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Analysing the Housing Affordability Discourse within the Indian Urban Housing Policy

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Abstract

Urban regions worldwide are experiencing the policy problem of lack of affordable housing, signifying that housing is becoming severely unaffordable rapidly. This article aims to review the evidence for the Indian urban housing affordability problem and to contribute to the policy discourse around it. We utilise evidence on affordability indicators to depict the approximate status of the Indian urban housing affordability problem. The current status of unaffordability is juxtaposed with the representation of housing affordability discourse within policy texts to understand possible (mis)alignment between the two. We found a lack of critical engagement with the problematisation of housing affordability in the Indian context. Given the policy goal of affordability is a cornerstone of Indian affordable housing policies, ensuring a holistic understanding of the housing affordability issue is vital to align the unaffordability problem with appropriate policy responses.

Keywords: *India, Housing Affordability, Housing Policy, Urbanisation*

Introduction

Owing to the 'Global Urban Housing Affordability Crisis' (Wetzstein, 2017), urban regions worldwide are experiencing the policy problem of lack of affordable housing. Perry (2015) and Pittini (2012) offer a clear description of this crisis as "the accelerating trend of housing-related household expenses rising faster than salary and wage increases in many urban centres around the world". It relates directly to the policy-outcome-gap hinting at the ever-increasing disconnect between policy strategies for alleviating affordability issues (supply-side) and achieved affordability outcomes as experienced by the households (demand-side). The rising unaffordability leaves households with fewer financial resources for non-housing expenditures such as food, health, education, transport, and recreational activities. When the housing expenditure is very high relative to household income, they face issues such as overcrowding, poor housing standards, locations far removed from the workplace, and homelessness in the worst-case scenario. The affordability constraints also affect economic growth, labour mobility, and inflationary trends on a macroeconomic level, owing to the housing sector's extensive backward and forward linkages with the economy (Haffner and Hulse, 2021).

Housing has peculiar characteristics in the sense that it exists as a market commodity and as a public good at the same instance necessitating the state involvement. Bengtsson (2001) indicates that there are two conditions that warrant state intervention in housing sector: "First, the commodity should be of great importance to citizens. Second, the commodity would not be supplied to all citizens at an acceptable price and quality in an unregulated market" (p. 258). Housing fulfils the first condition fully as it is generally accepted as a basic need of human being. In the case of second condition, the nature of housing is such that if its distribution were to be totally in the hand of markets then economically disadvantaged population would never receive any housing for consumption through markets. Hence, they would end up depending on informal housing markets.

After discussing that both market distribution and state intervention are important for housing, let us understand how and why they co-exist. A simple way to understand is to interpret their roles in terms of housing need and housing demand. When housing is a need of individuals and community which they are unable to fulfil on their own, the state must provide for the need. When the housing need is supported by ability pay turning it into a demand, then markets can provide for the housing demand. In other words, the state is supposed to take care of the housing needs and the market is supposed to take care of housing demands (Bengtsson, 2001). But what is a precise housing need and how does it differ from the demand? Where do we draw the line? These questions lead to a grey area where the role of the state is needed to be reimagined. The best way out for a state is to provide for both housing needs and housing demands at the same time through the market route. This leads to the policy theory of state correctives to the market (Bengtsson, 2001). The state provides market correctives that, in turn, is supposed to take care of housing needs and demands simultaneously.

To tackle the growing housing affordability issues, national governments implement a mix of supply-side strategies (targeted at increasing supply) and demand-side interventions (targeted at stimulating household demand) under the broad terminology of affordable housing policies (Wetzstein, 2021). The last two decades have witnessed several developing nations adopting affordability as a central discourse shaping the design and implementation of housing policies. For instance, the National Urban Housing and Habitat Policy (2007) in India adopted 'Affordable Housing for All' as a policy goal, emphasising easing the acquisition of affordable homes rather than constructing affordable housing units for the urban population. Given that the concept of affordability undergirds the 'Housing for All' policy goal, it is imperative reflect on the problematisations around the affordable housing issues. Specifically, we need to delve deeper into the question of what is affordable to whom and what kind of policy responses are offered. Stone (2006) clarifies it further and argues that affordable housing can have meaning only after three questions are answered: (1) affordable to whom? (2) on what standard of affordability? (3) for how long? More importantly, in the Indian context, does the current housing policy engages with these questions while presenting policy response? Together, these queries form the research question of the paper: How is housing affordability problematised within the Indian urban housing policy?

Although some research has been carried out on the research area of affordable housing, there have been few empirical investigations into various aspects of the housing affordability problem. Literature on affordable housing policy research domain in India has primarily engaged with the analysis of institutional and policy frameworks for low-income housing (Mukhija, 2004; Sanga, 2022), documenting various mechanisms of affordable housing financing (Bhanot et al., 2020; Smets, 2019), examining the institutional constraints faced by affordable housing sector (Ram and Needham, 2016a; Ram and Needham, 2016b), and discussing the conceptualisation of the term 'affordability' in the housing policy context (Gopalan and Venkataraman, 2015; Jana et al., 2016; Sengupta, 2013). Keeping the operational definition of affordability in mind, a couple of studies that attempted to understand the effectiveness of PMAY–U with respect to catering to the lowest quartile of the urban population reported that the mission is falling short of serving them (Bhate and Samuel, 2023; Kumar and Shukla, 2022). Only a handful of recent studies (Karmali and Weng, 2022; Tiwari and Hingorani, 2014; Tiwari and Rao, 2020) have engaged with housing affordability issues, highlighting extensive unaffordability across India. Overall, these studies emphasise the need to study housing affordability to inform urban policies in India. However, the policy discourse around the problematisation of housing affordability in India remains inadequate. Accordingly, this article has two aims: (1) to demonstrate the extent of the housing affordability issue in India using secondary data sources and (2) to describe the housing affordability problematisation within Indian urban housing policy texts. Discussions around these two aims are further examined to highlight the mismatch between housing affordability problematisation in the policy texts and the outcomes of the unaffordability to initiate research agenda on housing affordability issues in India.

The paper moves forward in four sections. The initial section discusses the terminologies of affordable housing and housing affordability, then delineates the origins of the term affordability. The following section describes the current housing affordability status at three levels: World, Asia, and India. The next section, while focusing on the Indian context, presents the housing affordability problematisations and representation within the Indian urban housing policy texts, such as the currently operational Pradhan Mantri Awas Yojana–Urban (PMAY–U). Lastly, we discuss the lack of discourse around housing affordability problematisation and its implications on policy design.

Affordable Housing, Housing Affordability, and Affordability

The policy problem of housing or housing issue is usually indicated using terms such as unaffordability, housing shortage, informality, slum housing issue, housing quality, over-crowdedness, homelessness, and housing density, among others. In policy parlance, there are two closely related terms such as affordable housing and housing affordability. Though both concepts discuss the same issue of housing affordability, there is a difference in how both concepts are approached while defining. The difference arises due to the emphasis of the term; while 'affordable housing' emphasises housing, 'housing affordability' focuses on affordability. Concerning the definitions, 'affordable housing' is a generic term used to indicate a housing unit especially low-cost, which is assumed to meet the criterion that it is affordable for a large number of individuals and the price of the unit is on the lower side of the spectrum. 'Housing affordability', on the other hand, denotes the maximum amount any household is expected to pay toward meeting their housing costs (Gabriel et al., 2005). In other words, affordable housing is defined from the government's perspective, i.e., supply-side and pertains to the supply of housing units or enabling individuals access to low-cost affordable housing. Housing affordability is defined from the demand-side perspective and relates to housing prices and income of the households expressed as the housing cost-to-income ratio. It is an indicator housing policymakers use to design well-targeted policies by measuring the empirical relationship between housing costs and income. In sum, affordable housing is operationalised within the policy texts using the housing affordability indicator. However, it should not be considered a standard that normatively specifies the appropriate value or values that an indicator should take or not exceed (Baer, 1976).

Why is housing affordability defined to express a housing cost-to-income ratio? The origination of the term affordability in the context of housing policy can be traced back to 19th-century studies on household expenditure that measured the share of different expenses in a household budget in the USA and UK (Hulchanski, 1995). Due to the rapid rise in migration and urbanisation, there was an inherent need for policymakers to understand the pattern of household budgets to weave policies around different issues. Policymaking needs initial knowledge about the issues at hand that too expressed in numbers. This evidence around macro-level ideas like population change, population composition and density were provided by Census level activities. Studies on recording household budgets and expenditures were commissioned to understand micro-level situations like household budget composition. To design the right policies, the policymakers relied upon knowledge generated per the scientific laws that were seen as foolproof, credible, and valid knowledge. We can argue that it was kind of an evidence-based policymaking approach that the earlier planners had. The household expenditure studies indicated that, on average, households were spending 20 to 30% of the family budget towards meeting housing costs in the form of rent. This became the basis of the turn-of-the-century adage "one week's pay to one month's rent", a kind of rule-of-thumb indicating the affordability threshold. Simply put, paying 20 to 30% of income towards housing costs was deemed affordable and considered a benchmark housing expenditure-to-income ratio. These benchmarks started appearing simultaneously in different nations like USA, UK, Canada and some European nations (Hulchanski, 1995).

The scientific origins behind the rule-of-thumb of housing expenditure-to-income ratio are credited to German statisticians Ernst Engel's 1857 survey of Belgian working-class families and Herman Schwabe's 1868 household expenditure analysis (Hulchanski, 1995). They formulated the basic relationships between household income and various income categories of household expenditure. Engel proposed an 'economic law' which included the proposition that the percentage of income that households spend for lodging and fuel is "invariably the same whatever the income" (Lane, 1977, pp. 5). Schwabe, on the other hand, suggested that "as total family income rises, the amount allocated to housing increases at a lower rate" (Lane, 1977, pp. 6). Though both the propositions are talking about the same matter of expenditure towards housing, Schwabe's argument stands in contrast to Engel's argument indicating that the share of expenditure towards housing increases at a lower rate than the rate of growth of household income (Lane, 1977). From the 1860s to the 1930s, there were a series of attempts to formulate laws and scientific benchmarks around the housing expenditure-to-income ratio. But in both the 19th and 20th centuries, affordability had a common benchmark that 20 to 30% of income expenditure towards housing costs was considered affordable.

Several definitions of housing affordability in literature try to explain different dimensions of affordability. Howenstein (1983, pp. 20) proposes a simple way to define affordability by relating household income to household expenditure:

> Affordability is the ability of the household to acquire decent accommodation by the payment of reasonable amount of income on shelter.

Fallis (1986, pp. 44) helps in extending this definition by explaining what a reasonable amount stands for. This definition directly compares housing and non-housing expenditure and attempts to define affordability with clear limits for each kind of expenditure.

> Households can be said to afford their housing costs if those costs do not extract an unreasonable share of household budget leaving the households with sufficient income to meet their needs such as food, clothing, transport, medical care, education etc.

As Fallis (1986) clarified what is reasonable, there was a need to mention what decent accommodation is. Accordingly, Maclennan and Williams (1990, pp. 9) offered a version of the definition that deals with what decent housing is and also brings in the government prerogative to define affordability.

> Affordability is concerned with securing some given standard of housing (or different standards) at a price or a rent which does not impose, in the eyes of some third party (usually government) an unreasonable burden on household incomes.

Bramley (1990, pp. 60) offers more specificity to the above definition by bringing in the concept of poverty standard and comparing it with the housing cost burden that may be posed by excessive expenditure on housing.

> That households should be able to occupy housing that meets well-established (social sector) norms of adequacy (given household type and size) at a net rent, which leaves them enough income to live on without falling below some poverty standard.

Recently, papers by Galster and Lee (2020), Haffner and Hulse (2021), and Ezennia and Hoksara (2019) have provided a systematic review on the topic of housing affordability. These studies attempt to document the historical origins and changing nature of the operationalisation of the affordability concept. Ezennia and Hoskara (2019) categorise the definitions depending on whether the focus is only on economic, socioeconomic, or social, economic, and environmental aspects. Overall, housing affordability is concerned with the ability of the household to afford decent housing without facing financial hardships. All the definitions have one thing in common: they compare housing costs with non-housing costs. For using the criteria in policymaking, it needs to be operationalised and measured clearly so that it is usable and applicable to a wider range. Various national governments use some form of housing cost-to-income metric for operationalising the housing affordability indicator. This metric is also used to describe the housing unaffordability status across the globe.

Housing Affordability Scenario: World, Asia, and India

The United Nations Population Fund (UNFPA) declared November 15, 2022, as the 'Day of 8 Billion', signifying a milestone of world population crossing the 8 billion mark. According to the World Urbanization Prospects 2018 report by the United Nations (2019), almost 55% of the population currently lives in urban areas, projected to increase to 68% by 2050. Three nations: India, China, and Nigeria, will account for 35% of this projected growth in urban population, out of which India alone will add 416 million urban dwellers, the highest among all the nations. This unprecedented urban population growth has been largely driven by increasing urbanisation and large-scale migration. As a result, the cities' housing and infrastructure have come under severe stress causing housing shortages and housing affordability issues, especially for the urban poor.

A global-level study by UN-Habitat (2019) estimated the median house price-to-income ratio to be 6.1 and the median rent-to-income ratio to be 35%. Based on these estimates, the report further observes that housing is generally unaffordable to 55.4% of Sub-Saharan African households and 30.3% of households in Central Asia and Southern Asia. In another instance, the Executive Director of UN-Habitat (2020) claimed that "around 80 per cent of cities worldwide do not have affordable housing options (either for rental or purchase) for half of their population".

Asia is urbanising more rapidly than other regions and currently houses 54% of the world's urban population, which is projected to reach 66% by 2050 (UN, 2019). Rapid urbanisation throws multiple challenges, such as inadequate infrastructure, the proliferation of slums and informal housing, lower quality of life, environmental pollution and the threat of disasters, rising housing density, and lack of affordable housing and employment. Increasingly, the housing shortages and lack of affordable housing have rendered many Asian cities facing housing affordability problems. Helble et al. (2021) studied housing affordability in 211 cities in 27 developing countries in the Asia-Pacific region and found that 91% of the cities experienced severe housing unaffordability. Further, the study indicated that the average price-to-income ratio for these cities was above 12.5, suggesting that housing prices are severely unaffordable for over 90% of the urban dwellers in the Asia-Pacific region. This high level of unaffordability was caused by higher construction costs, restrictive land use regulations, inefficient planning systems, slower supply responses, and lower household income (Helble et al., 2021).

India houses the second largest urban population (461 million) with five megacities, including New Delhi, Mumbai, Kolkata, Bengaluru, and Chennai (UN, 2019). With the rapid growth in the urban population, the need for affordable housing has also grown proportionately. But the supply of affordable housing stock has consistently lagged behind this population growth in the cities leading to the ever-increasing supply-demand mismatch. A significant indicator is the wide presence of informal housing and slums across Indian cities. For instance, a report by Jain et al. (2016) estimated that 33 to 47% of the Indian urban population lives in informal housing (slums and unauthorised housing). As the cities become increasingly unaffordable, urban dwellers take up informal housing options in and around the city within their affordability limits.

Housing Affordability Status in India

The housing affordability issue is generally operationalised as "a net monthly expenditure on housing cost that exceeds 30% of the total monthly income of the household" (UN-Habitat, 2019). In other words, if the expenditure towards housing in the form of rent payments or Equated Monthly Instalments towards mortgage repayment accounts for more than 30% of monthly household income, then the households face housing affordability issues. There are two ways commonly used to calculate housing affordability. First, the house price-to-income ratio is expressed in absolute value to calculate affordability for homeownership. Second, the house rent-to-income ratio is expressed in percentages to calculate rental housing affordability.

How is India faring on the housing affordability parameters? A Reserve Bank of India (RBI) residential asset price monitoring survey (2019) across 13 cities reported worsening housing affordability as the house price-to-income (HPTI) ratio increased from 56.1 in March 2015 to 61.5 in March 2019. HPTI ratio is an affordability indicator calculated as a ratio of median house price to median monthly household income. Simply put, an HPTI ratio of 61.5 implies it takes 61.5 times the median monthly income to cover the median house price. It is a supply-side measure based on the housing loan disbursement data pooled from banks and housing finance companies across 13 cities. The survey also reported that Bhubaneswar is the most affordable city, with an HPTI of 54.4, and Mumbai remains the least affordable city, with an HPTI of 74.4.

Interestingly, the real estate consultancies firms like Knight Frank (2022) and Jones Lang LaSalle (2022) also noted Mumbai as the least affordable city in India currently. While comparing the housing affordability level of Mumbai with other cities across the world, Bloomberg Research (2017) reported that Mumbai was the fourth least affordable housing market in 2017. A similar study by IDFC Institute (2018) ranked Mumbai fifth on the list of highest house price-to-income ratios among global cities. All these reports indicating the grim situation of the housing affordability issue represent the data from the supply side, i.e., data on the already mortgaged homes in the housing markets.

Figure 1 depicts the household income brackets in India that are further described along with the levels of affordability expressed as lowest, low, medium, and highest. To capture the income brackets and their share, we use a report on the Indian consumer market by Ablett et al. (2007) that projected India's income brackets for the years 2015 and 2023 into five categories – deprived, aspirers, seekers, strivers, and globals. We also use the terminology of Ministry of Housing and Urban Affairs (MoHUA) for categorising the households as per their annual incomes. Accordingly, this study refers to the deprived segment as Below Poverty Line (BPL), aspirers as Low-Income Group I (LIG-I), seekers as Low-Income Group II (LIG-II), strivers as Middle-Income Group (MIG), and globals as High-Income Group (HIG). The equivalence of different household groups with Ablett et al. (2007) classification is undertaken only to express the share of different household groups based on income and their affordability limit. The PMAY-Urban household categories are only of indicative nature for readers accustomed to Indian housing policy language.

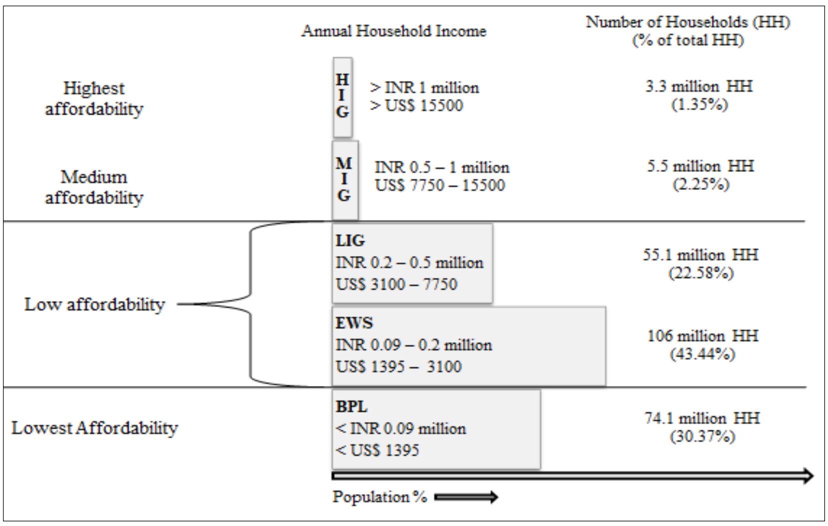

Figure 1. Indian income pyramid and their affordability level
Source: Ministry of Housing and Urban Affairs (2012); Bhanot et al. (2020).

While the Below Poverty Line (BPL), Lower Income Group-I (LIG-I) and Lower Income Group-II (LIG-II) households together constitute the base of India's income pyramid; these three sub-segments have low and lowest level of affordability. In contrast, the Middle-Income Group (MIG) and High-Income Group (HIG) have comparatively high affordability. The generally accepted standard of affordability is four to four times annual household income (MoHUPA, 2012). To put the income brackets and housing affordability in perspective, I will mention the affordability limit for each income group as mentioned by the Ministry of Housing and Urban Affairs (MoHUA). For BPL, the affordability limit is ₹ 0.36 million [US$ 4348][1]; LIG I – ₹ 0.8 million [US$ 9662]; LIGII – ₹ 2 million [US$ 24155]; MIG – ₹ 4 million [US$ 48309]; HIG – Above ₹ 4 million [US$ 48309].

In a highly unaffordable market like Mumbai and nearby suburbs, a standard 2-room house costs upwards of ₹ 5 million [US$ 60386]. The average property price in Mumbai Metropolitan Region (MMR) in 2022 was ₹ 11875 [US$ 143] per square feet that translates into ₹ 5.9 million [US$ 71256] for 500 square feet (2-room house) (Kumar, 2023). Gandhi (2012) argues about the affordability crisis in the Mumbai market on similar lines, saying that the housing stock available in the market is affordable to only 5 to 6% of the resident households. With similar high prices across India, 96.39% of the population automatically gets priced out of housing markets due to housing affordability constraints, as very few homes are available under ₹ 2 million [US$ 24155].

Let us try to understand the housing affordability scenario from the demand side, i.e., consumers' perspective. For this, the housing affordability limits are calculated by reversing the general way of measurement that considers house price first and then household income to get the outcome ratio of house price-to-income. From a demand-side perspective, affordability is calculated solely based on income relative to the normative threshold of housing affordability to get the house price deemed affordable. UN-Habitat (2019) recommends a housing affordability limit of 3 to be deemed affordable. Various national governments propose their housing affordability criteria in relation to income. For instance, the Task Force on Promoting Affordable Housing 2012, constituted by the Ministry of Housing and Urban Affairs, Government of India, recommends a desired housing affordability limit of 4 against the generally accepted limit of 3. Considering the affordability limit of 4, the house price that is deemed affordable to various income groups can be calculated as four times their annual income.

Household Group	**Annual income (in ₹) [in US$]**	**House price (Affordability limit) (in ₹) [in US$]**
Below Poverty Line (BPL)	Up to ₹ 90000 [US$ 1087]	₹ 0.36 million [US$ 4348]
Economically Weaker Section (EWS)	Up to ₹ 0.3 million [US$ 3623]	₹ 1.2 million [US$ 14493]
Lower Income Group (LIG)	₹ 0.3 to 0.6 million [US$ 3623 to 7246]	₹ 1.2 to 2.4 million [US$ 14493 to 28986]
Middle Income Group I (MIG-I)	₹ 0.6 to 1.2 million [US$ 7246 to 14493]	₹ 2.4 to 4.8 million [US$ 28986 to 57971]
Middle Income Group II (MIG-II)	₹ 1.2 to 1.8 million [US$ 14493 to 21739]	₹ 4.8 to 7.2 million [US$ 57971 to 86957]

Table 1. Affordability limits for households in urban areas
Source: Adapted from Ministry of Housing and Urban Poverty Alleviation (2012)

[1] The US$ conversion is provided based on the exchange rate data published by the Reserve Bank of India. 1 US$ equalled ₹ 82.8 on March 20, 2023.

Table 1 shows the affordability limits for urban households based on their income for the different target groups of housing policies. For instance, in LIG households, the affordability limit for housing is ₹ 1.2 to 2.4 million [US$ 14493 to 28986], and so on. Tiwari and Rao (2020) present similar observations regarding the affordability status of different income groups to show that the affordability gap[2] for BPL, EWS, and LIG is high. They calculated the actual affordability status by taking the ratio of house price (fixed at ₹ 4 million [US$ 48309]) to the annual income limit of each group. The house price-to-income ratio representing the affordability status is reported to be 50 for BPL, 27 for EWS, and 9 for LIG. These ratios are way above the recommended ratio of 4; the lesser the income more the affordability gap. The study further reports that for MIG-I, MIG-II, and Higher Income Group (HIG) households with annual income of more than ₹ 2.4 million [US$28986], the house price-to-income ratio is 4, 3, and 2, respectively. Evidently, the affordability gap decreases with an increase in income level, and the lower-income group households face the disproportional impact of affordability issues. This observation is reaffirmed through a study conducted by the RBI (2018) that attempted to calculate the affordability status for different household groups based on their income and house prices across 49 Indian cities. The study observed that the EWS and LIG households could afford to buy a new house in only 5 of the 49 cities, MIG households could afford a house in 9 cities, and Higher MIG households could afford a house in 18 cities. So, the affordability issue severely restricts the accessibility to housing for the urban migrants in terms of the selection of cities as the low-income households (EWS and LIG) get priced out of the housing markets.

Housing unaffordability issues affect the households in the bottom income quartile disproportionately. For low-income households, housing costs often take up more than 30% of their income, leaving insufficient financial resources for other necessary expenditures such as food and health (Gabriel et al., 2005). In contrast, it is generally observed that middle and high-income households can spend much of their income without experiencing affordability problems. Therefore, the research on housing affordability issues generally concerns low-income households' challenges. Though middle and high-income households may spend a large share of their income on housing costs, they remain with enough money to cover other necessary expenditures. Eventually, the low-income households getting priced out of the housing markets are forced to look for housing in far away locations or in informal housing markets such as slums. It creates two parallel systems in the form of formal and informal housing markets in India, sometimes intersecting within the housing policy and planning domains based on the legality of tenure. India has institutional mechanisms in place, such as state housing boards, to create an affordable housing supply for low-income households. However, these institutions and other housing programs have repeatedly failed to produce enough housing stock to keep up with the demand. Tiwari and Rao (2016) argue for revitalising and reinventing the existing institutional framework to deliver affordable housing effectively.

Can the lack of housing supply explain the supply-demand mismatch? Is there a reduced production of housing stock in the market in general? According to a report published by the CREDAI-Colliers-Liases Foras (2022), the unsold inventory of housing stock as on March 2022 in India stood at 0.9 million units across eight cities, including Mumbai Metropolitan Region, Delhi NCR, Pune, Chennai, Ahmedabad, Bengaluru, Hyderabad, and Kolkata. This high level of inventory is due to the absence of demand at the price levels of the housing units offered. Even though the households have housing needs, they do not have enough paying capacity to back up their demand. The housing market remains a site of contrasting realities where on the one hand, we have swelling inventory and, on the other hand, limited demand at that price level, causing the supply-demand mismatch. In other words, low-income households are unable to afford the housing offered in the market. This brings the housing affordability problem to the centre stage of urban policy discussions.

[2] It is the difference between actual affordability status and defined or desired affordability.

Housing Affordability Representation within Indian Housing Policy Texts

Over the years, housing policy in India has been planned and implemented at both central and state government levels. This paper focuses on national housing policy texts planned by the central government and implemented across the states as these texts establish the broader policy discourses states follow. A close reading of the policy texts revealed that the National Housing Policy (1988) document mentioned affordability for the first time in the context of improving accessibility to affordable shelter for households. The policy emphasised easing the acquisition of affordable homes rather than constructing affordable housing units. As NHP (1988) puts its core objective:

> To motivate and help all people, and in particular, the houseless and the inadequately housed, to secure for themselves affordable shelter through access to land, materials, technology, and finance. Especially focusing on improving access to affordable housing finance. (GoI, 1988, pp. 2)

In the earliest mentions, affordability is conceptualised from the perspectives of the households who will have to access housing through the markets. This shifts the onus of qualifying for affordable housing on the households, wherein the government will work towards building enabling policy and market environment around the housing markets ecosystems. The successive national housing policies reinforced the individualised conception of housing in policy texts that invoke households' affordability (ability to pay) capacity. Like the National Urban Housing and Habitat Policy (2007), which explicitly included affordable housing as a policy goal:

> This policy intends to ensure equitable supply of land, shelter and services at affordable prices to all sections of society. The Policy also seeks to promote various types of public-private partnerships for realising the goal of "Affordable Housing For All". (GoI, 2007, pp. 1)

We observed two distinct ways of operationalisation of affordability within the Indian housing policy documents. First, the Task Force reports on Affordable Housing (2008, 2012) MoHUA defined target groups housing policy based on annual income threshold: (1) Economically Weaker Section (EWS) (annual household income up to ₹ 0.3 million [US$ 3623]) and Lower Income Group (LIG) (annual household income in the range of ₹ 0.3 to 0.6 million [US$ 3623 to 7246]). Second, when affordability is concerned with the end product in the form of a housing unit, it is given in terms of the house prices. Reserve Bank of India (RBI) defines a housing unit as affordable housing if its price is under ₹ 7.5 million [US$ 90580] in metro cities and under ₹ 5 million [US$ 60386] (RBI, 2019). Interestingly, both approaches of problematising housing affordability focus on individual end-user affordability.

The government of India currently runs the Pradhan Mantri Awas Yojana – Urban (PMAY–U) with the objective of "addressing the affordable housing requirement in urban areas" (MoHUA, 2021), thereby encoding the affordability within the policy goal. It is implemented the MoHUA through five schemes[3] and a total outlay of ₹ 1.4 trillion (US$ 17.6 billion) as on May 2023 (MoHUA, 2023). Two demand-side schemes: one offering financial assistance to households for constructing or enhancing a house and the other providing a home loan interest subsidy. Three supply-side schemes: one offering financial assistance to affordable housing projects, second providing financial assistance for slum rehabilitation, and third providing subsidised rental accommodation to the urban migrants. Apart from one scheme targeting rental needs, the rest four exclusively focus on home ownership tenure (Khaire and Jha, 2022).

[3] Two demand-side schemes, viz. (1) Beneficiary Led Construction (BLC) that offers a subsidy of ₹ 0.15 million (US$ 1832) lakh to households for the construction or enhancement of a house and (2) Credit Linked Subsidy Scheme (CLSS) that provides an interest subsidy of up to ₹ 0.267 million (US$ 3262) on home loans taken by the beneficiaries. Three supply-side schemes, viz. (1) Affordable Housing in Partnership (AHP) that provides financial assistance of ₹ 0.15 million (US$ 1832) per housing unit to affordable housing projects; (2) "In-Situ" Slum Redevelopment (ISSR) that uses the land as a resource to rehabilitate slum dwellers with a financial assistance of ₹ 0.1 million (US$ 1221) per housing unit; and (3) Affordable Rental Housing Complexes (ARHC) launched in May 2020 to address the rental housing needs of urban migrants.

The implicit objective of all these schemes is improvement in housing affordability through financial assistance that invokes the individual end-user affordability. Through this peculiar affordability framing of policy responses, the onus of accessing housing through markets entirely shifts to individuals where the government facilitates it through the provision of financial assistance. A major drawback of the individual focus of policy response is that it favour households with higher financial capabilities who can access market-based housing at the cost of financially weaker households. In sum, this individual-focused policy framing of affordability is highly reductionist as it evidently emphasises individual capabilities. In contrast, social and welfare policies are required to emphasise the needs of individuals.

Discussion on the Housing Affordability Discourse in India

This study aimed to assess evidence establishing the housing affordability issue in India in the light of housing policy problematisation of the issue of unaffordability. As discussed earlier, the evidence depicting the housing affordability scenario in India is very discouraging. Specifically, low-income households (BPL, EWS, and LIG) get priced out of the urban housing markets due to an untenable affordability gap, making cities unaffordable (Tiwari and Rao, 2020; RBI, 2019). However, the policy problematisations of and responses to the housing affordability issue within the Indian urban housing policy largely focus on the individual financial capabilities of the households. This, in turn, evokes the relative nature of affordability, representing that households with better financial ability are better placed than those down the economic ladder.

Policymakers and researchers' lack of engagement with housing affordability may lead to an inadequate policy design of the scheme in multiple ways. First, every policy problem, like unaffordability, needs a clear and informed problematisation to align with the policy responses. Limited clarity on problematisation affects the nature of policy responses. For instance, the currently operational PMAY–U anchors the policy response dominantly on the affordability issue from the demand-side, i.e., improvement in affordability of households through the provision of financial help, masking focus on the supply-side issues. This, in turn, leads to policy formulations that lack integration with supply-side aspects, such as restrictive land use regulations and urban planning that limit the efficient use of urban land parcels. Second, inadequate problematisations within policy texts resist systematic enquiry into policy outcomes. In the case of PMAY–U, which covers a broad spectrum of schemes targeting affordability improvement, it is equally important to examine the depth of each scheme to know whether the benefits are reaching the low-income strata of society. Without clear problematisation, any policy outcome analysis suffers due to a lack of appropriate yardstick used for measurement. Lastly, the policy goals of affordability invariably invoke individualised policy responses at the micro-level instead of macro-level supply-side issues. A scarce discourse on housing affordability reinforces this uneven focus on housing policies detached from supply-side issues. In conclusion, a complex issue like housing unaffordability calls for an informed discourse covering both the demand and supply-side factors to inform balanced policymaking. A lack of comprehensive discourse around affordability restricts the range of policy responses needed to tackle the crisis of unaffordability engulfing Indian cities.

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