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To,

Smt. Valsa Nair Singh (I.A.S.),
Addl. Chief Secretary,
Housing Department,
Government of Maharashtra,
Mantralaya, Mumbai – 400 032.

11/10/24

लिपिक

अ.स. (नृहनिर्माण) यांचे कार्यालय

Sub: Suggestions / Proposals for the Proposed New Housing Policy for the State of Maharashtra

Respected Madam,

CREDAI-MCHI would like to express our gratitude for giving us an opportunity to meet you on 21st September 2023. We would also like to appreciate you for inviting us for joint meeting with your office and NAREDCO to discuss our proposals on the proposed new housing policy for the state of Maharashtra, on Tuesday 26th September 2023. Construction and Real Estate sectors jointly contributes 13% of the GDP of India and needs to be strengthened and supported to achieve the vision of Housing for all of our respected Prime Minister of India.

The following are our suggestions for your kind consideration while framing the new Housing Policy:

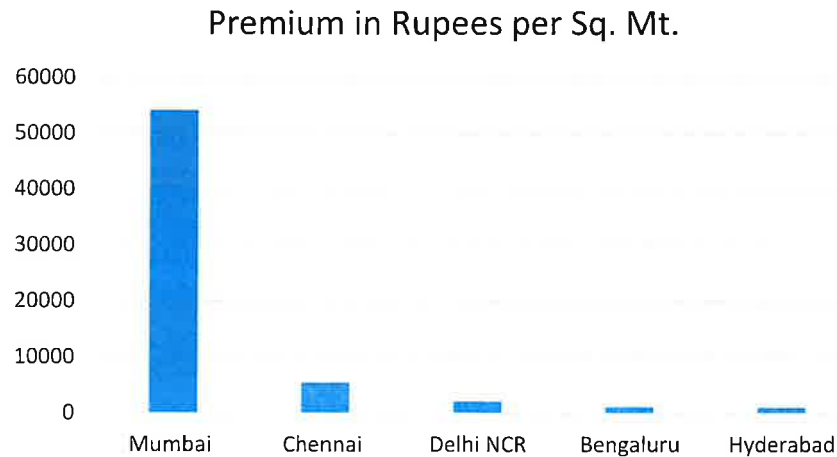
- **Repeal of Maharashtra Ownership of Flats Act, (MOFA)** as MahaRERA is already enacted in the state of Maharashtra.
- **Re-define affordable housing up to 60 sq. mtrs.** In metro cities and 90 sq. mtrs. in non-metro cities. In addition to the above, we also propose an introduction of a separate affordable housing index for metro cities. Once affordable housing is re-defined, the Government can then roll out various schemes / incentives as a part of its PMAY-II / housing policies to incentivize construction of such housing.
- **DCPR Section 33 to be eliminated** & standard FSI format to be introduced based on the abutting road width.
- **Flood line policy** for the state of Maharashtra to be introduced.
- **Rationalization of premium charges especially in BMC needs to be reconsidered.** A detailed report for the same is attached along with for your kind consideration. As of today, **Mumbai developers have to pay Rs. 54221/- per sq. mtrs. as approval/ premium charges compared to Rs. 2166/- per sq. mtrs. in Delhi NCR (3.99% of Mumbai Premiums), Rs. 5466/- per sq. mtrs. in Chennai (10.09% of Mumbai Premiums), Rs. 1145/- per sq. mtrs. in Bengaluru (2.11% of Mumbai Premiums) and Rs. 1071/- in Hyderabad (1.97% of Mumbai Premiums).**

City	Premium in Rupees per Sq. Mtr.
Mumbai	54221
Chennai	5466
Delhi NCR	2166
Bengaluru	1145
Hyderabad	1071

Maharashtra Chamber of Housing Industry

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VASAI VIRAR | ALIBAG | KARJAT-KHALAPUR-KHOPOLI | YOUTH NMR



- **De-criminalization of actions of promoters/developers** in case of site accidents/mishaps
- **Floating FSI to be introduced for aviation and heritage** affected plots.
- **Approval process by all the ULBs should be as per DCPR.**
- **Formulate a Rental Housing/Commercial leasing Policy wherein premium benefits by rationalizing premiums** are provided to attract business and livelihood opportunities. for purely rental projects with rationalized premiums to ensure that Rental Housing/Commercial leasing is promoted, which in turn will attract the livelihood opportunities and will attract talents and youth to the state.

Whilst the above suggestions are purely from the broad vision perspective and for provision of a 10-20 year road map, we would also like to take this opportunity to strengthen the existing processes and development models through our suggestions as stated below;

1. **MHADA:**

- With respect to regulation 33(5), Fungible Compensatory Area without charging premium has been restricted to Redevelopment of Schemes for EWS and LIG category only and to the extent of the rehab entitlement not exceeding 35 sq. mt. **The same should be extended to MIG & HIG Schemes as well.**
- We propose that **no fungible premium / premiums to be charged on the areas handed over to the tenants upto 35 sq. m. or as per the actual usage of entitlement areas.**
- **Floating FSI** – a suitable policy to be framed in consultation with associations like CREDAI-MCHI, NAREDCO, PEATA etc.
- In the premium schemes, **the entire area provided to existing tenants/occupants (entitlement as per DCPR) as mandated by the regulation should be without any premium being recovered** thereon by MHADA.
- Parity between various regulations wherein MHADA is the sanctioning Authority. **Request to make it at par apparent to DCPR 33(24).**
- As **MHADA projects involve construction of Rehab buildings and Sale buildings in Phase wise manner, request to grant of phase wise OC.**
- **Charging of Lease rent to society on Tit Bit Land** by MHADA
- To permit the payment of all **premium / charges / levies / cess etc. to be paid on a 20:80 scheme**, i.e. 20% upon issue of full CC and 80% before OC, in proportion of the OC granted. 8.5% of simple interest as per MCGM policy to be paid. The amount deferred can be secured by lien/mortgage of sale units.

2. BMC:

- **LUC Policy** to be framed
- **PWD -Cost of Construction as per height of the Building**
- **Issue of 50% lapsed IOD to be resolved.**
- Introduction of **Amnesty Scheme for smooth implementation of projects stuck-up on Municipal lands** for payment of premium, fees, charges, etc.
- Suggestion to recover premium only once in case of lift well area in respect to FSI as per NBC norms.
- Suggestion to make **second fire staircase free of FSI without charging premium** as per reg. 48(5)(A)(E)
- MCGM is charging development charges for developed land and existing BUA, which is contrary of 124(A) of MRTP Act. MCGM also levies premium for grant of additional FSI under various provisions of DCPR such as fungible area, additional premium FSI under reg. 33, which is essential development charge u/s 22(m) of MRTP Act. **MCGM shall stop charging development charges on developed land for existing BUA and premium FSI purchased from Govt/MCGM shall be charged at a discount.**
- MCGM charges open space deficiency premium to approve building plans that do not provide open space in accordance with the requirement of DCPR for adequate natural light and ventilation. **As per DCR 1991, MCGM used to charge 10% OSD of the normal rate (2.5%) for premium FSI and TDR. The same is suggested to be continued.**
- It is **suggested to not charge development cess** as it is not permitted under the MRTP Act.

3. SRA:

- **Handful of slum-dwellers derailing entire schemes. Significant delays in vacating sites for slum rehabilitation schemes:**

A key issue in slum rehabilitation schemes is the delay caused by a few uncooperative slum dwellers who refuse to vacate their homes, often using legal loopholes to delay eviction. This stalls the project, increases costs for developers due to prolonged transit rent payments, and renders schemes unviable.

Proposed Solutions:

- **Stricter Enforcement: Apply Regulation 33(10) rigorously, ensuring slum dwellers who refuse to vacate risk losing their right to alternate housing and transit rent.**
- **Expedited Eviction Process: Combine eviction orders with Section 33A proceedings to accelerate evictions and reduce delays.**
- **Revamp Appeals Process: Limit appeals to eligibility and rent-related issues, and ensure faster adjudication.**
- **Increased Government Efficiency: Empower more officials to handle evictions and ensure developers are compensated if delays occur due to non-cooperation.**

- **Parity between all the slums schemes:**

The issue highlights the disparity between the treatment of slums in Dharavi and those in other parts of Mumbai. Currently, under Regulation 33(10)(A) of DCPR 2034, special regulations and benefits apply exclusively to Dharavi's slum rehabilitation scheme. However, all slums and their residents face similar living conditions, and the Slum Act treats all slums equally.

Proposed Solution:

- **Amend regulations to ensure that all concessions, relaxations, and benefits provided for the Dharavi Redevelopment Project under DCPR 2034 are extended to all slum rehabilitation schemes across Mumbai. This would ensure fair and equal treatment for all slum dwellers in the city.**

➤ **Land Acquisition under the Slum Act:**

The issue involves unfair compensation for private land acquisition under the Slum Act, where landowners receive minimal compensation while developers are charged 25% of the land rate as per ASR, leading to a double financial burden. This discourages landowners from allowing acquisition and adds costs to developers.

Proposed Solution:

Amend Section 17 of the Slum Act and Regulation 33(10) of DCPR 2034 to ensure landowners receive fair compensation, equivalent to 25% of the ASR, and eliminate the additional levy on developers after acquisition.

➤ **Annexure II –**

Digitisation of the Annexure-II process should be done. SRA already has the infrastructure in place for the same and implementation needs to be started immediately which will drastically cut down on the timelines for issuance of annexure-II and also avoid multiple allotment of PAA to same slum dweller.

In addition to digitisation, there needs to be a transfer policy for change in ownership of structure after Annexure-II is prepared. There is already a policy in place to recognise transfers before finalisation of annexure-II but there is none for taking into account transfers after Annexure-II. Ground reality is that there is a lag of many years between finalisation of annexure-II and receipt or permanent alternate accommodation and some transfers due to the financial plight of the slum dwellers is inevitable and the same needs to be recognised and regularised on payment of some fees to the Government/SRA.

➤ **Airport Height Restrictions:**

Suggesting adjustments to Floor Space Index (FSI) and Transfer of Development Rights (TDR) policies to tackle the limitations caused by height restrictions near airports.

➤ **Stalled Schemes:**

Recommending joint ventures between large corporations and government-appointed developers to address delayed slum rehabilitation projects.

➤ **Public-Private Partnerships (PPP):**

Encouraging government participation and reducing the financial burdens on developers through adjusted premium schedules and the establishment of a dedicated SRA fund for stalled schemes.

➤ **Change of Developer Fee to be Waived wherein its done for strategic partnerships through instruments like JDA/JV agreements on which stamp duty is discharged:**

The main intent behind the Office Order bearing SRA/CEO/ Office Order/ 9/2015 was to prevent back door entry of developers into a project. There were instances wherein whilst keeping the entity the same, promoters of the scheme were sought to be completely changed through change of partners/share ownership etc. The successful completion of schemes is of utmost priority and wherein strategic partnerships are undertaken with financiers/JV partners/Corporates/Private Equity players through structure means after discharging stamp duty liability on instruments of such partnership, further imposition of 5% change of Developer fee would act as a huge deterrent and should be done away with.

➤ **Procedure for Shifting / reconstruction of existing Religious Structures:**

This process of NOC is a lengthy and tedious process and delays the project. Presently there is a 2009 Home Notification which lays down a lengthy procedure to be followed for construction of new Religious structures. We humbly request that NOC from Home Department and UD shouldn't be insisted for rehabilitation of existing Religious Structures which are within a SR scheme and which need to be shifted/ reconstructed during development of SRA scheme.

Furthermore, the Developers at their discretion should be permitted to provide additional area to Existing Religious Structures while being re-constructed/shifted, by counting the additional area in the Sale component. This is a practical necessity as the trustees of the religious structure need to be incentivized to actively support shifting and rehabilitation of the religious structure.

- **No special consent shall be insisted from commercial tenements or from the slum society whilst proposing permanent alternate accommodation to commercial slum occupants.4.**
- **Demolition Proceedings under 33/38:** Need to streamline and expedite the process for vacating the land and demolition. Presently only 2 Tehsildars are entrusted with the responsibility for carrying out eviction process of non-consenting slum dwellers in the entire city of Mumbai. The number of Tehsildars for conducting hearing for eviction u/s 33 & 38 along with 3(Z)(1) of the slum act should be increased to minimum 10.

Furthermore, the appeal of the eviction order lies with AGRC. AGRC meets every fortnightly and there is a huge backlog created due to the same. There should be a special AGRC committee formed to look into eviction matters which preside everyday so that non consenting slumdwellers are unable to use to overburdened machinery to their advantage to derail an entire SR scheme for months and years.

Clear instructions should be provided to the SRA that mere application to AGRC and high Court/city civil court wouldn't tantamount to automatic stay. Eviction proceedings to be stayed only if there is an express status quo/stay order in the matter by AGRC/City Civil Court/High Court.

- **Handover of Reservations in SRA**
All Reservations within a SRA scheme should be allowed to be handed over to SRA which in turn can subsequently coordinate with MCGM/ Respective Government authorities for handover of the same. Developer's responsibility should end at the stage of handover to SRA.
- **Implementation of Clause 33A of the Slum Act:**
It has been noticed that non-consenting/cooperative slum dwellers make frivolous complaints against the SR scheme and also refuse to vacate their slum structures and use the overburdened machinery during the eviction process to stall a SR schemes for years on end. They do so without any fear as even after trying to derail a SR scheme, they are entitled to receive benefits (PAA) in the same scheme where they are agitating. In light of this the Government had introduced 33A in the slum Act which would act as a deterrent against errant slum dwellers. The SRA should use it judiciously to ensure that errant slum dwellers face some accountability for their actions.
- **Special Mediation Committee to set-up**
A Special Mediation Committee to set-up comprising of;
 - a) SRA officer
 - b) A Prominent Architect
 - c) Developer Member of AssociationWhich would look into administrative complaints, to resolve complaints including mediation for slum dwellers, rival societies, rival builders or generally resolve issues in SRA scheme. As of today, a large chunk of CEO SRA's time is devoted for such issues.
- Consider construction of refuge areas, BUA for parking, STPs etc as part of the Rehab Component. Due to the ever increasing construction area due to requirements as mentioned above, the construction costs of the developers for the rehab component has sky rocketed. The Carpet to construction area in most cases is as high as 1.8 to 2 and presently the Developer is not being compensated for the same through provision of Sale FSI since construction of such ancillary areas which are an integral part of the rehab commitments of the developer is not considered as part of the Rehab Component. With a view to increase the viability of SR schemes, the Rehab Component area needs to be tweaked to include the entire construction area for Rehab including such refuge areas, parking areas, STPs and all other such construction areas undertaken for the Rehab portion.

4. Inclusive Housing:

Methodology of calculating the Construction Cost for Inclusive Housing under UDCPR : There is a disparity between actual construction costs and those calculated using the Annual Schedule of Rates (ASR) for Inclusive Housing (IH) and Social Housing (SH) components under the Urban Development Control and Promotion Regulations (UDCPR) in the Mumbai Metropolitan Region (MMR). Current ASR rates do not reflect the real market conditions, which creates a financial burden on developers. Developers are required to provide essential offsite infrastructure services for affordable housing, but the costs incurred are not adequately reimbursed under the ASR system.

Proposed Solutions:

Cost Calculation Based on DSR: Update the methodology for calculating construction costs using the rates from the Detailed Schedule of Rates (DSR) published by the Public Works Department (PWD), as it better reflects the actual market conditions.

Include Infrastructure Costs: MHADA should consider offsite infrastructure services (e.g., STP, parking, drainage) as part of the built-up area when calculating the cost of construction.

Reimbursement Adjustments: MHADA should fairly compensate developers based on DSR rates and include infrastructure costs to ensure the financial viability of IH and SH components.

On behalf of CREDAI-MCHI, we wish to express our earnest enthusiasm in supporting the initiative of the Housing department of the GoM in its ground-breaking housing policy initiative. We praise the dedication of the GoM to provide holistic housing to the citizens of State of Maharashtra. To ensure that the proposed housing policy effectively and positively impacts the citizens of the state, we request to organize public forums and workshops to engage real estate developers, architects and citizens in this great initiative. CREDAI-MCHI is looking forward to the prospect of collaborating with the GoM in this endeavor.

Thanking you,

Yours sincerely,

For CREDAI-MCHI



Domnic Romell
President



Dhaval Ajmera
Hon. Secretary

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