

## QUICK BYTE

■ INCENTIVISING IS A GOOD OPTION, WHERE DEVELOPERS WILL BE ENCOURAGED TO BUILD AFFORDABLE HOUSES IN RETURN FOR SOME INCENTIVES

In a bid to promote affordable housing, the Maharashtra government has suggested building 20% of the flats in residential projects for EWS/LIG housing, thus offering a mix of affordable housing in premium residential projects.

"Generally, amalgamation of EWS housing with luxury projects does not go down well with the buyers, although in several states this has to mandatorily be provided in group housing projects. Further, there will be concerns with respect to sharing the common area maintenance costs," says Pranab Datta, Vice-Chairman & Managing Director, Knight Frank India.

Although affordable housing is much needed in Mumbai, insisting on 20% compulsory building of affordable housing on private land owned by builders is unfair to the developers, say industry representatives. "In such a case, incentivising is a good option, where developers will be encouraged to build af-

fordable houses in return for some incentives. Currently the matter is under discussion and Marathon Group has filed for suggestion/objection with the government on the same," says Mayur Shah, MD, Marathon Group.

To most developers, the approach to encourage EWS/LIG housing appears forced considering the limited development options, especially in island city areas. "The plot sizes are usually small except in the cases of mill land or large cluster redevelopment, with constraints of access, utilities, open space and circulation areas," says Manoj John, VP - Corporate Planning & Strategy, RNA Corp. This move would pose challenges to design exclusive buildings meant for EWS/LIG and premium housing with minimal interference, and without compromising on aesthetics, he adds.

While developers are in favour of affordable housing especially in urban areas, they are suggesting that the route taken is not the best one.

"When government asks to set up an industry in a not so industrialised flourishing area, they offer certain incentives. If a similar approach is followed for the real estate sector, there will be exceedingly good results to be seen," says Boman Irani, CMD, Rustomjee. Irani, who has filed for suggestion/objection, hopes that when they get a chance to interact with the government, they will try to bring in a win-win situation for both.

Additionally, a mix of affordable housing with premium properties is not a practical idea, particularly for allotted plots of small size as 2000 sq. m as there may be issues from architectural and engineering feasibility to social issues such as co-existence of people with different income levels and lifestyle within the same complex.

"The amenities in premium projects are high-end and come at a cost, which may be a burden for people living in the affordable units within the same complex.

In extreme cases, this may lead to social clashes. If at all this is to be done, it should be first done on an experimental basis at plot sizes of 10,000 sq. m. and above," suggests Hemant Shah, Chairman, Hubtown Ltd.

However, Om Ahuja, CEO - Residential Services, Jones Lang LaSalle India is of the opinion that there has been a marked dip in premium housing sales in Mumbai over the past two to three quarters, and including a compulsory affordable housing component in such projects is a good means of ensuring there are at least some guaranteed sales. "Despite the subdued sentiments prevailing at the moment, budget housing continues to sell well in Mumbai,"

he says. From a social perspective, this ruling would also ensure that budget home owners in these projects have the benefit of good infrastructure, which is more or less a given in a premium project. Datta adds that it's a positive intention to provide an accommodation to the EWS of people, in the same habitat as that of the middle and upper income groups.

If the proposed rule is made compulsory, developers might have to go for composite buildings with four floors of affordable and 10-12 floors of premium housing. "Here, maintenance will be a cause of worry. Additionally, input costs of developer will go up resulting in cost of real estate going up," adds Mayur Shah.

While the move is a positive one it needs to be reviewed with recommendations from developers too since the current proposal has several discrepancies. Such new policies with discrepancies will only add to the numerous approvals a developer needs to get for construction. "The proposal states that units should be given at construction cost, which is very difficult to monitor and differs from location to location. Instead, we suggest that developers be given additional FSI incentives for such projects. Also we suggest the proposal be applicable to plots more than 5000 sq. meters instead of 2000 sq. meters, this will aid better layout design offering good amenities for buyers," says Shailesh Sanghvi, Director, Sanghvi Group of Companies.

Developers believe that availability of affordable housing within premium properties is not a practical idea, says **ANURADHA RAMAMIRTHAM**

# STRIKE A BALANCE

