6. Call for Bid
7. Selection/Empanelment of Private Developer
8. Construction of Housing Project
9. Handover of Housing Units to beneficiary. Beneficiary to pay to private developer

Bid Parameters: Per Unit Cost (Lowest EMI/Lump Sum)

Fixed Parameters: Predetermined number of units, area, time and specifications

By Public Authority (PA)
By Private Developer
By Beneficiary

Difference from last Model
Project Structure

Model 5 – Direct Relationship Ownership Housing

<table>
<thead>
<tr>
<th>Private Developer</th>
<th>Public Authority</th>
<th>Beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Prepare technical guidelines</td>
<td>• Design, build and finance housing units</td>
<td>• Set eligibility criteria for beneficiaries</td>
</tr>
<tr>
<td>• Transparent Selection/Empanelment of developer</td>
<td>• Transfer housing unit</td>
<td>• Handover housing unit</td>
</tr>
<tr>
<td>• Provide land for development</td>
<td>• Pay EMI/Lump-sum amount</td>
<td></td>
</tr>
</tbody>
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Maintain housing unit

Central Nodal Agency (NHB/HUDCO)

- Bid parameter: Per unit cost (lowest EMI or lowest lump sum)

Fixed Parameters: Predetermined number of units, area, time and specifications

Financial Institutions

- Monthly reporting
- Interest Subvention
- Repay the loan
- Provide subsidized loan

Fixed Parameters: Predetermined number of units, area, time and specifications
Model 6 – Direct Relationship Rental Housing

Activity Flowchart

- Land Identification
- Land Procurement
- Land Provisioning
- Preparation of Technical Guidelines
- Beneficiary Identification
- Call for Bid
- Selection/Empanelment of Private Developer
- Construction of Housing Project
- Maintenance of the Property
- Handover Dwelling Units used for Rental Purpose
- Housing Units rented to beneficiary. Beneficiary to pay rent to private developer

Bid Parameters: Per Unit Cost (Lowest Rent)

By Public Authority (PA)
- By Private Developer
- By Beneficiary

Fixed Parameters: Predetermined number of units, area, time and specifications
Project Structure

Model 6 – Direct Relationship Rental Housing

- Prepare technical guidelines
- Transparent Selection/Empanelment of developer
- Provide land for development

Public Authority

- Design, build and finance housing units
- Transfer housing unit
- Set eligibility criteria for beneficiaries
- Handover housing unit

Private Developer

- Pay monthly rent amount

Beneficiaries

- Maintain housing unit

Bid parameter: Per unit cost (lowest Rent)

Fixed Parameters: Predetermined number of units, area, time and specifications
Model A - Private-land based Subsidized Housing (Taking advantage of CLSS)

Activity Flowchart

- Land Provided by Developer
- Land Assessment by PA
- Land Provisioning
  - Preparation of Technical Guidelines
- Beneficiary Identification
- Beneficiary to pay a predetermined amount (Lump sum/EMI) to Developer
- Financial Incentives, Subsidies & Stamp Duty Exemptions by PA
- Designing & Construction of Housing Project by Developer
- Maintenance of the Property by Beneficiary
- Handover of Housing Unit to Beneficiary by Developer

By Public Authority (PA)
By Private Developer
By Beneficiary
Model A - Private-land based Subsidized Housing (Taking advantage of CLSS)

- Technical guidelines as per PMAY
- Provide exemptions and financial incentives
- Provide single window clearance

State/Public Authority

- Facilitate & organise beneficiaries selection in tune with eligibility criteria of PMAY(U)
- Organise meet between Bankers, Beneficiaries & Builders
- Monitor physical and financial progress of project

Private Developer

- Pay EMI/Lump-sum amount
- Land to be provided by private developer
 Diseign, build, finance and transfer housing units

Beneficiaries (EWS/LIG)

- Repay the loan
- Provide subsidized loan*

Central Nodal Agency (NHB/HUDCO)

- Interest Subvention
- Monthly reporting

Financial Institutions

- Maintain housing unit

*CLSS benefits will be available to EWS, LIG and MIG beneficiaries as per the PMAY(U) Guidelines.
Model B - Private-land Based Subsidized Housing (AHP Scheme for EWS)

**Activity Flowchart**

- **Land Provided by Developer**
- **Land Assessment by PA**
- **Land Provisioning**
  - Preparation of Technical Guidelines & Rs 1.5 Lac assistance from Central Govt.
- **Beneficiary Identification**
  - Financial Incentives, Subsidies & Stamp Duty Exemptions by PA
- **Beneficiary to pay a predetermined amount (Lump sum/EMI) to Developer**
  - Designing & Construction of Housing Project by Developer
  - Maintenance of the Property by Beneficiary
  - Handover of Housing Unit to Beneficiary by Developer

**By Public Authority (PA)**
- By Private Developer
- By Beneficiary
Model B - Private-land Based Subsidized Housing (AHP Scheme for EWS)

- Technical guidelines as per PMAY
- Transparent Selection/Empanelment of developer
- Provide exemptions and financial incentives
- Provide single window clearance

Central Govt.
- Provide 1.5 lac per EWS house capital subsidy*

State/Public Authority
- Fix sale price of dwelling unit
- Facilitate & organise beneficiaries selection in tune with eligibility criteria of PMAY(U); organise meet between Bankers, Beneficiaries & Builders
- Monitor physical and financial progress of project

Private Developer
- Pay EMI/Lump-sum amount

Beneficiaries (EWS)
- Repay the loan
- Maintain housing unit

Financial Institutions
- Provide loan

*Assistance provided only if at least 35% of the houses in the project are for EWS category. The State Government shall give a guarantee to the Central Government that the 1.5 lac subsidy will be used only for AHP and in case of default, there shall be total reimbursement of the same along with interest.
Public Authorities Role

Exemptions/Concessions

- Stamp duty exemptions
- External/ Internal Development Charges (EDC/IDC) concessions
- Certain percentage of permissible FAR/FSI may be made free for provision of amenity/ commercial development

Financial Incentives

- State Subsidy
- Infrastructure Status
- Benefit of Section 80 IBA of IT Act 1961**
- Reduced fee and charges for usage of innovative/ alternate/ prefab technologies and materials

Single Window Clearance*

- Provision of type designs for EWS/LIG/MIG units as per local climatic conditions
- Provision of fast track approval within 30 days and thereupon deemed approval to such projects

**For Model B - Private-land Based Subsidized Housing (AHP Scheme for EWS), the infrastructure status benefit under Sec 80 IBA of IT Act 1961 will be applicable only if the project has 50% of FAR/FSI dedicated to dwelling units of minimum 60 sq. m. carpet area. Therefore, apart from 35% of houses for EWS, the project would be required to construct remaining percent of FAR in either the EWS/LIG category to qualify for the above benefits.

For such projects, a combination of Model A and B can also be worked out.

* In the online process of building plan sanctioning, an option may be created for the developer to get single window clearance and other incentives, through automatic route, as prescribed in the PMAY guidelines. This will also enable the States in identifying a PMAY (U) project and creating a database of the same. In turn, it would also help in branding the scheme.
THANK YOU!
Key features of Guidelines for PPP on private land

**Beneficiary Identification**
- In Model A (taking advantage of CLSS) the banks, extending loans to the applicants as per the PMAY (U) Guidelines, facilitated by the public authority will establish the eligibility of beneficiaries.
- In Model B (AHP scheme for EWS), allotment of houses to identified eligible EWS beneficiaries in AHP projects should be made, following a transparent procedure as approved by SLSMC, and beneficiaries selected should be part of HFAPoA.

**Institutional Mechanism**
- For Model B (AHP scheme for EWS): The existing institutional mechanism of SLSMC as per Para 16.4 (for approval of projects) and SLAC as per Para 16.6 (for techno-economic appraisal of DPRs submitted by ULBs/Implementing Agencies) of the PMAY (U) Guidelines will continue to accord approval to DPRs.

**Fixing Sale Price of DU**
- For Model B (AHP scheme for EWS): The appropriate authority in State, which is currently fixing the sale price of AHP projects presently being developed with ULBs/parastatals under PMAY (U) Mission, would continue to do so in this model as well.
- For projects using a combination of Model A and B: As per Scheme Guidelines, a private developer can determine the sale price of LIG or MIG units as a method of cross-subsidisation in lieu of price fixed for EWS units by State agency.