

THANKS TO STATE GOVT., MCGM Premium on Redevelopment Projects Reduced

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The Article was published in the June 2019 Magazine of The Housing Times regarding huge premiums levied on the development / redevelopment premiums which had become a big hurdle for housing societies in getting their buildings redeveloped as the same was mounting to almost

35% of projects cost due to which developer was not keen in taking projects for redevelopment nor the proposals were financially attractive even for taking up self-redevelopment and further the increased cost of premium was directly increasing the cost of house which had gone beyond the capacity of common man in Mumbai. It was clearly brought to notice that in event the matter of increased premium was not taken on priority by authorities & Government of Maharashtra the dilapidated buildings will start collapsing and people may die as their old buildings were not taken up for redevelopment.

The Article which had received good response from housing societies, developers & professionals all across Mumbai city & suburbs as the genuine problem was highlighted to the authorities & Government. The Article was submitted to Hon. Chief Minister of Maharashtra Shri Devendra Fadnavis highlighting the problems faced by housing societies in getting their old buildings redeveloped by Chairman Shri Prakash Darekar & delegation of directors Mumbai District Co-operative Housing Federation when Hon. Chief Minister has assured to look into the issue seriously. The Article was submitted to Joint Registrar for Mumbai Shri Santosh Patil by Mumbai District Co-operative Housing

Federation Chairman Shri Prakash Darekar & delegation of directors. The said Article was also submitted

to Municipal Commissioner Praveensinh Pardeshi by the delegation of Housing Federation under leadership of Chairman Prakash Darekar which was joined by Mumbai Bank Chairman and MLC Pravin Darekar when Municipal Commissioner had assured the matter was been discussed seriously.

Thereafter series of meetings was held by Chief Secretary Ajoy Mehta, Secretary Urban Department, Housing Secretary, Municipal Commissioner with developers, Architects & Association of

Architects & developers where

discussions were held for reducing development charges & premiums, LUC tax, Open space deficiency, interest on installment facility, reducing in land cost in Ready Reckoner and all issues faced by real estate industry.

The issue highlighted by Mumbai District Housing Federation was taken seriously by authorities and Government of Maharashtra on 20th August 2019 issued directions under section 154(1) of M.R.T.P. Act, 1966 for reducing premiums for period of two years. As per the said directions issued to all planning authorities in MCGM area where DCPR-2034 regulations were applicable as per which the rate of premium on Fungible Area was reduced for Residential Development from 50% to 35% and for Commercial Development from 60% to 40% of Land



Premium on Development/Redevelopment projects

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The increase in premium & revenue on development/redevelopment projects has made virtually impossible to take up any projects in Mumbai city & suburbs, under any of the regulations, due to the high premium payable to BMC & Government. As a result the numbers of dilapidated buildings in Mumbai City & Suburbs will rise sharply as there will be no takers for its redevelopment and common man will be forced to stay in it, even after many notices issued by BMC to vacate it, as in Mumbai common man has only one home of his own & can't afford to buy another one due to price increased by huge BMC premiums.

LR / RC	Rates of premium on additional Builtup Area on Percentage of Land rate as per Annual Schedule Rate (<i>Earlier rates are shown in bracket</i>)		
	EWS / LIG	MIG	HIG
0 to 2	20% (Earlier 40%)	45% (Earlier 60%)	60% (Earlier 80%)
2 to 4	23% (Earlier 45%)	49% (Earlier 65%)	64% (Earlier 85%)
4 to 6	25% (Earlier 50%)	53% (Earlier 70%)	68% (Earlier 90%)
Above 6	28% (Earlier 55%)	56% (Earlier 75%)	71% (Earlier 95%)

rate as per ASR (for FSI 1). Also the rate of premium provided for MHADA redevelopment as per DCPR regulations 33(5) Table C1 have also been considerably revised.

LR / RC Rates of premium on additional Builtup Area on Percentage of Land rate as per Annual Schedule Rate (*Earlier rates are shown in bracket*)

Government of Maharashtra also issued directions for not recovering Development cess for period of 2 years for redevelopment proposals to be taken under various sub-regulations of Regulation 33 i.e. regulation 33(3)A, 33(3)B, 33(4), 33(5), 33(7), 33(7)A, 33(8)D, 33(8)(II), 33(9) & all other provisions where Development cess was to be recovered. This Development cess was charged for providing requisite infrastructure for increased population was charged 100% of Development charges on Builtup Area or Rs. 5000 per sq.m. whichever is more for redevelopment under regulation 33(7) and for rest of redevelopment it was charged at rate of 7% of Land rate (ASR).

Municipal Corporation of Greater Mumbai on 17th September 2019 also revised the grant of facility of installments in payment of fees/ premiums / charges / deposits as per which the installment facility was granted for payment of premiums & charges payable to MCGM towards 25% share in additional FSI, 50% share of MCGM in fungible compensatory Area, premium of staircase/Lift/Lobby and premium towards Open Space Deficiency (in case amount is exceeding Rs.50 Lakhs). Further the installment facility has been now extended upto 48 months and in five installments; 1st -10%, 2nd to 5th all 22.5% each Also the interest rate on outstanding amount which was earlier charged at 12% has now been reduced to 8.5% p.a. by Municipal Corporation of Greater Mumbai.

Government of Maharashtra on 13th September 2019 issued directions for boosting Self-redevelopment of buildings to be taken up by housing societies vide which various reliefs granted including increase in area for members, discounts in payment for premiums & open space deficiency charges, one window clearance, relaxation in rates for Govt TDR, wavier from paying Land under Construction Tax (LUC Tax), wavier in stamp duty for members accommodation units and 4% subsidy in interest taken for self-redevelopment.

All these measures taken by Municipal Corporation of Greater Mumbai and Government of Maharashtra will not only boost redevelopment & self-redevelopment projects of Mumbai city & suburbs but also will directly reduce the cost of new flats as cost of premiums was itself accumulating to almost 30% to 35% of total cost. The relief granted is presently only for period of two years which should be continued further and the other charges & premiums like staircase premium and open space deficiency premium which are major heads in total premium should also be considered for reduction in order to make the cost of houses come at affordable limits as reduction in premium will directly reduce the cost of houses for common man and boost the redevelopment activity further to assist the societies in taking up redevelopment or Self-redevelopment of their buildings.

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