

Ref. No. MCHI/PRES/18-19/128

January 21, 2019

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Mayur Shah

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Boman Irani
Harish Patel
Nainesh Shah
Dominic Romell

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Bandish Ajmera

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Mukesh Patel

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Dhaval Ajmera
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PRESIDENT, RAIGAD
Ateeque Khot

PRESIDENT, NAVI MUMBAI
Prakash Baviskar

To,
Hon'ble Shri Devendra Fadnavis
Chief Minister
Government of Maharashtra
Mantralaya,
Mumbai - 400032

मुख्यमंत्री सचिवालय
महाराष्ट्र शासन
मंत्रालय, मुंबई - ४०० ०३२.
दिनांक 23/1/19

Sub: Request for upward revision of rates for Housing Board's share of surplus area

Dear Sir,

CREDAI-MCHI is an apex body consisting of members from Real Estate Industry among Mumbai Metropolitan Region (MMR). It is the most prominent and the only recognized body of Real Estate Developers in Mumbai and MMR. Through this communication, we would like to highlight a glaring anomaly that our member developers are facing in execution of redevelopment of old buildings involving the Housing Board.

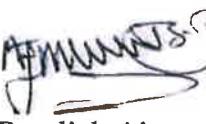
We draw your kind attention to the abysmally low prevailing rate at which MHADA compensates the developers for its share of the surplus area, and seek your intervention to consider a much-needed upward revision of the same. Following the directions of the State Government's Housing & Special Assistance Department's circular, issued way back in July, 1991, MHADA is paying our member developers a rate of just Rs. 235 per square foot (Rs. 2529.54 per sq mtrs). This rate has remained unchanged for 27 long years now, and to say that there is an immediate need to revisit the rate would be an understatement.

To put the MHADA rate of Rs. 2529.54 sq mtrs in perspective, we draw your attention to the current ready reckoner rate for construction is Rs. 28,500 per sq mtrs fixed by the Government, which itself is more than 10x the rate at which MHADA compensates the developer. In practice, even the ready reckoner rate does not cover the costs involved in construction and execution of a quality project. While the government rates are fixed keeping in mind huge volumes and average construction quality, as private developers our members pay much higher rates to contractors for execution of smaller volumes and the superior quality of construction. Factor for the much higher costs that our member developers bear in developing LEED-certified green buildings, and the MHADA rate does not even cover a fraction of the costs, resulting in huge and unfair losses for our member developers.

Through this communication, we request you to kindly review the 27-year-old rates that MHADA pays for the surplus area and facilitate the much-needed upward revision that would correct the injustice currently being done to our members.

Yours sincerely,
For CREDAI-MCHI


Nayan A. Shah
President


Bandish Ajmera
Hon. Secretary

CREDAI-MCHI


Sanjiv S. Chaudhary MRICS
COO, CREDAI-MCHI