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Chief Executive Officer

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To,
Shri Rajeev Mehrotra
Chairman & Managing Director
Rites LimitedMy Dear *Rajeevji,***Greetings for the New Year from me!**

The July issue of the Rites Journal was very interesting and informative. Thanks for sharing it with me.

As desired I am sending some thoughts for your Journal (Jan. 2014) on Housing Sector for your information and use. Your editorial group can fine tune and edit it as per their focus.

I hope it will be of some use to you.

*Regards + Best Wishes!*Yours *sincerely***(S. S. Hussain)****Shri Rajeev Mehrotra**
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21ST CENTURY HOUSING - THE CHALLENGES.

Housing is a basic need and has one of the biggest impacts on people's well being and quality of life. Home ownership is an aspiration for many Indians and the single biggest investment that most will make. Housing is a fundamental component of quality of life. Without appropriate shelter, people cannot meet their basic needs and participate adequately in society, with a sense of belonging, ownership and pride. 'Housing' means more than a roof, it includes-adequate space, civic amenities, security of tenure, structural stability, lighting & ventilation, security, privacy, access to work place- all at an affordable cost.

Housing-Life's Essential Need

Culturally and socially Housing is ineluctably tied with our lives, "Bhoomi Poojan", "Griha Pravesh", Griha Shoba" "Griha Laskshmi", all signify the central role that good, safe, secure housing plays in our life, and in building stable, equitable communities, and a friendly neighbourhood with a "we" feeling.

Lack of legal, affordable housing breeds a sense of deprivation, denial and discrimination, promoting vagrancy, anti-social and criminal behavior.

Key Concerns

"The quality, affordability and availability of housing are key concerns in today's society. Affordable Housing especially to the urban poor is a social obligation of the State and a big challenge. It requires innovative thinking and planning to harmoniously integrate various components of housing. However, construction and housing projects are complex in nature and many aspects, including economic, project management, procurement, innovative technology, sustainability and more, impact on the success of projects. Less demand for high end living"

Rapid Urbanisation

Urbanisation in India has been increasing at an unprecedented rate, with almost 71 million people being added to the urban population from 2001 to 2011. At this rate, close to 534 million people will live in Indian cities by 2026. This offers tremendous opportunities for real estate development. Maharashtra, a leading state in urbanization in the country, carries a 42% urbanization share. Burgeoning cities have been drivers of growth for many property sectors across various states.

Affordable Housing-Beyond Buzzword

Affordable Housing is one term that keeps cropping up when the subject of housing comes up. Yet the reality is far different. Metropolitan cities and mini-metros all face one over-riding hurdle: the shortage of buildable land. Combined with archaic rules, a maze of procedures that mandate 50-plus different permissions and approvals, housing

is one life necessity that has not taken off. Despite the immense potential in terms of demand, that could easily be sustained for two, even three decades, housing finds itself in a market out of reach of most who *most* need accommodation.

Matching Infrastructure Development

"Housing development does not just involve the construction of residential flats, but also requires the timely completion of matching infrastructure and community facilities. Housing sites must be formed and access provided for construction to begin. Infrastructure and community facilities such as water supply and treatment facilities, sewage systems, railways, roads and schools also have to be built in time for the occupation of residential flats."*And the demand will not be satisfied by utilitarian amenities and services, but one that can compete with the best, internationally.

*Homes For Hong Kong People Into The 21st Century

International Trends

Exposure to international lifestyles, a large population of Indians who travel overseas for study and business, together with NRIs, these are creating a market for upscale residences. And recreational facilities. Bangalore with its restaurants, hangouts and pub culture is an example of contemporary lifestyle. This trend is also dictated by the high cost of land, particularly in metropolitan cities like Mumbai Metropolitan Region (MMR), NCR, which rule out the development of anything but premium residential product offerings. Anything less would not bring in the required rate of return, necessitated by the high cost of land.

Hi-Rises, The Norm

The pressure of going higher and taller is becoming irresistible, even though civic infrastructure, like fire-fighting services have not kept pace with needs and demand. Structures that scale 40 to 80 stories are now getting ready in Mumbai. Ultra-fast elevators, state-of-the art amenities, including luxuriously fitted kitchens, premium bath and toilet fittings, the best electronics, backup power supply, and car-lifts are the defining aspects of today's exclusive hi-rises.

Township Development - New Trend

Given the pressing shortage of land, the practice will be to amalgamate small plots into larger plots, and create housing complexes and townships. The precursor or pioneer in this respect is the Hiranandani Estate in Powai and its development in Thane. *Magarpatta City* in Pune is another example.

A pioneer in township development, Hiranandani Estates is a work in progress, even 15 years on. "Hiranandani Gardens is a neo classical architectural marvel nestled amidst the verdant Powai hill, strategically located opposite the serene Powai Lake, a place where more than 4000 families stay. Sprawled majestically over 250 acres, Hiranandani Gardens is Mumbai's finest residential township that has redefined the standards of elegant living. Intelligently planned, crafted with precision and embellished with care,

it fulfills the delicate dreams of many, giving rise to a new perception of life and life style."

The development of residential, commercial Towers in former abandoned mill areas, and the Lodha Group's New Cuffe Parade project is one more example of premium development taking place in mill labour-class areas, which are changing the face of Mumbai's neighbourhoods and skyline.

"Even in peak hours, South Mumbai to New Cuffe Parade is a breezy drive down the Eastern Freeway - less than 20 minutes. Thanks to the upcoming Santacruz Chembur Link Road, BKC and the Airport will be even closer. And should you wish to spare your BMW wear and tear, you always have the option of India's first monorail, at your doorstep." -Lodha Group's New Cuffe Parade, Ajmera's I Land, Wadala etc.

Developers are now working to include shopping centres, malls, multiplexes, recreation facilities in their projects for property buyers. Convenience and comfort being the watchword, even the suburban railway stations in some of Mumbai's busiest stations have installed escalators. The Metro is expected to reduce commute and transit time and congestion in Mumbai.

While projects like these in cities like Mumbai, Delhi, Bangalore, Chennai, are not the norm, they are certainly setting the trend, even for middle-income housing, in the range of Rs.75lacs+. A provision for a garden, club-house, gymnasium, temple, school, swimming pool, shopping areas, multi-level car-parking, have now become prerequisites for large residential complexes.

Cluster Development

One of the most interesting experiments currently in its initial stages is the concept of *Cluster Development*. The concept seeks to redevelop entire rundown residential-commercial districts, like the Bhendi Bazar area in Mumbai. The concept, with minimum plot size of 10,000 sq.mtr in the Suburbs and 4000 sq. mtrs. for the island city, involves integrated redevelopment of buildings with FSI of 4.

The redevelopment of Bhendi Bazaar, a 200-year-old market comprising commercial and residential buildings, proposed by the Saifee Burhani Upliftment Trust (SBUT) on a no-profit basis, is so far the largest cluster redevelopment scheme undertaken for Mumbai city. The redevelopment consists of nine clusters of buildings for 20,000-odd residents, and is expected to be complete in 2020. The 3,000-crore project will be implemented in the 'C' Ward, spread over an area of 66,264.65 sqm or 16.5 acres

The Government of Maharashtra is unveiling the Cluster Development Policy, with enhanced FSI of 4, to facilitate the development of modern housing, and address the problem of affordable housing.

Urbanisation's Impact

Urbanisation is a global phenomenon, and about 40% of India's population is expected to be settled in urban areas by 2030. A stress on innovation in construction technology, the use of more ecologically sustainable materials, energy efficiency, social and transport infrastructure that keeps pace with a burgeoning population growth, and aspirations for a contemporary lifestyle, these are the key needs for housing in the 21st century.

Inclusive Housing

It is estimated that only 5% of the population at present have the means to buy a home in Mumbai Metropolitan Region. A majority of MMR citizens are housed in dilapidated, cessed buildings, chawls, and slums. There is a definite and desired need of initiatives and reforms to promote inclusive sustainable development of cities and provide Affordable Housing for All.

Proper management of the Process of urbanisation would create contained and compact urban growth and mixed land use will result in lower ecological foot-prints and more sustainable cities than urban sprawls.

It will promote closer work places, reduce Travel, reduce pollution, save energy and optimize use of scarce land.

With increasing concentration of economic and commercial activities, rapid economic growth and influx of population in Indian cities, the pressure on Affordable Housing delivery is mounting. We could look at this as a challenge, devising solutions that can help build sustainable communities, create economic stability.

The lack of cost effective housing is one of India's most pressing developmental problems. This has received some boost in recent years, but the problem now calls for urgent attention, and there is a need for comprehensive positive steps to be undertaken from the government side.

Redevelopment of old, congested areas will create and maintain their desirability as places to live and conduct business.

Bring change in the skyline of cities and qualitative improvement in living, working and recreational environment.

We created a Planned City like New Bombay and built Railway stations (Vashi & Ors.) with commercial/business areas on Top floors, so that people can work there and take Local Trains right from the work place to their respective residential areas.

Challenges

The sector faces numerous challenges, such as high borrowing costs, lack of institutional funding, lack of recognition as an Industry, lengthy approval processes and slow and uneven infrastructure development.

Solution

Addressing supply constraints, streamlining the approval process, permitting new sources of real estate funding (Like REIT is one positive Step) and promoting private sector participation in housing development, the adoption of rapid-construction technology and processes, these are some of the measures that can help make a significant breakthrough in the huge gap between supply and demand of housing.

Summary:

- Real Estate & Housing are essential to the quality of life, the well-being of individuals, and society.
- Settled communities promote a stable social life, enhance civic consciousness, and a sense of nationhood.
- Real Estate & Housing support the Economy and are significant contributors to the nation's GDP.
- Real Estate & Housing are among the biggest promoters of direct employment. 1 housing unit generates 3 direct jobs, and more in allied sectors of cement, steel, aluminium, glass, wood et al.
- Real Estate's potential is seriously hampered by a regime of systemic over-regulation.
- Government and Real Estate Industry need to work out cohesive solutions that can propel the Mumbai Metropolitan Region into the ranks of the most developed and prosperous regions in India.