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With the proposed new approval plan, buyers and developers have yet another reason to celebrate this festive season, says NISHA SWAMI

A welcome move

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■ THERE WILL BE A LOT OF CHANGES ONCE THE 90 DAY PROPOSAL IS APPROVED, THE MOST ESSENTIAL BEING THAT COSTS WILL REDUCE AND DEMAND FOR PROPERTY WILL INCREASE TO A GREAT EXTENT

This Diwali brings good news for buyers and developers in the real estate segment. Following a series of suggestions and complaints made by developers and buyers, the State Government along with the BMC (Brihanmumbai Municipal Corporation) has decided to accelerate the extensive process of approval of construction projects in Mumbai.

After the proposal has been submitted by the architect or developer, it should be approved within 90 days or turned down promptly.

Ravi Ahuja, MRICS, Executive Director, Development Services, India, Cushman & Wakefield, says, "After months of uncertainty as to what is the approach the BMC wants to take on project clearances and approvals, the developer community was left in a lurch as they have not been able to finalize their new project plans to sell in the market place. The BMC authorities found it necessary to pause and reconsider the guidelines due to the manner in which approvals and clearances were being sought and given, many a times flouting FSI

and FSI linked construction norms.

"The BMC has now revisited the DCR (Development Control Rules) and after much deliberation, objections and suggestions received by the public and relevant communities by and large, prepared revised proposed guidelines. These have been sent to the Mantralaya for consideration and approval. The process for ratification of the revised guidelines is expected to take about a month or so, post which we are hopeful that on the basis of these, the developers shall submit their plans for approvals. We hope this is not delayed further, as due to the stalling of clearances and approvals, it is impacting the introduction of new supply in the market and causing artificial scarcity, due to which prices are holding firm."

Once the 90 day proposal is approved, there will be a lot of changes, the most essential one being that costs will reduce and demand for property will increase to a great extent.

Joy Sanyal, National Director & Head - Development Initiatives,

Jones Lang LaSalle India, says, "After the 90 day approval process comes into effect, it will revive many projects which have been stalled at the construction stage. There may be an increase of supply over the next three to six months in various micro-markets in the city. It will enhance the transparency and credibility of the development approval process, which is the urgent need of the hour."

There are several approvals and permissions that developers need to clear before giving buyers possession and occupancy of the flats.

Gopal Sharma, GM, Marketing, Gundecha Builders, says, "Currently, 52 approvals are needed which takes nearly one and a half to two years to complete. If it is a high rise building or needs environment or forest clearance, a minimum of three to four years is

quite common."

"This planning will work better with single window clearance because the time taken in moving files from one department to other departments will be eliminated."

If the approval plans go through, it will solve a lot of problems that both buyers and developers are facing today.

Sanyal says, "The difficulties developers are currently facing are extended change of use and change of use, environmental and social impact assessment compliance with fire and other safety-related issues, CRZ issues and so on."

"Buyers also face a lot of difficulties; they cannot avail of home loans and are less secure because completion timelines are not guaranteed."

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A WELCOME MOVE

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If the BMC succeeds in implementing this scheme, both developers and buyers will be benefited to a great extent.

Buyers benefit from this as projects would secure commencement certificates in rational time frames and home loans will be available faster. This will lead to an increase in demand for residential properties, as the system would be more credible, transparent and investment friendly.

Niranjan Hiranandani, MD, Hiranandani Group, says, "Any step to improve the system would be good. It will benefit everyone - the corporation, builders, architects, customers. The cost of land would be much less as the time duration has reduced to a great extent.

Presently, getting a building proposal approved, takes a minimum of 12 months and along with that there are a lot of permissions required as well. These permissions differ from building to building depending on type, size and location."

With the new approval plan in force, developers and architects can save up on a lot of time and can concentrate on the designing and construction of the project. Adding to this, Vivek Nandan, Principal Architect, Vivek Nandan Architects, says, "As an architect, I would design a project according to present day rules and regulations, but after three to four years there are a lot of changes that take place and I would have to start all over again. Now with the 90 day approval, work becomes much easier and I don't need to repeat the whole process."

"The day the developer finalises the deal, he can plan all his project schedules right from the launch date to the completion date. This will dramatically cut down on his project cost and time which would eventually benefit the end user. He would not have to resort to soft launches to generate a cash flow for the project of an unsure time schedule wherein only investors put in money at a slightly lower entry cost compared to the prevalent market rate as the risk is high. With the approvals in 90 days, the developer would prefer to have a final launch at the prevalent market rate wherein the actual buyer would then participate and decide on the purchase of property."

The city requires such clear-cut advances to move forward. Boman Irani, CMD, Rustomjee Group, says, "This is a very positive step and is much needed for the city. It has happened due to technology and simplification of processes. Instability in terms of timelines has increased costs and land costs are also very high. But, now costs will definitely come down once the plans get finalized. Through this the state will get its own infrastructure funds and housing will get its due place in the industry, as it is the second largest after agriculture. It is a total win-win situation and I am looking forward to this; hopefully by January 2012, the new rules will be in place."

Sharma concludes, "As of now it is just a plan and if implemented, which of course will need a lot of procedural changes and simplifying of the system, it will be a great achievement on the part of the BMC. This will also help projects start faster and improve the supply in the market."

