

Redevelopment started as a necessity, but is now seen as a means of recreating life

How can Mumbai be rejuvenated — redeveloped and made more livable? This was the question DNA put to major developers on one hand, and welfare associations, on the other. During the conversation, they came up with a slew of major policy suggestions, which if implemented, could ease corruption, allow for a more effective way for old buildings to be redeveloped, reduce property cost and provide Mumbaiers with more living space and better facilities.

The panelists included, in alphabetical order, Dinesh J Kuwadia and Umang D Kuwadia, founder chairman and executive director respectively, Happy Home Projects, Chandresh Mehta, director (operations), Rustomjee, Ramesh S Prabhu, chairman, Maharashtra Societies Welfare Association, Rajendra Sawant, chairman, Nirman group of companies, Nayan Shah, CEO, Mayfair Housing, and Rafique Shaikh, chairman & managing director, Hicons. They were in conversation with RN Bhaskar and spoke about the hurdles in the redevelopment sector and how to help Mumbaiers find a way around them. Excerpts:



Mehta: First let's discuss the need for redevelopment. Mumbai has been growing organically and inorganically. By inorganic, we mean influx of people from outside. Organically, we mean that families are growing. Sons and daughters are growing up. They have their children. Thus, the space available with the family is no longer functional, keeping in mind the requirements of today. Moreover, families are used to a particular location and to a particular locality in terms of social infrastructure and family and friends staying close by. It is difficult for them to uproot themselves from these locations and move to a distant suburb — a Virar, Borivali, Kalyan or Mira-Bhayandar. There is a lot of resistance. They do not want the social fabric torn.

DNA: What was the demand side. What about the supply side?

Mehta: The buildings we are talking about 50-60 years old. They were designed to cater to lifestyles relevant half a century ago. In such buildings, the drainage system is inadequate, as is the power system. In those days, you had no computers, no TV, no washing machines and mixers. So the infrastructure in those buildings is not adequate to cater to changing lifestyles.

Besides, there are constraints in development. Water was not such a big issue then. People used the same water for cooking, drinking and flushing. Now water has become a big issue.

Shaikh: In fact, developers work for a social cause as well. We work with societies that are 40 to 70 years old. Are members of such societies capable of redeveloping their areas themselves? Do they have access to funds? Can they deal with the BMC [Brihanmumbai Municipal Corporation] and such agencies? True, we developers make money. Everybody tries to make some money. But, the condition in which people live is miserable. When we go for redevelopment, we talk of extra area for residents, we talk of a corpus fund so that the interest from this fund can reduce the burden of increased property taxes and other outgoings.

DNA: What are the challenges that you face?

Shaikh: Several. Take the CRZ [coastal regulatory zone]. These are rules which say no construction should be allowed in areas 500 metres from the sea. What happens to buildings more than 50 years old? There are housing societies where neither maintenance dues are paid, nor repairs carried out. What should we do about such buildings?

Then you have the problem of the FSI [floor space index]. While the city has a higher FSI, the suburbs have an FSI of 1. Old buildings offer you two choices. Either redevelop them before they collapse or redevelop them only after they collapse and people die.

D Kuwadia: Let me give you a background. Most of Mumbai's [island-city] buildings are pre-independence constructions. In the mid-1980s, the government thought about redevelopment, because many of the structures were getting dilapidated. At that time, the criterion was redevelopment as a necessity. Thus while revising their development control regulations (DCR) in 1991, the government encouraged redevelopment if it became a necessity, and introduced the concept of TDR [transferable development rights, where a redeveloper of old buildings was granted additional FSI which he could sell to another developer]. This allowed some



Photos: Swapnil Sakhare DNA

buildings to get additional floors over and above the FSI. So redevelopment started as a necessity, but is now seen as a means of recreating your life.

Shah: When we talk of redevelopment [in Mumbai] we have to divide all redevelopment activities into five parts: SRA [slum rehabilitation authority in charge of redevelopment of slums], the island city [from south Mumbai to Mahim and Sion], then extended up to Dahisar and Mulund, then we have the BPT [Bombay Port Trust which has several buildings in urgent need for development. It has huge vacant lands as well], which has thousands of acres. Finally, we have MHADA [Maharashtra housing and area development authority

So, in my view, anyone who is doing redevelopment is involved with one of the five. Can we find a way to make the developers through trade body MCHI [Maharashtra Chamber of Housing Industry] and Ramesh's organisation come together? Because the more the conveyance, the more opportunities we can get.

Prabhu: As regards redevelopment, the area I am focused on is housing societies. Most of them do not maintain their properties. They do not pay their money in time, even when it comes to paying maintenance bills. They think the society has to take care of everything. They do not think of that [community property owned by housing society] as their own. This creates many issues related to maintenance — there are leakages and other problems. The building begins to collapse after 20 years. Then redevelopment becomes the need of the hour. It cannot be wished away.

Then, in 2009, the government made an attempt — it is not foolproof yet. The state's co-operative department came out with a direction that redevelopment must be done according to a set process. That was a major challenge.

Mehta: But the directive is now being challenged.

Prabhu: True. But the directive has kicked in a thinking process — about discipline among society members. How they should take matters forward. The second major challenge is that we have nearly 25,000 registered societies, of which 20,000 are on the verge of redevelopment. Of these, around 15,000 to 16,000 do not have conveyance. That is the first important document required for redevelopment. So the challenge is to help these societies get conveyance.

One problem is that certain people and certain builders are not cooperating. Even if you ignore that, there are other issues. There were cases pending between the builder and the landowner, because of which the societies are being deprived of conveyance. Without a clear title, without encumbrances, they cannot go for redevelopment. The only option is to approach the court. The moment you do that, it takes its own process, which is not less than 6 to 7 years.

So the big question is how to redevelop this. That is where the concept of deemed conveyance comes up. We got the law passed. Now, people have started applying. The authority has been designated. Nearly 55 applications have come in from western Mumbai and 10-12 from the eastern suburbs.

Shah: In fact if the MCHI and your



CHANDRESH MEHTA
director (operations),
Rustomjee

"The buildings we are talking about had been designed for lifestyles relevant half a century ago. In those days, you had no computers, TV, washing machines or mixers. So the infrastructure in those buildings is not adequate to cater to modern gadgets."



RAMESH S PRABHU
chairman,
MSWA

"Of the 25,000 registered societies, 20,000 are on the verge of redevelopment. Of these, 15,000 do not have conveyance. That is the first important document for redevelopment. So the challenge is to help these societies get conveyance."



NAYAN SHAH
CEO,
Mayfair Housing

"If we could open say 10-12 offices in the eastern and western suburbs and tell people that if you have a difficulty, come to one of these offices, where all guidelines will be made available, and that, within a period of time deemed conveyance will be granted."



RAJENDRA SAWANT
chairman,
Nirman Group

"Vertical development looks like the real solution. Mangalore provides 4-7 FSI, while in Hyderabad, there is no concept of FSI. We can provide houses at Rs3,000-4,000 per sq ft here [in the heart of Mumbai, if the FSI norms are changed] with the best of architects and the best of amenities."



UMANG KUWADIA
executive director,
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"When the state wants a document for pre-1985 dwellings, the process of getting it could be time consuming. If such a paper is missing, the state should allow some relaxation in documents required to be produced... It should say that these small omissions can be overlooked."



RAFIQUE SHAIKH
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"Take the CRZ rules, which say no construction should be allowed in areas 500 metres from the sea. What happens to buildings more than 50 years old? There are housing societies where neither maintenance dues are paid, nor repairs done. What do we about such buildings?"



DINESH KUWADIA
founder
chairman, Happy Home Projects

association work together, that could go a long way.

For instance, if we open more offices, say 10-12 offices in the eastern and western suburbs [of Mumbai] and tell people that if you have a difficulty, come to one of these offices, where all guidelines will be made available, and that within a period of time, deemed conveyance will be granted. I am prepared to give offices at two suburbs — Kandivali and Borivali — 500 sq ft offices where an advocate and others can sit and everything can be handled by the deputy registrar concerned.

Prabhu: Yes.

Shaikh: In my opinion, you should say that if a society is 20-30 years old, give the deemed conveyance. What are we waiting for? If the society's condition is such that it

needs redevelopment, why should you wait? You say that 40-50 applications for deemed conveyance have reached you. It is already one year. How many of them have actually got their deemed conveyance?

Shah: What Rafique is trying to say is that currently you have one more law, but where is the implementation?

Mehta: If there is a registered society with adverse possession for more than 12 years, then certain conditions could be waived. If the conveyance is not under challenge, it should be granted. After all, your ownership of property is not being challenged.

Prabhu: The first challenge will still be conveyance, and the second will be the process.

U Kuwadia: When the state wants

a stamped document for dwellings that were pre-1985, the cost of the stamp paper may be negligible, but the unofficial costs could be very high as the process could be time consuming. If such a paper is missing, the state should allow some relaxation in the documents required to be produced. In fact, the state should take a progressive role and say that it wants redevelopment and these small omissions can be overlooked.

Mehta: I have a suggestion. Instead of getting the society to undertake this process of getting deemed conveyance, why don't we make it the other way around. Why doesn't the government say that all 25,000 societies have got conveyance and anybody who has an objection to it can please file your application to the relevant body.

DNA: Yes, that would be quite a sensible approach. Does anybody object to such a proposal?

Prabhu: No, I have no objection. This is a good facilitation process. But what will happen is different. Assuming you have property and you have FSI balance and you are not aware of this. Then, all of a sudden, the entire conveyance is given to you as deemed conveyance. Objections will come up.

DNA: But many builders collude with the BMC to postpone the occupation certificate which is meant to postpone conveyance and thus prevent the formation of a society.

Shaikh: Forget everything. If five years are over, society is registered and the builder is out.

Prabhu: All this sounds good, but try and understand the government's thinking. The revenue department does not want to leave unpaid dues. The other challenge in deemed conveyance in redevelopment is stamp duty. The new rules require all pre-1985 buildings to pay stamp duty on current market value. And the revenue department will ask for payment at the time of granting conveyance.

Shaikh: As a developer, if I am getting the society in my hand, I will be ready to pay everything to the government at current rates of stamp duty. After all, I am also benefiting, so why not work with the society and pay their tax arrears?

Mehta: True. But will this alone solve our problem? The bigger issue for societies and developers is coping with dissent — where an insignificant minority is able to hold the majority at ransom. Legislation is very weak to safeguard developers and the society.

D Kuwadia: One way out would be to grant deemed conveyance, but only for a period of six months within which disputes should be settled. After that, development should continue. Then, only the quantum of amount claimed by those who have raised objections will be decided by the court. But it will not be easy to get a law passed which prevents the government to use its powers of discretion.

DNA: Can we link all redevelopment to improving the city's infrastructure?

Mehta: Yes. Physical and social infrastructure needs to be looked into when you are talking about redeveloping 20,000 societies in Mumbai. We need to redevelop our school, hospitals and colleges. And if the government finds it difficult to do this on its own, the answer lies in outsourcing such development with suitable incentives.

Use the money you collect as development premium for giving additional FSI. Nobody will grudge such money being used for developing infrastructure. In fact, the MCHI is very clear — if you are giving infrastructure, please charge us. Don't give it to us for free. We don't want it free. But if you are taking the money, please ensure that the infrastructure and service is given to us.

DNA: Is it possible to say that redevelopment should not be permitted till infrastructure is in place?

Mehta: No. I don't think it can be made mandatory even if you wish. Already it is late to begin redeveloping the city. If you don't provide housing, if you don't increase your housing stock, instead of having or-

ganised development you will have unorganised development. People are going to live, they are going to use water and power. Instead of doing that in organised structures, they will set up shanties. So if there is an influx, if there is organic and inorganic growth, you cannot just wish it away. You cannot say, don't come in and don't produce children till my infrastructure is ready. This is possible with a new city, not an old city like Mumbai.

U Kuwadia: It can happen only simultaneously or in near future.

Shah: Let me dwell on external and internal challenges redevelopment faces. First take the external challenges.

The first challenge is CRZ. There is a complete ban. Someone has to tell Jairam Ramesh [Union minister for environment] that you are playing with people's lives and careers. The second issue is the 0.33 FSI the government has kept as a norm for the island city. A year ago, the government allowed people to get extra FSI by paying a premium. I believe that this 0.33 needs to be increased to 1. Already by keeping the FSI at 0.33, the government has collected Rs1,400 crore. And it has given a commitment that this money will be used only for Mumbai's infrastructure. Today, thanks to cartelisation, TDR [transferable development rights] have gone up to Rs3,500 a sq ft. When the FSI was 0.33, the TDR was available in the range of Rs1600-1800. MCHI has gone on record before the Supreme Court and the high court that there is a cartelisation.

For the suburbs, the government has kept an FSI of 1 plus 0.85 which comes to 1.85. I believe that for the suburbs the minimum FSI needs to be allowed up to 3 — 1.5 by payment of premium, and the remaining through TDR. I am not saying that it should be 3, but up to 3.

DNA: In fact, in all new cities to be developed in the DMIC [Delhi Mumbai Industrial Corridor] region, like Aurangabad, Dhule, Dighi, the recommended FSI is 4.5

Shah: Hyderabad has unlimited FSI. If you go to far off places — open spaces, you can have 5, 10, 15, 20. The moment you allow more houses and social infrastructure to come up, prices will fall.

Prabhu: Yes.

Shah: Ultimately, price will control everything. Today, unfortunately, because of vested interests, FSI has become a tool for everybody to make money.

Finally, when it comes to slums, there is a middleman, who is the slumlord. Today, nobody in this room has the guts to go to the slum and tell the slum-dwellers that I shall give you transparently 269 sq. ft of dwelling space. I need a slumlord. I need a middleman who has got the consent to Annexure A [a compliance report to the government]. He gets me the space and the schedule of how additional space will be made available.

In fact, do you know where the next Dharavi is coming up? It is in the other MMR regions — five times in proportion. Just look at the satellite images of some of the areas of MMR and you will find that slum dwellers. *Yahan se nikal kar yahan jaa rahe hain* [moving from older slums to newer slums].

To stop this we need to promote rental housing — the MM-RDA scheme. The government needs to take up very seriously the MHADA scheme of joint development. These are the ways you can solve or make a dent in the problem confronting redevelopment and in making housing-for-all a reality.

Sawant: I agree. Vertical development is one major solution. Mangalore provides 4-7 FSI. In Hyderabad, there is no FSI concept, and so is the case in Dubai. We can provide houses at Rs3,000-4,000 per sq ft here [in the heart of Mumbai, if the FSI norms are changed] with the best of architects and the best of amenities.

Shah: If this change happens, supply will increase 3-4 times, and prices will fall by 30-40% at the very minimum.

Mehta: The real money is made by the landowner or the government. We as developers just charge our margin and pass on the other costs.

Shah: We are not asking for any subsidy. All we ask for is for the chief minister to say that by 2011, I want all 25,000 societies in Mumbai to begin the work of redevelopment. I do not want any slum beyond 2000 left behind. And we can even go in for inclusive redevelopment. We can plan for saving water.

D Kuwadia: We also need to encourage more cluster development. It allows for better planning and infrastructure development. The same rules of cluster development that are applicable for the island city need to be put into use in the suburbs as well.

If you have a concept for Conversations, do write to us at r_bhaskar@dnaindia.net