ABSTRACT

Housing – Announcement made by the Hon'ble Minister for Housing and Urban Development in the floor of Assembly during Demand No.26 for the year 2021-2022 – Re-introduction of Hire Purchase system for flats and houses under LIG/MIG categories – Dropped - Orders – Issued.

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HOUSING AND URBAN DEVELOPMENT (HB3(1)) DEPARTMENT

G.O.(Ms.)No.4 **Dated: 11.01.2024.**

சோபகிருது வருடம், மார்கழி 26,
திருவள்ளுவர் ஆண்டு 2054.

Read :

1. G.O.(Ms.)No.29, Housing and Urban Development (HB4(2)) Department, dated 29.01.2001.
2. Announcement made by the Hon'ble Minister for Housing and Urban Development during the Budget session 2021-2022 on the floor of the Legislative Assembly.
3. From the Managing Director, Tamil Nadu Housing Board Letter No. Allot3(3)/14666/ 2021, dated 25.08.2022, 28.09.2022, 23.01.2023, 06.03.2023, 28.03.2023 and 06.06.2023.

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ORDER:

In the Government order 1st read above, orders have been issued guidelines for unsold houses / flats and plots constructed by Tamil Nadu Housing Board as follows:-

a) Applicant should be native or resident of Tamil Nadu.
b) Applicant should have completed 21 years of age as on the date of registration for this scheme.
c) More than one house / flats / plots should not be allotted to individuals of the same family.

2. In the announcement second read above, the Hon'ble Minister for Housing and Urban Development during the Budget Session 2021 – 2022 made the following announcement on the floor of the Assembly.

"Tamil Nadu Housing Board will re-introduce Hire Purchase system to alleviate the Post-Covid economic stress among home buyers in the EWS and LIG / MIG segments."

3. In the letters 3rd read above, the Managing Director, Tamil Nadu Housing Board has stated that accordingly, the subject was placed before

the Board for re-introduction of Hire Purchase System. The Board in its Resolution No. 9.06, dated 20.10.2021, has resolved as follows:-

> *"Board resolved to approve the policy to re-introduce Hire Purchase system. However Hire purchase system will be restricted to Flats / Houses under LIG and MIG categories alone.*
> *Board further resolved to re-draft detailed guidelines for implementation of Hire Purchase System through a Committee /Sub Committee."*

4. The Managing Director, Tamil Nadu Housing Board has therefore requested the Government accord approval for re-introduction of Hire Purchase for the flats and houses under LIG and MIG categories.

5. The Government after careful examination, decided to drop the Announcement of the Hon'ble Minister for Housing and Urban Development for the year 2021-2022 to Re-introduction of Hire Purchase System for EWS/LIG/MIG categories by Tamil Nadu Housing Board on the following points:-

I. With Rs.1,50,000/- per annum for 20 year @ 9 % interest (cost off money for Tamil Nadu Housing Board) would be equivalent to a loan of Rs.14 lakh. In addition 20% of cost as initial deposit would be Rs.3.5 lakh thus the total unit cost that can be recovered in this mode (at todays cost) would be only Rs.17.5 lakh.

II. This is the unit cost of EWS that Tamil Nadu Urban Habitat Development Board is Building. Funding LIG and MIG units with this model would be unsustainable and a loss to the exchequer.

III. Capacity of Tamil Nadu Housing Board to recover cost in very limited, except in self financing scheme tied up to salaried a full cost recovery before handing over. We have faced huge issues in the past with cooperative housing sector and in the Tamil Nadu Slum Clearance Board. Even today the recovery is very poor in Tamil Nadu Urban Habitat Development Board. The earlier Hire purchase Scheme also must have faced similar issues.

IV. There is a robust housing market in Tamil Nadu and shortage of housing units for purchase is not a problem. Issues is affordability. Hire purchase model of MIG and HIG does not solve this problem as it is a hidden subsidy with out recognising it and is not targeted one like EWS.

6. The Managing Director, Tamil Nadu Housing Board is directed to take action accordingly.

7. This order issues with the concurrence of the Finance Department vide its U.O.No.24151/Finance (Infra-III)/ 2023, dated 04.10.2023.

(BY ORDER OF THE GOVERNOR)

C.SAMAYAMOORTHY
SECRETARY TO GOVERNMENT.

To
The Managing Director, Tamil Nadu Housing Board, Chennai - 107.

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Copy to:

O/o. the Hon'ble Minister (Housing and Urban Development),
Chennai – 9.
The Senior Private Secretary to Chief Secretary to Government,
Chennai - 9.
The Special Programme Implementation Department,
Secretariat, Chennai – 9.
The Private Secretary to Principal Secretary to Government,
Finance Department, Chennai - 9.
The Private Secretary to Secretary to Government,
Housing and Urban Development Department, Chennai - 9.
The Housing and Urban Development (OP1/Budget)Department,
Chennai - 9.
Stock file / Spare Copy.

// FORWARDED BY ORDER //

12/01/2024

SECTION OFFICER.

12/1/24

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