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MCHI - CREDAI

Ref. No. MCHI/PRES/12-13/003

May 16, 2012

To,

1. **The Metropolitan Commissioner,**
Mumbai Metropolitan Region Development Authority,
Badra Kurla Complex, Bandra (E),
Mumbai - 400 051.

2. **The Additional Chief Secretary,**
Urban Development Department,
Government of Maharashtra,
Mantralaya, Mumbai.

3. **The Principal Secretary,**
Housing Department,
Government of Maharashtra,
Mantralaya, Mumbai.

Ref: **Suggestions on Rental Housing**

P. A. to Principal Secretary to the
Government of Maharashtra
Housing Department
Mantralaya, Mumbai 400 037

Respected Sir,

We are thankful to the Hon'ble Chief Minister for taking the initiative to resolve all the pending issues to the "Rental Housing" scheme. The freezing of the policy on Rental Housing on all its macro & micro issues is of paramount importance to ensure that the scheme gets embraced as a "Financially Viable Affordable Housing Scheme".

The Rental Housing Scheme is bound to go a long way to dramatically increase the supply of housing in the MMR & consequently make the home affordable to the people at large.

We understand that a committee consisting of Metropolitan Commissioner MMRDA, Additional Chief Secretary Urban Development & Principal Secretary Housing & Special Assistance Department is formed to recommend on various issues related to Rental Housing.

Maharashtra Chamber of Housing Industry (ISO 9001:2008)

Maker Bhavan II, 4th Floor, 18, V. Thackersey Marg, New Marine Lines, Mumbai - 400 020.

Tel: 42121421, Fax : 4002 0361/62. Email : secretariat@mchi.net

Website : www.mchi.net

We herewith give our suggestions for the committees' consideration.

1. **The suggestions of MCHI-CREDAI on Total FSI to be permitted in U1 & U2 Zones : need to be upto FSI 4.00.**

The MCHI-CREDAI is recommending that the FSI in U1 & U2 zone be kept upto FSI 4.00 and depending upon the location of the land, the likely sale price, likely cost of infrastructure, the developer will decide about whether he wants to exploit upto FSI 2.00 or FSI 3.00 as per the viability of that project.

The request for keeping the same FSI 4.00 for U1, U2 zone is because today the price of the land in U1, U2 zone is the same as is in the ULB areas. Further, the cost of infrastructure of developing a land in U1, U2 areas is far far higher than the developing in the ULB areas.

Further, large tracks of land in the MMR region is still in U1, U2 areas because a large number of regional plans/development plans are yet to be announced and the due date for the announcement of the Regional Plans and Development Plans is due years back. As such one should not consider that they are in U1, U2 zones. They should be considered in ULB areas. Due to the growth of the town/city, roads these lands in U1, U2 area deemed to be in a Regional Plans/Development Plans. In other words these lands are deemed to be in ULB areas.

2. **Minimum Plot size.**

We understand that the committee is considering that the minimum plot size is should be of 8000 Sq. Mts.

Suggestions of MCHI-CREDAI for the minimum plot size in ULBs (Urban Local Bodies) needs to be 4000 sq. Mts. i.e. 1 Acre. Currently minimum plot size is 1000 Sq. Mts.

If minimum plot size is kept above 4000 Sq. mts then very few cases will become eligible to develop their land under Rental Housing Scheme and if the minimum plot size is kept at 4000 sq. mts, large number of schemes will be offered at multiple locations. This will give a choice of opportunity of houses being available at multiple location for the (Urban Local Bodies), Government and Common Public to solve various problems e.g. PAP, staff accommodations etc. further it is far far easier to manage a building done on a 1000 Sq. mts.

3. FSI in ULB's

Our request is that current policy needs to be upto FSI 4.00 for ULB. i.e. FSI 1.00 is for Rental Housing and FSI 3.00 is for free sale portion to be continued, if FSI reduces then the incentive for the developers to develop projects under Rental Housing Scheme will reduce and very few projects will come up under Rental Housing Scheme.

Suggestions of MCHI is that the total FSI to be permitted in (Urban Local Bodies) areas needs to be maintained at FSI 4.00 and the proportion needs to be 1:3 i.e. 1.00 FSI for Rental Housing, 3.00 FSI for free sale portion. With this ratio the Rental Housing Scheme would become financially viable. If you reduce the FSI or alter its proportion it would become financially unviable and consequences would be that the scheme would become unattractive.

We have to state that the developers today have various options to develop their plots which are;

1. To take advantage of policy under Regulation 3.11 of D.C. Regulation in which TDR to the extent of 1.33 is granted to every sq.ft. constructed, even a portion falling under passage, staircase, lift lobby, balcony etc. is counted to be eligible for grant of Additional TDR. In the Rental Housing Scheme such area are not allowed to be counted for incentive FSI.
2. Joint Venture with MHADA under Regulation 33(5) - the developer can also develop his project under joint venture with MHADA under Reg. 33(5), in this scheme construction to the extent of 0.75 FSI is to be given to MHADA against MHADA paying cost of construction and FSI 1.75 is available to the developer for free sale. In this scheme no land is transferred to MHADA, development on entire plot is allowed hence the value of free sale is relatively higher.
3. The developer can also go under a stand alone scheme i.e take advantage of FSI 1.00 + TDR. In this construction cost is low, turnaround time is less and sale revenue is high due to low density.
4. The Rental Housing Scheme requires number of various things to be done on the part of developer.

In this scheme land is to be transferred. Additional capital is invested for a longer period of time. Cost of construction is far higher than scheme 3.11 or under MHADA joint venture scheme.

In addition developers do not get any advantages of the area falling under passage, lift lobby etc.

Also the sale price of free sale portion is lower than a stand alone scheme and/or a MHADA JV Scheme. The free sale portion is a high density + all structure requiring at least two to three years to obtain all approvals and three to five years to complete the project.

5. The developer is suppose to pay very high infrastructure and development charges, so to make the Rental Housing Scheme viable it is necessary that FSI 4.00 to be granted with FSI 1.00 for Rental Housing and FSI 1.00 for free sale.

4. Suggestions of MCHI-CREDAI regarding ULC NOC:

ULC, NOC should not be insisted at the time of granting of locational clearance and layout clearance because planning authority is bound to look at the ULC NOC before granting CC for the project.

5. Suggestions on Transition Policy (Cut of date):

Definition of "Commitment"

Locational clearance given (whether valid as on today's date or not), following instances shall be considered as a commitment where the locational clearances is granted (whether revalidated or not) or where letter of comfort or letter of Intent to consider the proposal of Rental Housing to be made by the owner/developer were given by MMRDA such instances should be considered as a "commitment" and old policy should be continued in this case or cases where MMRDA could not process Locational Clearances only for want of Government clarifications, Government technicalities like ULC clearance etc. These cases should be considered as commitment.

5.1 Rental Housing Scheme as part of existing lay out:

In case the proposed Rental Housing Scheme is part of a earlier lay out approved by the local corporation / urban local bodies. Such scheme where the balance potential of land should be allowed to be exploited under Rental Housing Scheme without insisting on sub-division.

5.2 Vasai-Virar:

Earlier in Vasai Virar special planning authority was CIDCO and later on it became a Corporation by the name of Vasai Virar City Municipal Corporation. All duties, powers, obligations were devolved/transferred from CIDCO to Vasai Virar City Municipal Corporation. And hence all those locational clearances / proposals that were considered for the Vasai Virar Regions should be considered as part of "Commitment" definition and MMRDA should honour the same.

5.3 All policies to be prospective in nature i.e. restrictions on the threshold limit of plot size changes in FSI etc. should be applicable to prospective cases.

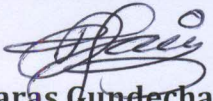
6. The Rental Housing Policies has been announced in year 2008 and even after 4 ½ year of intensive effort. Today only 17 proposals have reached the construction stage, where as actually at least 200 projects should have commenced. The Rental Housing Policies needs to be made attractive. One should not look at the additional FSI being made available or the benefit the developer is getting or concession being granted to develop Rental Housing One needs to look at the Affordable Housing stock getting created and the consequent control of housing prices.

7. Discussion before finalization:

We request the committee that before the recommendations on Rental Housing Policy are finalized MCHI-CREDAI may please be consulted for the same.

Thanking you,

Yours truly,
For MCHI-CREDAI


Paras Gundecha
President

Mob: 9821092439