

Ref. No. MCHI/PRES/19-20/308

April 16, 2020

PRESIDENT
Nayan A. Shah

IMMEDIATE PAST PRESIDENT
Mayur Shah

PRESIDENT-ELECT
Deepak Goradia

VICE PRESIDENTS
Boman Irani
Harish Patel
Nainesh Shah
Domnic Romell

ADDL. VICE PRESIDENT
Sukhraj Nahar

HON. SECRETARY
Bandish Ajmera

TREASURER
Mukesh Patel

SPECIAL PROJECTS
Parag Munot
Sandeep Raheja
Jayesh Shah
Sanjay Chhabria
Rasesh Kanakia

HON. JT. SECRETARIES
Navin Makhija
Sandeep Runwal
Shailesh G. Puranik
Dhaval Ajmera
Pratik Patel

JT. TREASURERS
Nayan Bheda
Munish Doshi

CO-ORDINATORS
Tejas Vyas
Shailesh Sanghvi
Pritam Chivukula

COMMITTEE MEMBERS
Jagdish Ahuja
Jitendra Jain
Deepak Gundecha

INVITEE MEMBERS
Pratul Shah
Raajesh Prajapati
Sachin Mirani
Nikunj Sanghavi
Rajeev Jain
Shyamal Mody
Digant Parekh
Rushank Shah
Samyag Shah
Jayesh C. Shah
Sunny Bijlani
Sahil Parikh
Naman Shah
Suhail Khandwani
Ricardo Romell
Harshul Savla

PAST PRESIDENTS
Dharmesh Jain
Vyomesh Shah
Paras Gundecha
Pravin Doshi
Mohan Deshmukh
Mofatraj Munot
Rajnikant Ajmera
Late G. L. Raheja
Late Lalit Gandhi
Late Babubhai Majethia

CREDAI-MCHI UNITS
PRESIDENT, THANE UNIT
Ajay Ashar

PRESIDENT, KALYAN DOMBIVLI
Deepak Mehta

PRESIDENT, MIRA VIRAR CITY
Ashit Shah

PRESIDENT, RAIGAD
Kiran Bagad

PRESIDENT, NAVI MUMBAI UNIT
Prakash Baviskar

To,
Shri Devendra Fadnavis
Leader of Opposition
Maharashtra Legislative Assembly
Government of Maharashtra

Sub: Effect of COVID-19 in Real Estate in Maharashtra and Support for Revival

Ref: Natural Calamity due to N-COVID-19 and Present Lockdown in the Country.

Respected Sir,

As you would be aware that the Real Estate Industry is in tremendous stress due to the economic downturn, NBFC liquidity crisis, subdued demand conditions which has forced the Industry through the roughest patch. In such challenging times for our Industry, the Country has been forced in to an unprecedented Lockdown to fight the pandemic of Corona virus. There is still not much clarity when the lockdown would be removed and when economic activity and business could start productively. This may be the proverbial last straw

Even after the lockdown is lifted, it shall take as much as 3 - 4 months for Raw material suppliers to arrange resources, materials, labour and start production in full steam of Raw materials required in construction of real estate. Further most of construction labour may have migrated back and will return gradually after monsoons are over. The Real Estate Industry would take a minimum of 6 - 9 months to return back to normalcy. Also with the current uncertainty on the demand side, we see at least 9 months for customers to start looking to buy real estate.

We hereby request you to represent our views and case to the Chief Minister of Maharashtra Shri Uddhav Thackeray ji. Please find below our suggestions for the short-term and long-term measures under the Real Estate (Regulation and Development) Act, 2016 amongst other reliefs for your consideration to mitigate the impact of pandemic COVID-19 on India's real estate industry.

1. **To allow the extension of time for the deferred payments (instalment facility)** granted for various payments to made under development regulations and under MRTP Act, as follow:

1. All payments due under instalment facility on or after 1st January 2020, shall be differed by nine months. Any payment due shall be differed by nine months.
2. No interest shall be charged for the period of 1st March 2020 to 30th September 2020.

2. **To Finalize the Unified DCR after the consultation with the stakeholders**

Needless to mentioned that many new projects in MMR are stuck as they are waiting for unified DCR to be issued. So that they can plan the project as per the new development regulations.

3. **Reduce all premiums/charges/levies/cess/Premium for staircases, Lift well and Lobbies, etc. by 50% viz a viz the existing Premium across the board to make Affordable work spaces and Affordable Housing in MCGM.** It was submitted that Mumbai has lost its competitive advantage viz a viz Bangalore, Hyderabad etc. as a result there is no employment generation on Mumbai. It was submitted that the Government has to consider the overall economic gain that affordable workspace and Affordable Housing can have for the Government. It was therefore submitted that the reduction of premium by 50% across the board for a period of 5 years will spur construction and growth of employment and Government Revenue.

Further to maintain a level playing between ongoing and new projects, premiums to be recalculated and reduced for all of existing ongoing projects and new projects to maintain level playing field

4. **Levy of Development Charges:-** It was submitted that the MCGM is illegally charging development charges for developed land and existing BUA therefore contrary to Sec 124(A) MRTP Act. It was further submitted that the MCGM/Government also levies premium for grant of additional FSI under various provisions of DCPR such as Fungible Area, Additional Premium FSI under regulation 33 etc. which is essentially a development charge U/s 22(M) of MRTP Act. It was submitted that contrary to law MCGM charges further development charges u/s 124 (A) on the development charge collected under sec 22(M) which is essentially illegal. It was therefore submitted that UDD must issue directions to the MCGM to stop the forthwith and not charge development charge on developed land existing BUA and premium FSI purchased from MCGM/Govt.
5. **Levy of Development Cess:-**It was submitted that development cess though differed for 2 years is proposed to be charged on the additional FSI purchased from the MCGM/Govt. which is not permitted under MRTP Act. It was therefore requested that the same be clarified and also levy of development cess be differed by 5 years and not 2 years.
6. **Levy of Premium for exemption of area under staircase/lift/Lift lobby as per DCPR 31 (1).** It was submitted that contrary to the DCPR and the National Building Code, the MCGM was also illegally collecting the premium for the lift well and the fire staircase. It was submitted that despite several request MCGM continues to illegally levy premium for the same which is required to be stopped by issuing necessary direction to the MCGM.
7. 5 a) **Open space Deficiency Premium to be levied only for basic FSI not additional FSI allowed by DCPR-** It was submitted that MCGM levies 100% open space deficiency for TDR and premium FSI which is not permissible under MRTP as the same amounts to double levy of development charge. Further as per DCR 1991 this was only 10% of the regular open space deficiency premium. It was submitted that the same be provided in DCPR-2034 and only 10% of the regular premium be charged irrespective of TDR type/Premium FSI used by the developer.

5 b) Moreover, in case of commercial building which are fully air conditioned and mechanically ventilated with artificial provision of light and ventilation as per provisions of DCPR 50 the provisions of the National Building Code
The provision to table A of regulation 41 is contrary to Regulation 40 and therefore it is requested that the proviso be deleted and commercial buildings provided with mechanical light and ventilation should be permitted as per CFO requirement only. UDD is requested to issue necessary direction under sec 154 of MRTP Act as the above is an error apparent on record.
8. Building proposals involving fungible area are required to be approved by Municipal Commissioner thus leading to delays. It was submitted that the above powers be delegated to any officer of the MCGM. This is in line with the EoDB and therefore UDD was requested to issue necessary directions in this regard.
9. All building Permission should be approved at the level Executive Engineer including concession for exemption of
 - a. A) Staircase
 - b. B) Lift
 - c. C) Fungible Area
 - d. D) Open space Deficiency (within set parameters)

Municipal Commissioners should approve files only in exceptional cases where concessions and open space deficiencies etc. required are beyond certain parameter

10. Additional FSI under regulation 33 (19)

It stipulates that developer must avail TDR and premium FSI under table 12(A) prior to availing additional FSI under regulation 33(19). It is submitted that the requirement of using TDR/premium FSI prior to regulation 33(19) FSI is not logical and should be deleted. The developer can avail the FSI in any sequence as demand supply of TDR is erratic.

Further, 30% residential user should be allowed on the overall FSI and should not be restricted to 30% of FSI under Table 12 (A).

UDD is therefore requested to issue necessary directions in this regard as the same will be in line with the walk to work urban planning ethos and shall promote mixed use development.

11. Grant of TDR in respect of Reservations

The regulation reduces the quantum of TDR to be granted for HTHS zone to 50%. There is no definition in the DCPR of the HTHS zone. It appears that this concept has come from Pune DP wherein the PMC has earmarked HTHS zone in the DP. However, the MCGM is now using this provision without any corresponding zoning in the DP and arbitrarily granting 50% TDR for any land which it perceives as a hilly land. There is no provision in the DCPR to do so.

It is therefore submitted that UDD may clarify that only areas specifically marked in the DP as HTHS or Green Hill slopes will attract the above provisions. For the rest of areas where no DP specification is available TDR as per Regulation 32 Table 12 A shall be granted

12. Incentive TDR under regulation 32 Table 12 (A)

The MCGM vide dated 20 Jan 2020 has illegally justified non grant of incentive TDR. The same is contrary to the DCPR and hence UDD is requested to clarify the same and direct MCGM to grant TDR to all land owners who voluntarily come forward to handover the reservations within the stipulated period.

13. Payment Timelines for Statutory Premiums

All premium/charges/levies/cess etc. should be permitted to be paid on a 20:80 scheme i. e 20% upon issue of full CC and 80% before OC to be paid in proportion to the O.C granted. 8.5% simple interest as per MCGM policy shall be paid. The amount deferred to be secured by lien / mortgage of sale units.

14. FSI should be permissible for road setback over and above the permissible FSI as per column 7 of table 12 of DCPR 2034 on remainder plot, so that width of roads actually be available. (Notice dtd 7th March 2019 should be revoked).

15. Societies that have been demolished between year 2016 & Nov 2018 they are not getting benefits u/s 33(7)(B) available to the building demolished post Nov 2016.

We suggest that the date of the first commencement certificate should be considered for benefit. For e.g if CC is granted on 15th Feb 2020, than from date of first CC the building should be 30 years old to be eligible for benefit u/s 33(7)(b).

16. Lands in SDZ be allowed to be developed for PAP, transit tenements, Affordable Housing, Staff quarters under Accommodation Reservation Policy

17. The second Staircase to be free of FSI without charging Premium as per Reg. 48(5)(A)(E).

18. Pending EP's of DCPR 2034 to be finalized

19. In Regulation 17(1)20 sr no viii)(b) where reserved land is more than 5 Hectares additional BUA should be 100 % of the plot area transferred .(SAME AS PER LAND LESS THAN 5 HECTARES AS PER AR 17(1)(20)(a).

If submitted there is no rational basis to penalize a land owner of a larger land who handover larger area to the MCGM viz a land owner handing over smaller area under the same regulation. It is therefore submitted that there should be parity in FSI irrespective of land area.

20. In 17(1) (15) where plot is affected under AR and the authority is other than MCGM, noc should deemed as be granted if the same is not approved within 45 days of submission to the appropriate authority.
(The reason for the above is other authorities aren't granting NOC for more than 6 months and still they have doubts and lingering the matter for no reason).
21. TDR for Mangroves for the land with clear title to be granted. This will ensure that mangroves which are declared as Forest will be protected.
22. For Road and utilities like water pipeline, Nallas, etc TDR of 3.0 times should be granted. Today award of Rs. 18600 cr are pending before MCGM. The ground reality is that it is not viable to get reservation. As corporation doesn't have funds to be pay money.
23. IH Should be applicable for plot more than 20000 mtrs instead to 4000 mtrs and should be not more than 10% of Zonal Basic FSI instead of 20% (as with AS and IH are more than that is required in I to R).
- 24. Amenity calculations to be done on plot area where IOD/CC of Basic FSI was issued prior to this regulation and not on potential (as there is no physical space to provide such amenities) and further development is done using TDR/Premium FSI.**
Plot Potential of the plot is already consumed as per DCPR 1991 AOS cannot be handed over as only TDR, Premium FSI & RG FSI is to be use
- 25. Land under taxation charged by MCGM is arbitrary.** FSI factor of 3-4 is applied by MCGM and LUC taxes have made all projects non- Viable. The tax is further recovered from the builder from the time one takes IOD/CC till receipt of OC. If project is delayed for any reason, LUC charges keep mounting. We humbly submit that no LUC should be charged for the Rehab Buildings. LUC for the sale building should be ascertained by using 1 FSI factor and should be charged slab wise in a staggered manner over the actual construction period of the building. SRA/Housing department was write to MCGM/UDD to rectify this situation.
UDD is requested d to issue direction u/s 154 to the MCGM to this effect.
26. In SR schemes that have high FSI potential and where only 75% of land is available for construction, for making such schemes viable, it is necessary to incentivize Developers for opting for TDR, which can be done by giving double the TDR for unconstructed sale FSI. Housing department is requested to write to the UDD to amend DCPR 33(10) in this regard.
UDD is requested to examine the above issue and issue necessary directions in this regards to make SRA projects in airport funnel areas etc. viable.
27. MHADA vide its recommendation dated 25th July 2019 had recommended reduction by 50% the premium levied for FSI under DCPR 33(5). It is submitted that the government vide above notification reduced the premium only by 25%. it is submitted that the premium levied by MHADA is very high and should be reduced by 50% as recommended by MHADA
UDD is requested to issue necessary directions u/s 154 to this effect to encourage redevelopment of MHADA colonies.
28. MHADA vide its recommendation dated 25th July 2019 had recommended that the incentive sale FSI against the rehab component be brought on par with DCPR 33(9), as MHADA would like to have cluster redevelopment of its colonies. However urban Development Department has not yet approved MHADA's request.
UDD is requested to issue necessary directions u/s 154 to this effect to encourage redevelopment of MHADA colonies.

Sir, as you are aware that the Real Estate Industry is at the cusp of collapse and any delay in announcing relief measures will imminently result in much worse situation of the Industry which is the 2nd largest employer in India, resulting in heavy losses to businesses, job losses, high unemployment, loss of revenue to the Government amongst other things. Revival of this sector would lead to revival of the Economy and the Government's mission of "**Housing for All for 2022**".

With the above in mind, we hereby request you to represent us before the Government of Maharashtra to heed to our prayers and issue necessary directives to grant us above reliefs at the earliest.

Thanking you,

Yours Sincerely,
For CREDAI-MCHI



Nayan A. Shah
President



Bandish Ajmera
Hon. Secretary