

cut out and keep

take five

unlocking land

- 1 To regularise unauthorised colonies:** As per the MPD, the government's redevelopment efforts are meant for unauthorised colonies
- 2 Impact areas with large land parcels:** Redevelopment, however, is more likely to happen in areas where large contiguous plots are available
- 3 Cluster block approach:** This allows existing plot owners to pool their properties to arrive at the magic number of 3000 sq m
- 4 Incentivised redevelopment:** To incentivise, a maximum FAR of 50 per cent over and above the existing permissible FAR on individual plots will be allowed
- 5 Not to be allowed:** Higher FAR shall not be permissible for redevelopment of Lutyens Bungalow Zone, Civil Lines and monument regulated zone

Hidden potential

Consolidating and redeveloping land parcels can generate additional real estate supply in Delhi, if the Master Plan is implemented properly, says **Vandana Ramnani**



ILLUSTRATION: ABHIMANYU SINHA

Sagar Sethi and his wife Mridula, both 62, live in a 750 sq m bungalow in South Delhi. Both their children are settled abroad. They have contemplated selling their house to a developer and shifting to the suburbs but fear they may have problems settling down in a new environment at their age. Naresh Mehta and his wife, both also in their sixties, face a similar problem. They live in Patel Nagar in West Delhi.

and redevelop them into apartments with better amenities and greater FAR. Both the Sethis and the Mehtas can perhaps think of unlocking the "hidden wealth" and milk their residential assets adequately by making optimal use of the redevelopment guidelines as mentioned in the MPD. For the uninitiated, the MPD has provisions to encourage redevelopment through private participation — to redevelop either single units or through amalgamation. It also calls for voluntary participative development in the rural areas. The cluster block approach allows existing plot owners to pool in their properties to arrive at the magic number of 3000

sq m, the minimum requirement as far as the size of the plot is concerned. Likewise, for tapping into the land in the villages, unauthorised colonies and resettlement colonies, the MPD envisages a policy for 2000 sq m. Ajay Dabas of Certes Realty avers, "not only is there an obligation to deliver a better quality of life to the existing colonies and villages, the land assets here can deliver the much-needed affordable homes to Delhi."

This can be reorganised so as to provide a minimum 30 per cent area as common green/soft parking besides circulation areas and common facilities, the MPD says. The Master Plan also seeks to incentivise the redevelopment process. "To incentivise and redevelop, a maximum overall FAR of 50 per cent over and above the existing permissible FAR on individual plots will be allowed — subject to a maximum of 400. Higher FAR shall not be permissible

in redevelopment of Lutyens bungalow zone, Civil Lines bungalows areas and monument regulated zone," it says. Ruchika Bhardwaj of *Delhi-masterplan.com* urges a visit to the recently notified plan of Zone 'N', which gives details of the size, magnitude and intent of the MPD redevelopment opportunity. She adds that "the beneficiary would be the end-user who would get products at the ideal price points, while the developer would benefit from

faster cash flows. The land owner derives capital appreciation of his land assets." Overall, a win-win situation for all. As per the scheme, redevelopment and renewal is to be identified on the basis of the presence of physical features such as the Metro, roads, drains, high-tension lines and control zones such as monuments and heritage areas. In short, this means

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RENT AND CAPITAL RATES		
SOUTH DELHI (RESIDENTIAL)		
Location	Rental (per sq ft*)	Capital (per sq ft*)
Alaknanda	16-18	9,000-11,000
CR Park	20-22	12,500-18,000
Defence Colony	51-65	27,000 - 35,000
East of Kailash	21 - 26	16,000 - 21,000
Greater Kailash	31 - 35	20,000 - 27,000
Kalkaji	20 - 26	10,000 - 12,000
Lajpat Nagar	22 -30	9,000 - 12,000
Malviya Nagar	17 - 20	7,700 - 9,000
New Friends Colony	34 - 39	19,000 - 25,000

* THE RATES, IN RUPEES, ARE INDICATIVE ONLY SOURCE: Makaan.com

Hidden potential

that there should be adequate provision of infrastructure and the area to be redeveloped should not be located close to a heritage site.

What this translates to is that if four families together have 3000 sq m for redevelopment of their plots into multi-storey apartments with better amenities, they will be permitted 50 per cent extra FAR. So, if the current FAR is 1.2, they may be allowed 1.8 under the new norms. Height will vary according to the area where redevelopment takes place.

As per the Master Plan, the government's redevelopment efforts are targeted at unauthorised, resettlement and rehabilitation colonies but are more likely to happen in areas where large contiguous plots are available, places which may allow for easy aggregation of 3000 sq m land parcels.

According to A K Jain, former DDA Planning Commissioner, this incentivised redevelopment scheme is applicable for unauthorised colonies, pre-independence colonies, rehabilitation colonies and even resettlement colonies such as Kidwai Nagar, Patel Nagar etc. Redevelopment will generate about 40 per cent housing supply, which is 10 lakh dwelling units.

"While the government's intentions may have been focused on a different area, redevelopment is likely to happen in areas where larger contiguous plots are available, such as Vasant Vihar, Friends Colony, Jorbagh etc. In areas established after partition, where 200-300 sq m plots are available, it may be difficult to collect 10-12 plots," points out Ankur Srivastava, chairman, GenReal Property Advisers Private Limited.

The Master Plan encourages redevelopment and redensification due to the ever increasing population in Delhi. It is estimated that

there are more than 60,000 families migrating to Delhi every year, thereby putting pressure on creating more homes. The density of people is low in some areas and more in others. For example, in Kishangarh and Chattarpur, there may be 10 people for 2.5 acres while in Uttam Nagar and Najafgarh, there may be 10,000 people in the same area

Also, this may not be an easy task. A lot of work will have to be done for approvals and not everybody will be able to pull it off. Its success will depend on not only consolidation abilities but also providing adequate infrastructure.

"It's not enough for five people to apply for a collective license by pooling their assets. The intent behind the redevelopment scheme and incentives offered therein is to be able to enhance the usage of Delhi's developed areas without creating or compromising on their infrastructure availability," Jain says.

Besides, the redevelopment projects that one may have seen in the existing areas are not incentivised redevelopment. It is redevelopment of sorts where local builders have reused the plot and built low-rise apartments under the same FSI.

In their case, consolidation of plots may or may not be involved. Under the new Master Plan, one will end up getting 50 per cent additional FAR and some commercial and community usage as incentives for redevelopment.

Effect on prices

Such redevelopment may add more supply in the main city and have a huge impact on pricing in the NCR. It may lead to stabilisation and even correction in residential prices in the NCR, points out Amit Kaicker of international realty consultants Jones Lang La Salle Meghraj

(JLLM).

The challenge

While on paper the MPD stipulates a possibility of redevelopment, the operational modalities have no precedent. How the process flows is a bit of a grey area. While an academic framework exists, the practical implementation needs hand-holding by civic authorities to be able to achieve the desired outcome as envisioned in the MPD.

The way forward

If implemented well, redevelopment could lead to a situation wherein private cooperative housing societies could get together to redevelop their flats. These societies could end up getting brand new amenities at absolutely no cost, the extra apartments created could be used to pay for the redevelopment. This is already happening in Mumbai where builders are finding it cheaper to raze old buildings and construct new units. Besides, that is cheaper than buying new land from the government.

According to Amit Bhatt, a town planner, many countries have FAR in double digits. Delhi's FAR has all along been seen to be project-oriented. One needs to have a long-term vision of how one is going to accommodate the future urban mass and that approach is different from the current project approach being followed.

Hong Kong, for instance, follows what is known as the Value Capture Proposition, as per which some land parcels along the metro are sold when prices go up after the metro is functional.

"Money recovered from the sale of these plots helps in funding the entire metro construction and there is no subsidy burden," points out Bhatt.

"If supply has to follow demand, the Delhi redevelopment model envisaged under the MPD is the way to go," adds Bhardwaj.