



# HOUSING FOR ALL

Hotel Centre Point, Nagpur  
February 22, 2015

# REGULATORY ACT

- The Regulatory Act needs to achieve a three fold objective of ensuring day-to-day smooth working of the industry, protecting the consumer and ensuring compliance by the developer and timely approvals by Authorities
- It also needs to ensure that suitable action is taken against the person defaulting i.e. whoever is responsible for the delay is penalized

# OPERATIONAL ISSUES

- Self-certification process through third party empanelled auditors with necessary safeguards may be adopted
- Categorization of approvals processes instead of case-to-case approval
  - Use resources for the implementation of the terms & conditions

## TRANSITION POLICY

- Viable transition policy in case of change in legislation needs to be put in place through saving clause
- To examine all other legislations that affect the industry for the ease of business, for e.g., Legal Metrology
- Carpet area based approvals for FSI and premiums

# ELASTICITY TO BEAR TAXES & AFFORDABLE HOUSING

- Current tax structures and revenues from development needs to be reviewed to make housing affordable
- Upto 5<sup>th</sup> Jan, 2012, before fungible FSI, cost of MCGM / Government charges was 10% of the cost; from 6<sup>th</sup> Jan, 2012 (i.e. once fungible FSI use introduced), it has risen to 25%~40% of the cost
  - If 8<sup>th</sup> Feb, 2015 decision is implemented, i.e. 60% of 2015 RR for premium FSI, it is likely to rise further to 40%~65% of cost
- Different ULBs over a period of time have been charging taxes, premiums as per their convenience for e.g., property taxes

## ELASTICITY TO BEAR TAXES (CONTD.)

- Some examples of initiatives that have successfully led to robustness of collection & compliances
  - 5% stamp duty on CA
  - Capital based system on commercial fixed rate per sft on LUC
- High taxes is leading to unabated, unauthorized construction on a massive stage
  - They use all the services and pay no user charges and then SRA scheme or other schemes to regularize illegal construction have to be introduced to solve them
- Real Estate Industry can not bear any further taxes

## ELASTICITY TO BEAR TAXES (CONTD.)

- Just as IT or Industrial Policy has been a success, the State to Adopt a “Housing Policy” with a goal of 11 lakh houses and affordable housing
  - The same will be a “Mother Policy” which will cover all the initiatives that need to be taken by the ULBs / stakeholder bodies like Revenue & Forest, MOEF, SLR, Co-operation & other departments
    - Approval process
    - Taxation / premiums
    - Closure / completion of projects

# AFFORDABLE HOUSING

- Affordable Housing to be implemented in Mumbai, Pune, Nagpur and other ULBs
- Premium FSI to be introduced in rest of Maharashtra
- Legal issues to be urgently clarified u/s 7A of MOFA
- Tax structures & revenues from developments need consideration to be reviewed and rationalized to make housing affordable
- No VAT on purchase of houses below Rs.20 Lakhs
- Stamp Duty & Registration charges should be a token amount of Rs.10/- for 1 BHK and Rs.20/- for 2 BHK, worth Rs.10 Lakhs & below, for EWS housing as in other states (Rajasthan)
- Homes less than 50 sq.mtrs. size to be exempt from Service Tax
- Applicability of standardized DCR notified in Nov, 2013 in MMR Region by MMRDA & CIDCO
- Rental Housing policy projects to be not charged Development Charges more than in notification under the head of OCSDC in the region of Panvel





# TARGET ACHIEVEMENT TASK

## 11 lakh homes

- Increase FAR
- Reduction in the current premium charges by at least 75%
- Town Planning Schemes on private lands by a developer to be permitted; enabling provision to be made in the legislation
- Transit Oriented Growth Corridor to be implemented
- Development of Commercial or Industrial space to be sufficiently incentivized to make it internationally competitive
- Hyderabad FSI model to be implemented
- Payments in installments for all premiums and govt. charges
- Inclusive housing allocation to be based on head count
- Common DCR for all D-Class Municipal Towns
- Penal provisions of the Regulatory Act to be looked into

## IMPACT

- Revision of premium FSI from 2008 formula to 60% of 2015 RR rates
- Increase by 40%~50%

## REQUEST

- Kindly continue the old rates
- Increase premium FSI from 0.33 to 0.67

# AFFORDABLE HOUSING IN PPP MODEL

- Basket of various schemes to be implemented
- Revival of the earlier Rental Housing Scheme needed
- Rental Housing schemes need to be made applicable to whole of Maharashtra
- Rental Housing portion to be developed & maintained by private enterprises; they shall give the homes on rent
- Depending upon viability of the schemes, FSI for Rental Housing to be upto 4.0
- MHADA monitored JV schemes for the whole of Maharashtra upto FSI 3.0; option of grant of Affordable Housing TDR instead of monetary consideration

# AFFORDABLE HOUSING IN PPP MODEL

In Rest of Maharashtra, in Tier 3 & 4 cities

- Satellite Affordable Housing Colonies upto 10 acres with Global FSI concept
- Stamp Duty exemptions of units of size below 60 sq.mtr. or Rs.20 lakhs
- Decentralization of MHADA decision making
- Every ULB to come out with a comprehensive policy to grant approvals in 30 days
- Sufficient staffing in ULBs to ensure timely approvals

# ISSUES RELATED TO URBAN DEVELOPMENT & ULBS

- Ease of approvals – SOPs to be set-up
  - Standardization of Formats of Back End Reports and Front End Remarks to be undertaken by Each of ULB
  - Self certification to commence work upto plinth based on outsourced remarks from professional Agencies
  - Permission to submit on full potential
  - RTI offices in every ULB
  - All ULBs to undertake a process for passing plans in 30 days; report on the progress in 30 days
- Affordability and input costs in Real Estate need to be addressed; rationalize premiums
- Ring fence premiums for infrastructure projects
- Fire & Safety
  - Fire Fighting rules to be merged in DCR

# TOWNSHIP DEVELOPMENT

- Residential Townships
  - Residential Townships Transit Oriented Growth Corridor STP to be re-introduced
  - Rationalization of open spaces
  - Additional FSI for Schools, IT/ITeS, Hospitals as provided in city level DCR
  - Specific town level amenities to be shared with local urban bodies
  - Fire infrastructure to be handed over to Director, Fire Services
- Industrial Townships
  - To be introduced to all areas
  - 60 / 30 / 10 formula to be made applicable with FSI 1.0
- IT / ITeS Townships
  - Minimum area 20 ha
  - 20 / 70 / 10 formula to be made applicable with FSI 2.0

# ENVIRONMENT

- Project can be approved on conceptual plan prepared by the Architect
- Project to be appraised without the committee interfering into provisions of DC rules
- Consent establish and consent to operate for residential projects will be abolished
- EC for projects 8(a) category is valid for 5 years or completion
- State will propose to increase the threshold limit from 20000 sq.mtrs to 1.5 lakh sq.mtrs to bring it at par with College / School / Industrial Sheds
- EC process parameters to be simplified and eventually with Centre's approval to be incorporated in the DC Rules



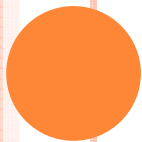
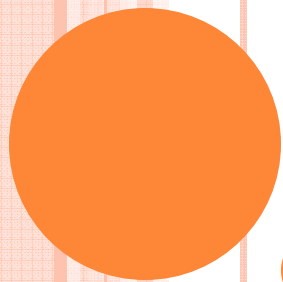
## REVENUE : RECOMMENDATIONS OF PARTICIPANTS

- N.A. permission to be streamlined; only by taking tax
  - Put list of Class I & II lands on net; NA for Class I land should be automatic
  - For change of one NA to another, revised NA permissions not to be insisted
  - Scheme of amnesty to regularize all earlier cases
- Royalty (SC Judgement) – Mines & Mineral issue – for excavation in building project should be resolved by simplification of procedures



## REVENUE : RECOMMENDATIONS OF PARTICIPANTS (CONTD.)

- To purchase land in Master Plan permission u/s 63 not to be asked
- Notification u/s 88(1)(b) under BTAL Act to be issued along with notification for development of area under MRTP Act
- At cost convert Class II / lease land in freehold lands
- Govt. land in possession of private party to be given 50% of RR value for housing development



**THANK YOU**