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Sejal Goradia

To,
Shri Devendra Fadnavis,
Hon'ble Deputy Chief Minister &
Minister of Housing,
Government of Maharashtra,
Mantralaya, Mumbai. 400032

उप मुख्यमंत्री यांचे कार्यालय
ई-ऑफीस क्रमांक : 678 P00
दिनांक : 6/3/24

Sub: Challenges with respect to Development / Redevelopment of Housing Schemes of Maharashtra Housing & Area Development Authority (MHADA) under Reg 33(5) of DCPR 2034

Respected Sir,

We wish to bring to your notice the following challenges with respect to Development / Redevelopment of Housing Schemes of Maharashtra Housing & Area Development Authority (MHADA) under Reg. 33(5) of DCPR 2034:

(1) Instalments permitted by Mumbai Board, MHADA (Mumbai Board MHADA):

The State Government, with a view to provide stimulus to the Housing Industry to facilitate its revival, has extended facility of instalment in payment payable for various fees / charges/ deposits/ premiums to be paid to planning authorities in respect of building permissions. All the planning authorities viz., BMC, SRA, MHADA have issued separate policy circulars pertaining to the same from time to time.

At the outset, it is to be noted that BMC whilst sanctioning of FSI under Reg. 30(A)(6), 31(1), 33(18), 33(19), etc. wherein installment facility is availed, payment of premium is permitted in installments in the following manner:

- A. For Building Height upto. 70m: Total 5 Installments (48 Months Period):** 10% - Initial Payment, 90% - Balance Payment in 4 equal installments of 22.5% each with interest @ 8.5% p.a. on reducing balance
- B. For Building Height more than 70m: Total 6 Installments (60 Months Period):** 10% - Initial Payment, 90% - Balance Payment in 5 equal installments of 18% each with interest @ 8.5% p.a. on reducing balance

Post payment of first Installment, approval for entire FSI Built Up Area is granted and C.C. equivalent to 10% of approved Built Up Area is restricted. If Built Up Area of topmost floor is more than the 10% Built Up Area, then the C.C. for the entire top most floor is restricted.

For 33(5) Schemes, Offer Letter is issued by Mumbai Board, MHADA (Mumbai Board MHADA) while granting 3.0 FSI or additional 1.0 FSI (with approval of Government) and Fungible FSI under Reg. 31(3) (Fungible FSI) is sanctioned by MHADA Building Permission Cell (MHADA BP).

MHADA BP, which sanctions Fungible FSI for 33(5) scheme's, also follows the installment scheme of BMC as per (A) or (B) hereinabove.

Maharashtra Chamber of Housing Industry

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However, Mumbai Board MHADA unlike BMC or MHADA BP, whilst sanctioning FSI under Reg. 33(5) as per Resolution 6749, issues Offer Letter wherein only 4 instalments of 25% each are permitted with simple interest rate @ 8.5% p.a.. Furthermore, only proportionate C.C. is released equivalent to the amount to of premium paid.

For large developments/layouts, this first Installment of 25% can be a significant amount, without payment of which no plans for approval can be processed by MHADA BP. No site can be taken up for development and vacated without plan approval. In all cases of Additional FSI of DCPR 2034 other than that of Reg. 33(5), entire FSI is granted upon payment of only 10% of the total premium. Charging 25% as first installment i.e. additional 150%, deter's the commencement of the overall redevelopment process. Also BMC's instalment facility is more practical and is based on a rationale that higher the height of the building, longer the project period and hence longer should be the instalment period. BMC's instalment facility is designed to ensure that the enough time is given to pay the premiums at the same time full C.C. is granted to the project so that the project does not stop in between, except for C.C. equivalent to 10% of approved Built Up Area, which is rightfully restricted to ensure BMC's interest of collecting all the instalments before releasing the entire CC. Therefore, MHADA's instalment facility needs to be brought in line with the BMC's instalment facility i.e. linked to the height of the building meaning 5 instalments if the building height is upto 70 mtrs. and 6 instalments if the building height is 70 mtrs. or more., to ensure parity among policies of all the planning authorities. Reducing the overall cashflow requirement at the nascent stage of the projects will not only impel the redevelopment of MHADA scheme's but also yield collection of higher amount's towards interest for MHADA.

(2) Premium levied for proposing Commercial BUA in Reg. 33(5) of DCPR 2034:

As per Resolution No. 6260 MHADA whilst granting FSI under Reg. 33(5) collects premium for Commercial BUA at 1.5 times the rates' prescribed in the regulation.

Development of Residential or Commercial is purely location & market driven. In locations where commercial development is apt and prevalent, sale in the form commercial is required to be constructed and marketed. Similarly, in locations with residential oversupply, it may be more viable to propose a mixed-use scheme with a mix of residential and commercial development. Many such layout's of MHADA are located in such areas where Residential or entirely Residential is not the location or market. It is an accepted fact that scheme viability is a key driver in propelling such redevelopment projects. However, charging 1.5 times the rates' prescribed in the regulation, is not only impacting overall viability of the project but also deterring redevelopment of MHADA scheme's in such locations.

It is to be noted that Reg. 33(5) is part of DCPR 2034 to promote Development / Redevelopment of Housing Schemes of Maharashtra Housing & Area Development Authority. Redevelopment of MHADA schemes are to be undertaken irrespective of the nature of sale development for which the premium to be levied is already prescribed in the regulations Table C1 of Reg. 33(5) and no distinction has been mentioned that if Commercial Development is proposed, premium at 1.5 times the rates' prescribed are to be levied. Furthermore, the premium payable i.e. % rate of ASR for residential development vis-à-vis commercial development as per MHADA Resolution No. 6260 is represented below:

Premium for Residential as Reg. 33(5)				Premium for Commercial as per Res No. 6260		
LR/RC	EWS/LIG	MIG	HIG	EWS/LIG	MIG	HIG
0 to 2	40%	60%	80%	60%	90%	120%
2 to 4	45%	65%	85%	67.5%	97.5%	127.5%
4 to 7	50%	70%	90%	75%	105%	135%
Above 6	55%	75%	95%	82.5%	112.5%	142.5%
1.0 Additional Premium FSI (beyond 3.0 FSI)	60%			90%		

From the above, it can be seen that in the lowest case if commercial developments is proposed, premium is as high as 60% and can rise upto a maximum of 142.5%. It is to be noted that as per DCPR 2034, scheme's wherein additional FSI under Reg. 33 is permitted for commercial developments i.e. primarily Reg. 33(13) & 33(19), the maximum premium payable is only 50% of ASR.

In view thereof, to promote & expedite development of 33(5) schemes, it is requested that:

- i. Mumbai Board MHADA to follow BMC policy with respect to installment scheme whilst issuing Offer Letters under Reg. 33(5) as the same is universally followed by all planning authorities in MMR.
- ii. MHADA to allow premium for both Residential and Commercial in lines with Table C1 of Reg. 33(5) as apposed to Resolution No. 6260.

Thanking you,

Yours sincerely,
For CREDAI-MCHI



Domnic Romell
President



Dhaval Ajmera
Hon. Secretary

PS: Contact Person Mr. Sanjay Phope - +91 9619345193