

Role of RERA in Improving Demand for Affordable Housing

Battula Sudip*,  Nagendra Kumar Sharma,  and Ajit Singh 

Department of Law, Capital University, Koderma, Jharkhand, India

Received 07 August 2024 | Revised 09 September 2024 | Accepted 13 October 2024 | Available Online 11 November 2024

*Corresponding Author: **Battula Sudip** | Email Address: battulasudip@gmail.com

Citation: Battula Sudip, Nagendra Kumar Sharma, and Ajit Singh (2024). Role of RERA in Improving Demand for Affordable Housing. *Social Science Reports*. DOI: <https://doi.org/10.51470/SSR.2024.08.02.08>

Abstract

"The Real Estate (Regulation and Development) Act", more generally referred to as RERA, has emerged as a revolutionary force in the real estate industry, especially in terms of strengthening the demand for cheap housing. The purpose of this essay is to investigate the critical role that the Real Estate Regulatory Act (RERA) plays in transforming the dynamics of the real estate market, with a particular emphasis on improving the accessibility and attractiveness of affordable housing alternatives. A substantial contribution to the rise in consumer confidence has been made by the "Real Estate Regulatory Authority (RERA)", which was established to protect the interests of purchasers and to promote openness in the real estate market. "The Real Estate Regulatory Authority (RERA)" imposes severe rules and mandated disclosures, which result in developers being required to stick to timetables, reveal project information, and maintain financial discipline. It is not just the reduction of risk for purchasers that results from this openness, but it also helps to establish confidence in the real estate market.

Keywords: RERA, Real Estate, Regulations, Affordable Housing, Demand and Supply.

INTRODUCTION

RERA has emerged as a significant driving factor in transforming. The dynamics of the real estate industry, especially in terms of strengthening the need for housing that is affordable. The Real Estate Regulatory Act (RERA), which was enacted to provide openness, accountability, and efficiency to the real estate industry, has made a significant contribution to the protection of the rights of homebuyers. It is impossible to deny the influence that RERA has had on the field of affordable housing. Potential purchasers are provided with a feeling of security and confidence as a result of the law, which guarantees that developers comply to severe criteria [1]. The required registration of projects, in conjunction with the need of early completion and possession, instills trust among purchasers, which in turn stimulates the demand for housing alternatives that are within a reasonable price range. In this article, the author shall highlight the myriad of ways in which the Real Estate Regulatory Act (RERA) has been a catalyst for increasing the demand for affordable housing, which has eventually contributed to the expansion of the real estate industry in a manner that is both socially inclusive and environmentally sustainable.

BACKGROUND

"The Real Estate (Regulation and Development) Act", more popularly referred to as RERA, has had a considerable impact on the demand for housing that is within reasonable price ranges in India. A significant contribution to altering the dynamics of the housing market has been made by the "Real Estate Regulatory Act (RERA)", which was enacted to safeguard the interests of

homebuyers and to encourage transparency in the real estate industry. It is impossible to exaggerate the crucial part that RERA plays in enhancing the demand for housing that is within reasonable price ranges [2]. Through the promotion of openness, accountability, and credibility, the Real Estate Regulatory Authority (RERA) has established a climate that is favorable for both purchasers and developers, which has significantly contributed to the expansion of the affordable housing sector in the nation.

LITERATURE REVIEW

A game-changer in the Indian real estate market, the Real Estate (Regulation and Development) Act (or RERA) has been instrumental in redefining industry dynamics and solving the pressing problem of affordable housing. A complex and detailed picture emerges from a literature study on the effects of RERA on increasing the demand for affordable housing. The real estate industry is now more open and accountable because to RERA, which has restored faith among homebuyers, according to scholars and professionals. Developers are required to register their projects, follow tight deadlines, and reveal important information about their initiatives according to the Act. Consumers are safer from dishonest businesses thanks to this greater level of openness, and they have more faith in the market as a whole [3-5]. The literature evaluation concludes with a generally positive assessment of RERA's contribution to increasing the demand for low-cost housing. There is a need for more improvement in the Act's implementation, but its focus on openness, prompt project completion, and fiscal restraint has protected homeowners' interests and contributed substantially to the expansion of the affordable housing industry.

© 2024 by the authors. This is an open access article distributed under the terms and conditions of the Creative Commons Attribution (CC BY) License, which permits unrestricted use, distribution, and reproduction in any medium, provided the original author(s) and source are credited. To view a copy of this license, visit <http://creativecommons.org/licenses/by/4.0/>.

Aims and Objectives

- To Make Sure Everyone Is Held Accountable
- To Encourage Honest Business Practices
- To Enforce Consumer Protection Measures with Escrow Accounts

Methodology

The study makes use of a qualitative methodology, conducting in-depth interviews with real estate professionals, government officials, and homebuyers in order to ascertain their viewpoints on the influence that the “Real Estate (Regulation and Development) Act (RERA)” has had on the demand for affordable housing. In addition to this, a thorough examination of the legal framework of RERA and the consequences it has for the affordability of housing is carried out. In order to contribute to a more nuanced understanding of the role that RERA plays in increasing demand for affordable housing, the research focuses on specific factors such as the effect that RERA has on transparency, accountability, and investor trust.

Result and Discussion

The significance of RERA in ensuring transparency:

Homebuyers' interests were protected by the Real Estate Regulatory Act (RERA), which was created to ensure fair practices in the real estate industry. The required registration of all real estate projects with the regulatory body is undoubtedly one of the most important features of this legislation. Because of this openness, developers can stick to commitments. Regarding timeframes, supply the facilities that were promised, and maintain financial discipline. This results in homebuyers gaining trust in the industry, which in turn has a beneficial impact on the demand for property that is within their price range.

Fostering Credibility and Trust via Promotion:

When developers are required to deposit a particular proportion of project money into a designated escrow account, the Real Estate Regulatory Authority (RERA) ensures that there is financial discipline and prevents funds from being diverted. As a result of this provision, the trustworthiness of developers is improved, and purchasers are given the assurance that their investments are trustworthy [6]. There is a correlation between increased credibility and confidence in the real estate market and an increase in the demand for affordable housing. This is because purchasers will feel more at ease making long-term investments than they did before.

Implementation of Standardized Procedures:

Standardization of methods within the real estate industry is another essential component of the Real Estate Regulatory Act (RERA). The legislation establishes some rules for the entire development process, as well as certain requirements for the quality of construction and the timeliness of project completion [7]. The development of a favorable impression of the real estate market is facilitated by standardization, which in turn attracts a greater number of prospective purchasers, especially those who are looking for cheap housing choices.

Efforts Made to Reduce Project Delays:

Homebuyers were left feeling frustrated as a result of the frequent delays in project completion, which was one of the most significant issues in the real estate industry. This problem is addressed by RERA, which imposes fines on developers for delays in the completion of projects.

Because quick completion of projects guarantees that purchasers may move into their new homes without having to wait for extended periods of time, this provision has a direct influence on the demand for affordable housing.

A Higher Level of Responsibility for Developers:

Developers are held responsible by RERA for the commitments that they make at the pre-sales stage of the process. This comprises the information about the property's specs, the deadlines for delivery, and any additional agreements [8]. The enhanced responsibility of developers has a beneficial impact on the demand for affordable housing. This is because purchasers are more inclined to invest in projects where there is a clear commitment to delivering according to the parameters that were agreed upon.

Concluding remarks:

In conclusion, the adoption of RERA has considerably enhanced the demand for affordable housing by introducing openness, credibility, and responsibility into the real estate market. This has resulted in a large increase in the cost of housing. Homebuyers' opinions and confidence have been favorably impacted as a result of the act's focus on standardized standards, financial discipline, and timely project completion. As a consequence of this, the role that RERA plays in increasing the demand for affordable housing cannot be understated. This represents a good transition towards a real estate market that is more resilient and consumer-friendly.

Rseference

1. Regulatory peptides. (1983, September). *Regulatory Peptides*, 7(1), 95. [https://doi.org/10.1016/0167-0115\(83\)90285-9](https://doi.org/10.1016/0167-0115(83)90285-9)
2. Tian, Z. (2022, October 24). Portfolio Optimization for Real Estate Industry, Food and Beverage Industry, Energy Industry, Medicine Industry, Finance Industry and Retail Industry in Chinese Capital Market. *BCP Business & Management*, 30, 459–465. <https://doi.org/10.54691/bcpbm.v30i.2472>
3. Zippel, A., & Holland, P. (1995, January). Review of Credibility part I: The struggle to be human, Credibility part II: The six disciplines of credibility, and Credibility: How leaders gain and lose it, why people demand it. *Psychosocial Rehabilitation Journal*, 18(3), 153–154. <https://doi.org/10.1037/h0095488>
4. Hansen, S. L., & Thompson, F. (2007). Appraising Commitments, Quasi-Commitments, and Guarantees. *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.873514>
5. McClaurin, I. (2010, September 24). Reflections on transforming anthropology. *Transforming Anthropology*, 18(2), 114–115. <https://doi.org/10.1111/j.1548-7466.2010.01086.x>
6. Tian, Z. (2022, October 24). Portfolio Optimization for Real Estate Industry, Food and Beverage Industry, Energy Industry, Medicine Industry, Finance Industry and Retail Industry in Chinese Capital Market. *BCP Business & Management*, 30, 459–465. <https://doi.org/10.54691/bcpbm.v30i.2472>
7. Zippel, A., & Holland, P. (1995, January). Review of Credibility part I: The struggle to be human, Credibility part II: The six disciplines of credibility, and Credibility: How leaders gain and lose it, why people demand it. *Psychosocial Rehabilitation Journal*, 18(3), 153–154. <https://doi.org/10.1037/h0095488>
8. Regulatory peptides. (1983, September). *Regulatory Peptides*, 7(1), 95. [https://doi.org/10.1016/0167-0115\(83\)90285-9](https://doi.org/10.1016/0167-0115(83)90285-9)