

What Is Affordable Housing Loan?

Affordable Housing Or Low Cost Housing Is A Scheme In Which People With Low Income, Rated By Local Or National Governments Are Offered Houses At Cheaper Prices. Low Cost Housing Depends On Three Factors, Such As Income, Size Of House/Property And Affordability. Forms Of Affordable Housing Include Indigenous Housing, Subsidized Housing, Emergency Shelters, And Formal And Informal Rental.

Majorly, developing nations are more in need of affordable housing because of increased population and low per capita income of their citizens. In these nations people do not possess high purchasing power or reasonable monthly income. Therefore, government takes the responsibility in granting houses at cheaper rates to the families of developing countries. Government contacts various developers and public-private partnerships for the development of residential units.

The prime reason of the need of affordable housing is the inward migration of families from rural and semi-urban to urban areas. Presently, affordable housing sector is facing a shortage of 10 million units in urban areas only. Moreover, the affordable sector is nowhere near in fulfilling this ever increasing demand.

Initiatives By Government of India For Affordable Housing

Below Mentioned Are Some Of The Initiatives And Policies Undertaken By Government For Affordable Housing:

1) Prime Minister Awas Yojana (PMAY) Urban

Introduced in 2015, The Pradhan Mantri Awas Yojana (PMAY) scheme was launched by Central Government that wish to provide 'Housing for All' in urban areas by the end of 2022 through PMAY-U. This scheme is implemented across various financial institutions. PMAY provides central assistance for all eligible families across the nation. Majorly this scheme is classified on the basis of annual income and size of house. Its primary features include:

- To enhance the purchasing power of the large number of families across the nation by providing interest subsidies.
- Families may get interest subsidies on their home loan based on their income category.
- Families with pucca house are eligible to apply for PMAY. Any of the family members should not own a pucca house in any part of the country.
- Amount can be used for the renovation of current kucha house or semi-pucca house or in the acquiring or purchasing of a new house.

2) External Commercial Borrowing (ECB)

From 2012, External Commercial Borrowing has been allowed for affordable housing projects. These borrowings are permitted to enable lower interest cost for developers and confirmed improved capital availability for developers of low-cost housing.

3) Opening up of Foreign Direct Investment (FDI)

FDI was permitted for development of construction development, housing, townships and built-up infrastructure. However, not much grip has been seen in the Affordable Housing segment uptil now.

4) The Central Board of Direct Taxes (CBDT)

Under section 35AD of Income Tax Act, CBDT has offered the benefits of section 35AD (permitting 150% of capital expenditure as tax deduction) for affordable housing. But actually there were no takers of this scheme as developers / builders have nominal costs capitalized in their accounts as capital costs.

Eligibility Of Affordable Housing As An Applicant:

- Applicant should be Indian citizen
- Applicant should be between 18 years to 70 years
- Applicant should not have own any apartment/plot/house anywhere in India
- People who have already benefited from this scheme are not eligible to apply again

Documents Required, If Individual Applicant

- Duly filled and signed application form
- PAN Card
- Voter's ID
- Address Proof
- Passport size photographs

Documents Required, If Company

- Duly filled and signed application form
- Board of resolution
- MOU (Memorandum of Understanding)
- PAN Card

Housing sector is expected to raise approximately 30 million units by the end of 2022. Urban migration has resulted in shortage of basic necessity that includes water and sanitation, etc. Due to lack of affordable housing and mismatch of demand and supply, migrated labour and poor people are forced to live in slums and temporary shelters. The mission of Housing for all 2022, if not accomplished will put a negative impact on the economic growth of the country. To accomplish this aim Government has suggested developer and private builders to primarily focus on Middle Income Group (MIG) and Lower Income Group (LIG) of the society.

Affordable Housing scheme that is a state subject creates hurdles in the implementation because of unwarranted financial condition of development authorities. These authorities possess limited capacity in handling these projects. Strong collaboration between central and state governments, financial institutions, ministries, urban local bodies and private sectors is required to build up affordable housing at low cost with sufficient safety standards. Housing for all is portrayed as the silver lining for medium and low income group families, for them to own and possess their home by 2022.

Affordable Housing Loan Eligibility

- The beneficiary should not own a pucca house in his / her name in any part of the country.
- In case of married couple, either or both spouses in a joint ownership will be eligible for single subsidy.
- The beneficiary family should not have availed of central assistance under any housing scheme from State / Central Government of India under PMAY.

Offerings For Salaried & Self Employed Individual Salaried Individuals

Eligibility

- Income: Minimum ₹1 Lakh per annum
- Age: 21 years to retirement age
- Stability: Minimum 1 year in the current employment & 1 year in current residence
- Property age: 45 years at the time of loan maturity

Documents for Salaried Individuals

- Application: Property document as per empanelled lawyer's clearance report
- Income Proof:
 - Form 16
 - Last 3 months' salary slips
 - Latest Income Tax Returns
 - 6 months' Bank Statements

• KYC documents:

- Aadhaar Card
- PAN Card
- Passport size photographs

• Balance Transfer

LOD & FC letter from existing financier

• Vaikunt (PMAY):

Income declaration letter from applicants & Letter of undertaking

Benefits

- Loans for purchase or Construction of house and modifications
- Balance transfer facility available
- Avail PMAY subsidy benefits
- Wide geographic coverage
- Flexible repayment tenures upto 20 years

Self Employed Individuals

Eligibility

- Income: Minimum ₹1 Lakh per annum net profit
- Age: 21 years to 65 years
- Stability: Minimum 3 years' experience in same line of business & 1 year in current residence
- Property age: 45 years at the time of loan maturity

Documents for Self Employed Individuals

Application: Property document as per empanelled lawyer's clearance report

Income Proof:

- Latest Income Tax Returns
- Balance Sheet for the previous financial year
- Bank statements for the last 1 year
- Business Incorporation Certificate

No Income Proof:

- 6 months' bank statements
- Business incorporation certificate/business continuity proof for last 3 years

KYC documents

- Aadhaar Card
- PAN Card
- Passport size photographs

Balance Transfer:

- LOD & FC letter from existing financier.

Vaikunt (PMAY):

- Income declaration letter from applicants & Letter of undertaking

PMAY Subsidy^ Upto Rs. 2.67 Lacs* From Central Govt. On Purchase Of First Home

Product Features

- Home loan upto Rs. 30 Lacs (for purchase, self construction, plot purchase + construction, extension, repair or renovation of a dwelling unit)
- Balance Transfer of existing home loan at attractive interest rate and Top up thereon
- Flexible Tenure of upto 20 years for home loan and 15 years for Top-up on existing loan
- Minimal documentation and faster approvals
- PMAY subsidy ^upto Rs. 2.67 Lacs*

Eligibility & Loan Criteria

- Affordable Home Loan can be availed by salaried individuals, self-employed individuals and self-employed professionals
- Borrowers to be Indian residents only
- Minimum net salary / net business income of Rs. 7,000/- per month
- Maximum age at time of loan maturity for income earning applicants – Salaried 60 years and Self Employed 65 years

List of Documents Required

- PAN Card – For Individual / Partnership Firm / Company
- Identity Proof – Any one (e.g. Aadhar card / Voter ID / Driving License / Passport / Job card issued by NREGA duly signed by an officer of the State Government)
- Address Proof – Any one (e.g. Aadhar card / Voter ID / Driving License / Passport / Telephone Bill / Gas bill / Water bill / Electricity Bill / Registered Lease Deed or Sale Agreement / Property tax receipt / Bank Statement)
- Business Continuity Proof – Any one document dated 3 years old (Bank Statement / Sales Tax Challans / IT Returns / Shops & Est. Certificate / COI / Partnership Deed)
- Passport Size Photographs
- Signature Proof – as per signature on PAN card / passport • Any other valid Photo ID card issued by central or state government

List of Financial Documents Required

For Salaried

- Salary slip / Salary certificate for last 3 months or Bank statement showing salary credit for last 3 months and / or ITR / Form 16 for latest year
- Updated bank statement of the borrower's main account for last 6 months

For Self-Employed Individuals

- Latest Year ITR with financials and / or GST returns
- Bank statement of the borrower's main account for last 6 months reflecting business credits

For Self-Employed Professionals

- Latest Year ITR with financials and / or GST returns
- Bank statement of the borrower's main account for last 6 months reflecting business credits
- Professional qualification certificate and Degree certificate for professionals (Doctors, Architects, Chartered Accountants etc.)

**** Important Points To For All Applicants****

- 1. Please Note, If There Are Existing Loans, Submit Payment Track Record And Sanction Letter To Respective Loan Provider For Finalizing Loan Amount Eligibility.**
- 2. Credit Score Plays An Important Role In Finalizing Loan Amount & ROI****
- 3. Timely Payment Of EMI Helps In Maintaining A Good & Healthy Credit Score.**
- 4. Please Keep Sufficient Amount In Account Before ECS Hitting Date.**
- 5. Wisely Usage Of Money Is Highly Required For Financial Planning.**
- 6. Don't Miss To Pay Any EMI Amount , Neither Get Delayed On Due Dates.**
- 7. There Can We Change In Loan Documentation Requirements From Time To Time And My Vary In Banks, NBFC & Private Lenders. Will Update , If There Will Be Some Changes In Documentations.**