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Ref. No. MCHI/PRES/24-25/227

Date: 15/01/2025

To
Dr. Bhushan Gagrani (I.A.S.),
Municipal Commissioner,
Brihanmumbai Municipal Corporation,
Fort, Mumbai - 400 0001



Sub: Representation Against the Proposed Increase in OTP Charges for Additional FSI Beyond Zonal Basic FSI in Redevelopment Projects Under DCPR 2034.

Respected sir,

We, at CREDAI-MCHI, representing the real estate development fraternity, write to express our concern regarding the proposed modification in the policy for charging Occupation Transfer Premium (OTP) as per the Estate Department's prevailing guidelines, issued under circular no. 12 of 2020-21 dated 8th January 2021.

The current policy stipulates OTP charges for availing premium FSI under Regulation 30 of DCPR 2034, Transferable Development Rights (TDR) and Fungible Compensatory BUA (FCBUA) under Regulation 31(3), and additional FSI under Regulation 33. These charges are levied at 5% of the Stamp Duty Ready Reckoner (SDRR) rate for Residential users and 10% for Non-Residential users on the Built-Up Area (BUA).

It has come to our attention that the Estate Department is contemplating a significant increase in these OTP charges—doubling the rates to 10% for Residential users and 20% for Non-Residential users.

While we understand the BMC's aim to optimize revenue, this drastic increase will severely impact the financial viability of redevelopment projects, particularly on Municipal Leasehold Plots and Tenanted Plots. The redevelopment of such plots often involves substantial costs, delays, and challenges. This increase in OTP will further burden developers, ultimately hindering the delivery of quality housing, especially in affordable and mid-income segments.

Key Implications of the Proposed Increase:

- Hindrance to Redevelopment Projects:** Many municipal leasehold and tenanted properties are aging structures in dire need of redevelopment. Higher OTP rates will make such projects unviable, delaying the much-needed transformation of these plots.
- Cost Escalation for End-Users:** The financial burden on developers due to increased OTP charges will be indirectly passed on to homebuyers and commercial users, exacerbating housing affordability issues.
- Negative Impact on Housing Supply:** Redevelopment is a key driver for augmenting housing stock in Mumbai. The increased OTP will disincentivize developers from undertaking redevelopment projects, reducing housing supply and affecting the city's urban renewal objectives.

Maharashtra Chamber of Housing Industry

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Our Suggestions:

- 1. Maintain the existing OTP rates of 5% for Residential users and 10% for Non-Residential users to support the financial feasibility of redevelopment projects.**
- 2. Consider phased revisions, if necessary, to provide developers with adequate time to adjust their financial planning.**
- 3. Provide clear and transparent guidelines for OTP charges to avoid ambiguity and ensure smoother implementation of the project.**

We sincerely request your esteemed department to reconsider the proposed increase in OTP rates in light of the potential adverse impacts on redevelopment and urban renewal projects. We remain committed to working collaboratively with the BMC to achieve Mumbai's vision of sustainable development and affordable housing for all.

Thank you for your attention to this matter. We would be happy to discuss this issue further and provide any additional data or insights required.

Yours sincerely,

For **CREDAI-MCHI**



Domnic Romell
President



Dhaval Ajmera
Hon. Secretary