



**GOVERNMENT OF MAHARASHTRA**

**DRAFT**

**STATE HOUSING POLICY**

**1<sup>ST</sup> NOVEMBER 2006**

**HOUSING DEPARTMENT**

## **FOREWORD**

**THE NATIONAL URBAN HOUSING AND HABITAT POLICY - 2005** has declared “**SHELTER FOR ALL**” as the Ultimate Goal. The State of Maharashtra will have to play a pioneering role in trying to achieve this National Policy Objective. Despite the boom in Real Estate and easy availability of finance with low rate of interest, Affordable Housing remains a distant dream for the Economically Weaker Sections (EWS), Low Income Group (LIG) & Middle Income Group (MIG). The need for reforms and liberalisation in the Housing Sector is a major challenge. The Draft Housing Policy is an attempt to start this process of reforms and liberalisation so that affordable housing is created on large scale. The objective is to move from the acute shortage of accommodation towards a surplus situation. This will be possible only if competition is allowed and encouraged. The country has seen the result of competition in various sectors, such as Civil Aviation and Telecom. At the same time, the concerns of the citizens have to be the cornerstone of the entire policy. This draft attempts to balance the concerns of various stakeholders.

2. It is for the first time that the Draft Housing Policy for the entire State of Maharashtra has been formulated. We propose to have total transparency and participation in finalising the New Housing Policy. We would welcome debate and discussion on the draft. Your valuable suggestions would be considered by the Government before finalising the New Housing Policy. This draft has been prepared in a record time of three months. The Task Force under the Chairmanship of Chief Secretary, Dr. D.K. Sankaran and all other members deserves to be complimented for the same. The objective is to enable every citizen to participate in the finalisation of New Housing Policy. I am confident that the new Housing Policy will usher in a new era in the Housing Sector.

**VILASRAO DESHMUKH  
CHIEF MINISTER  
MAHARASHTRA STATE**

## **PREAMBLE**

Shelter is a basic human need, which has become a major challenge in a country, which is fast urbanizing. Maharashtra is one of the most urbanized states in the country. Whereas nationally 27% of the population was in the urban areas, in Maharashtra, the figure was 42% (Census 2001). Housing in urban areas assumes much greater significance, as it relates not only to basic shelter needs but also provides a facility to the citizens to access services and be part of the development process. Housing implies not only construction of bricks and mortar; it includes the supporting infrastructure, access to transport and employment opportunities.

2. With economic liberalization and growth of manufacturing and service sector activities in an around the urban centers, the trend of urbanization is inevitable. The migration from rural areas is however steeper towards metropolitan centers and larger cities which offer greater economic opportunities. This brings tremendous pressure on the cities to augment infrastructure, provide shelters and livelihood to the incoming population. Maharashtra is the most progressive State. The State Government has been pro-active in its pro-poor housing policies and establishing institutions to meet these challenges. The Government has successfully implemented the rural housing schemes such as “Indira Awas Yojana” and “Walmiki Ambedkar Awas Yojana” (WAMBAY), providing quality houses to thousands of rural poor. Its slum policy has provided secured tenure to urban poor; the policy of redevelopment of dilapidated cess buildings has protected the tenorial rights of the occupants living therefor generations.

Through this comprehensive policy document, the Government reaffirms its commitment to promote housing sector reforms and ensure affordable houses to Lower Income Group (LIG) especially the Socially and Economically Weaker Sections (EWS) in urban and rural areas.

## **2. OBJECTIVES**

Objectives of the proposed housing policy are as follows:-

- To facilitate affordable housing in urban and rural areas, create adequate housing stock for Lower Income Group (LIG), Economically Weaker Section (EWS) and shelters for the poorest of the poor on ownership or rental basis.
- To promote sustainable development of urban and rural growth centers and to promote employment opportunities.
- To pursue the target of cities without slums through equitable slum redevelopment and rehabilitation strategy and shelters for the poor.
- To deregulate housing sector and encourage competition and public private partnerships in financing, construction and maintenance of houses for Lower Income Groups (LIG) and Weaker Sections of the society.
- To rationalize development control regulations and streamline approval procedures.

- To promote rental housing through amendments in the Rent Control Act and incentives to different options of rental housing for weaker sections.
- To facilitate the redevelopment and renewal of inner city areas and dilapidated buildings through options of land assembly; conserving heritage structures and places of archeological importance.
- Encourage technology innovation, training and capacity building of the construction workers to enhance their productivity and improve quality of housing stock.
- To create ring fenced infrastructure fund in cities to fund quality infrastructure required for housing and economic growth.
- To conserve ecologically sensitive areas and promote environmentally sustainable cities and townships.

Taking cognizance of the specific problems of metropolitan areas like Mumbai, the objective of the housing policy would be to ensure time bound redevelopment of slums and reconstruction of old and dilapidated buildings on precinct/cluster approach.

### **3. STRATEGIES**

#### **3.1. Needs Assessment and Human Settlement Report.**

In order to pursue the above objectives a human settlement status study of all the key urban and rural centers will be undertaken and resources required to match affordable housing needs would be mobilized.

The study would identify regional and district-wide housing deficit and future projections and would include the study of the carrying capacity in terms of land availability, infrastructure and employment potential .

### **3.2 Land Availability.**

- Provide adequate lands for Low Income Group (LIG)/Economically Weaker Section (EWS) housing within and in proximity of cities, towns and rural areas.
- Inclusionary Zoning provisions for Low Income Group (LIG) housing in private layouts
- Ensure integrated and planned development of peri-urban areas to promote affordable housing.
- Efficient use of land through higher Floor Space Index (FSI) for Low Income Group (LIG) housing
- Disincentivising retention of vacant land in urban areas through capital value based property tax .
- Lands reserved for Public Housing and Housing for Dishoused be developed through Public Private Partnership or non-monitory incentives under the Development Control Regulation (DCR).
- Property value index based Transfer of Development Rights for Low Income Group (LIG)/ Middle Income Group (MIG) in identified zones in Metropolitan Region.
- In the Urban areas, Municipal Corporations/Municipal Councils grants development permission for residential/commercial use. Thereafter, the concerned

owner has to obtain Non Agriculture (N.A) Permission. Thus, the owner has to approach different authorities. This causes considerable delay in permission process. As per Section 45 of the Maharashtra Regional and Town Planning Act, the Municipal Corporation/Municipal Council is required to send copy of the sanctioned building plans to the Collector concerned. In such cases it will not be necessary for the land owner to apply to the Collector separately for Non Agriculture (N.A) permission. Thereafter the Collector can automatically fix and recover amount of Non Agriculture (N.A) assessment based on the plans received from the Municipal Corporation/ Council. In order to streamline the procedure for obtaining development permission, it is proposed to amend the provisions of Maharashtra Land Revenue Code, 1966 that Non Agriculture (N.A) assessment can be leviable from the date of issue of commencement certificate.

- Similarly after the Municipal Corporation/Council grants permission to change one Non Agriculture (N.A) used to another Non Agriculture (N.A) used residential to commercial, industrial to residential, in such cases it will not be necessary for the land owner to apply to the Collector separately. The Collector can automatically revised Non Agriculture (N.A) assessment according to the change in use and recover the amount from the date of change of use granted by the Municipal



Corporation/Municipal Council. It is proposed to amend the provisions of Maharashtra Land Revenue Code, 1966, accordingly.

- In order to decongest Municipal Corporations areas in MMR region and to make available affordable houses to the middle class, it is necessary to encourage Special Township Schemes outside the Municipal Corporation area by raising FSI limit of 0.5 to 1.0 in Urbanisable Zone (U-1 and U-2). It is proposed to carry out appropriate changes in the Development Control Regulations.

### **3.3 Finance/ Subsidy**

- Availability of subsidized serviced Government Land for Low Income Group (LIG) housing and shelters.
- Linking Employment Generation Schemes (EGS) to lower income housing construction in rural and 'C' Class Municipal areas. Public private partnership for housing of migrant labours.
- Committed State financial allocation for Centrally sponsored housing schemes for both rural and urban areas - specially for Scheduled Caste (SC)/Scheduled Tribe (ST) and other socially and economically challenged groups.
- Enabling use of land as collateral security for mortgage finance. Soft loan/ interest subsidy for Low Income Group (LIG) Housing through cooperative sector and other banks. Empowering cooperative institutions for housing finance and construction.

- Levy capital value based Development Charges/ Fee and create a dedicated “Housing and Infrastructure Development Fund” in cities.
- Incentives for Low Income Group (LIG) housing.
- Cross-subsidized Low Income Group (LIG) construction by Maharashtra Housing & Area Development Authority (MHADA)/ City and Industrial Development Corporation (CIDCO)/ Regional Planning Bodies etc through public private partnerships and creation of Real Estate Investment Fund by these institutions for funding housing for weaker sections.

### **3.4 Infrastructure**

- Local Bodies to develop infrastructures like roads, water supply, sanitation and other amenities near the housing sites through development planning process, using Housing and Infrastructure Fund and accessing Government funding support.
- State Government support to Urban Local Bodies (ULBs) for market borrowing for infrastructure development.
- State agencies like Mumbai Metropolitan Region Development Authority (MMRDA), Maharashtra State Road Development Corporation (MSRDC), Maharashtra Jeevan Pradhikaran (MJP), Maharashtra Housing & Area Development Authority (MHADA) and Cities & Industrial Development Corporation (CIDCO) to facilitate infrastructure development through Public – Private Partnerships.

- The private developers should fund and provide necessary infrastructure in case of townships.

### **3.5. Development of Satellite Townships.**

In view of the rapid urbanisation process and growing population in the urban areas of Maharashtra and Mumbai in particular, Government has decided to give importance to providing connectivity and better means of communication to the Satellite Townships. Housing Policy will have to take the above development into consideration. For example, the Mumbai Transharbour Link connecting the Island City of Mumbai to Navi Mumbai will open up the hinterland around Nhava Sheva for development and boost housing and other developmental activities. An exercise will be undertaken to identify such connectivity infrastructure projects and development of Housing will have to be dovetailed accordingly.

## **4. Role of Private Sector.**

The State would facilitate the participation of private sector in:-

- Construction of LIG houses through Inclusionary Zoning.
- Development and maintenance of infrastructure.
- Technical support in City Planning process .
- Technology upgradation and human resource development in housing construction.
- Development of slums and urban renewal.
- Rental housing.

## **5. Planning Reforms.**

- Streamline building approvals through innovative reforms such as self approvals through accredited architects and use of Information Technology.
- Liberalizing Development Controls, promoting efficient use of the land through higher Floor Space Index (FSI) for Low Income Group (LIG) housing, wherever feasible. Improve building designs to prevent amalgamation of Low Income Group (LIG) Houses by Higher Income Group (HIG).
- Sales Purchase transactions should be in terms of Carpet Area
- Development Control Rules (DCR) should be standardized for different categories of cities
- Housing settlement report to suggest integrated development of new Growth Centers in rural areas, and Small and Medium Towns
- Incentives and regulatory mechanism for Conservation of Heritage structures & precincts, and protection of ecologically sensitive areas.

## **6. Rental Housing**

- Amendment to the Rent Control Act
- Strengthening the foreclosure laws for rental housing finance.
- Incentivising Low Income Group (LIG) rental housing through higher Floor Space Index (FSI) and fiscal incentives in Property Tax, cess and duties

- Public- private partnership to develop and maintain transit shelters through grant of Government land at concessional rates, higher Floor Space Index (FSI) and supporting infrastructure.

## **7. SPECIFIC HOUSING SECTORS.**

### **7.1. Rural Housing**

- Demand assessment in Rural Growth Center Villages and Taluka Towns through human settlement study.
- Rural housing, transit shelter and infrastructure development under Rajiv Gandhi Nivara Scheme and Employment Guarantee Scheme.
- Integrated development of Growth Centers.

### **7.2. Slums**

- Resettlement of slums located on infrastructure land and vital public projects.
- In-situ redevelopment of slum through a menu of options. Incentivising redevelopment on cluster or township basis.
- Security of tenure to be the basis of all rehabilitation/redevelopment options. Government land after redevelopment to cooperatives on occupancy or leasehold basis.
- The slum dwellers cooperative societies opting for redevelopment in partnership with accredited Non Government Organisations (NGOs) should be permitted to

raise finance for housing by land tenure as collateral as a condition in the tenure

- Redevelopment of Slums on the lands belonging to Public Authorities by the designated public authority through transparent competitive bidding of the Development Rights. The surplus Floor Space Index (FSI) if any, to be used for Low Income Group (LIG) housing. Premium received to be invested in infrastructure through the mechanism of infrastructure fund.
- Improved transparency in identification of beneficiaries for all slum improvement and development schemes
- Credit Rating of Developers and Non Government Organisations (NGOs) through rating agencies like CRISIL or ICRA.
- The State will introduce a third party audit of the Slum Rehabilitation/Redevelopment Scheme to ensure greater transparency and accountability .

### **7.3. INTEGRATED, HOLISTIC AND COMPREHENSIVE SLUM REHABILITATION STRATEGY (DHARAVI MODEL)**

For slum areas above 40 hectares Rehabilitation of Slum Areas on a sustainable basis through comprehensive approach on the lines of Dharavi Redevelopment Project to achieve economic upliftment and empowerment of slum dwellers by upgrading health standards, income levels and knowledge together with addressing employment environmental/socio-economic issues in an integrated, holistic manner. This strategy envisages achievement of above objectives by

extending incentives in public-private partnership projects and Special Development Control Regulations of Dharavi Model are proposed to be made applicable to such projects.

#### **7.4. Construction of MIG Houses.**

It has become very essential also to address the acute accommodation problem being faced by the middle class in urban areas. Their dream and desire is to own a small tenements typically 450 or 500 sq. ft. with one bed room, kitchen, drawing room and attached toilet facilities. It is proposed to incentivise construction of such tenements through mandatory zoning provisions as well as grant of higher Floor Space Index (FSI).

#### **7.5. Urban Renewal Schemes.**

Government will play proactive role in:-

- Incentivising redevelopment of old and dilapidated buildings through cluster approach .
- Incentivising land assembly for precinct based comprehensive development of core city areas and old gaothans.
- Phasing out Government's role in maintenance and reconstruction and facilitate market oriented redevelopment strategy.

### **8. Redevelopment of BDD Chawls and Old Colonies.**

The BDD Chawls were constructed more than 90 years ago and consist of 160 Sq. Ft. tenements. It is proposed to undertake a total redevelopment of such old colonies, so that the present occupants can be provided better housing and the permissible Floor Space Index (FSI) can be optimally utilised.

## **9. Legal and Regulatory Reforms.**

- Repeal of Urban Land(Ceiling & Regulation)Act, 1976
- Amendment to Rent Control Act to promote rental housing, ensuring economic returns and provide fast track adjudication system.
- Streamlining building approval procedures including self approvals through accredited architects.
- Suitable amendments in Municipal Act and MRTP Act to promote housing activities and infrastructure development – reviewing the base of levying Development Charges and Property Taxes.
- Stringent law for curbing encroachment on public land.

## **10. Housing Technology.**

- Technology development to reduce cost of housing and promote durable housing.
- To promote eco-housing, low energy consuming construction techniques and materials.
- Encourage the use of precast and prefabricated building material for speedy and cost effective construction of mass housing.
- Enforcement of the National Building Code and earthquake resistant construction guidelines.

## **11. Institutional Framework.**

- Housing Department to coordinate policy reforms along with Urban Development Department.



- Urban Local Bodies (ULBs) supported by State agencies to be responsible for enabling infrastructure development and Low Income Group (LIG) housing through Development Planning process and creation of Ring Fenced Development Funds.
- Slum Rehabilitation Authority (SRA) to be the planning authority and nodal agency for slum redevelopment.
- Regional Planning Authorities to help in identifying suitable land for housing.
- The Revenue and Forest Department at the State level and Collectors at the District level to identify and acquire and allot land for housing.
- Zilla Parishads and Village Panchayats to plan and implement rural housing with the support of District collectors, DRDA and District Planning Committees.

## **12. Capacity Building.**

- Realigning and revitalization of the various institutions related to housing to keep pace with the growth and execution potential of the housing sector.
- Applying IT and Financial management principles to the housing programmes.
- Organising framing and capacity building programme for managers and workers in housing construction to upgrade technology; and skills to enhance productivity and quality of construction.

### **13. Consultative Approach.**

In order to ensure total transparency in the planning and implementation of the new Housing Policy, proposed consequential changes to be carried out in the existing rules and regulations shall be published as a draft providing an opportunity for public debate. Only after giving adequate opportunity for all stake holders to express their concerns, would the proposed changes be given final shape.

### **14. Housing Sector Regulatory Commission.**

Government shall examine setting up of a Housing Sector Regulatory Commission to safeguard the interest of various stake holders. It will be an independent statutory body and will have jurisdiction over the entire State of Maharashtra. Eminent persons of highest reputation and knowledge of the Housing Sector would be appointed as Chairman/Members of this Commission.

### **15. Encourage Foreign Direct Investment (FDI) in Housing Sector.**

As part of economic reforms and liberalization, Government of India has recently permitted Foreign Director Investment(FDI) in the Housing Sector. It is proposed to create enabling environment, which will encourage Foreign Direct Investment (FDI) in our State either through local partners or even directly. It is expected that Foreign Direct Investment (FDI). into Housing Sector will bring home the experience and advantages of modern housing technology from different parts of the world.

## Roadmap

- Setting up of a Housing Sector Regulatory Commission - 1 year.
- Human Settlement Status Report – 6 months.
- Policy Reforms - 1 year.
- Construction of 2 lakh rural houses – 3 years.
- Construction of five lakh Low Income Group (LIG) Houses in Urban Areas- 3 years.
- Special Programme for Middle Income Group (MIG) Houses - 3 years.
- Construction of at least one transit shelter in each of Class I cities – 3 years.
- Rehabilitation of 25 % eligible slum dwellers – 3 years.
- Reconstruction of 25% old and dilapidated cess buildings - 3 years
- Encourage Foreign Direct Investment (FDI) into Housing - 3 years.
- Concerned agencies to be responsible for the implementation of the road map.

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Note : Suggestions, if any, are to be addressed to the Principal Secretary, Housing Department before 31<sup>st</sup> December, 2006 on the following address--

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