

CONCEPT NOTE

Parallel Session: **Affordable Housing - Demand and Supply Dynamics**

National Urban Conclave
24-25 October 2026

1. Background

India's urbanisation is making affordable housing a central component of the country's urban and economic transformation. Urban India is estimated to comprise 487 million people, or around 35 per cent of the population, and is projected to reach 876 million, or 52.8 per cent, by 2050. The housing challenge, however, extends beyond constructing additional dwelling units. Affordable housing demand is diverse, shaped by income, household characteristics, mobility, tenure preference and proximity to employment and services, while affordable housing supply is constrained by the cost and availability of well-located land, planning and development regulations, construction costs, financing constraints and institutional capacity.

Public intervention has demonstrated that housing can be delivered at scale. Since its launch in 2015, Pradhan Mantri Awaas Yojana-Urban (PMAY-U) has sanctioned more than 1.25 crore houses, with more than one crore houses completed and delivered by August 2026. PMAY-U 2.0 builds on this achievement by seeking to support one crore additional eligible urban households over five years through Beneficiary-led Construction; Affordable Housing in Partnership; Affordable Rental Housing; and the Interest Subsidy Scheme. The next phase therefore requires stronger linkages between affordable housing demand and supply, across ownership, rental, incremental housing and redevelopment.

The national consultations held in 2026 have reinforced the need to view housing as an ecosystem rather than a standalone programme. The National Conference on 'Reimagining Affordable Housing – From Scheme to Sustainable Ecosystem,' organised by MoHUA with NITI Aayog on 11 August 2026, brought together states, urban local bodies (ULBs), financial institutions, industry and experts around land and urban planning, rental housing and vacancy, and access to capital and financial viability. World Habitat Day 2026 subsequently broadened the discussion to rental housing, regulatory changes, low-cost and indigenous construction technologies and financing instruments for resilient affordable housing.

2. Objective

The policy challenge is to ensure that affordable housing demand is accurately understood and matched by supply that is well-located, financially viable, appropriately financed, resilient, and supported by predictable institutions and regulations. Building on earlier national consultations, the National Urban Conclave offers an opportunity to deliberate on these interconnected challenges and identify practical reforms, and market-enabling solutions to expand affordable housing at scale and create a more responsive, inclusive, and sustainable urban housing ecosystem.

3. Challenges

The challenge in the housing sector is no longer only the number of houses required, but ensuring the right housing, at the right price, in the right location and with appropriate tenure. High land costs, limited availability of well-located land, approval processes, infrastructure gaps, financing constraints, and regulatory challenges continue to affect the supply and viability of affordable housing and limit large-scale private-sector participation.

Creating an enabling ecosystem requires a combination of planning and regulatory reforms, appropriate incentives, blended finance and market-based mechanisms that can make affordable housing commercially viable while keeping it genuinely affordable for households. Greater access to longer-tenor debt, patient capital and innovative financing is particularly important for affordable and rental housing providers. At the same time, conventional credit assessment approaches may not adequately capture the repayment capacity of economically weaker sections (EWS), low-income groups (LIG) and informal-sector households, requiring more inclusive and appropriate financing models.

The changing nature of urbanisation also calls for a broader housing ecosystem beyond ownership, encompassing rental housing, worker accommodation, hostels and other flexible forms of housing. Housing supply needs to be better aligned with employment centres, economic growth areas and mobility corridors so that affordability does not come at the cost of access to livelihoods and essential services.

Land remains a critical determinant of housing affordability. Master Plans, Development Plans, land pooling, land banks, Transferable Development Rights, Transit-Oriented Development and appropriate floor-area ratio (FAR) can help secure well-located land and expand affordable housing supply while integrating housing with infrastructure, mobility and social services. Equally important is a shift from individual projects towards city-wide affordable housing strategies that integrate land, infrastructure, planning, finance, mobility and housing demand.

4. Guiding Questions

The deliberation would focus on the following suggestive framework of intervention to feed into the policy paradigm:

- What key constraints prevent greater private-sector participation in affordable housing (e.g., land, approvals, viability, financing, market demand, or regulatory conditions), and what reforms could unlock large-scale supply?
- What combination of regulatory incentives, blended finance, and market mechanisms is required to make affordable housing commercially viable for developers while keeping it genuinely affordable for households?
- As urbanisation becomes increasingly dynamic, should the affordable housing ecosystem move beyond ownership to place greater emphasis on rental housing, worker

accommodation, hostels, and other flexible forms of housing?

- Given that land is a major component of housing costs, how can planning instruments such as Master Plans, land pooling, land banks, TDR, TOD, and higher FAR secure well-located land, expand affordable housing supply, and ensure access to jobs, infrastructure, and services without substantially increasing housing costs?
- How can affordable housing supply be better aligned with employment centres, economic growth areas and mobility corridors so that households are not forced to choose between affordable housing and access to livelihoods?
- What would it take to move from individual projects to a city-wide affordable housing strategy, where land, infrastructure, finance, planning and housing supply are integrated?
- How can lenders better assess the repayment capacity and creditworthiness of EWS, LIG and informal-sector households, and what innovative financing mechanisms can enable affordable housing and rental housing providers to access longer-tenor debt, blended finance and fund-of-funds support?