DCPR 2034

Unleashing MUMBAI'S Economic Potential

A comparative study of Development Control Regulations 1991 and 2034 in Mumbai

INTRODUCTION

Real estate plays a crucial role in Mumbai's economy and the government has been making concerted efforts to ensure that the sector functions efficiently and in a transparent manner in the city. With the launch of the Revised Draft Development Plan (RDDP) 2034 in May 2018, the state government laid down its vision for the city's growth over the next two decades. Suggestions were taken from various stakeholders, including the public, while formulating the plan. The Development Control and Promotional Regulations (DCPR) 2034, which came into effect in September 2018, is based on the provisions of the RDDP.

In order to revitalise Mumbai's economic potential, there is a need to give a concerted push to new development while also seeking to redevelop private housing societies, cessed buildings, slums & MHADA colonies. Land in Mumbai remains a scarce commodity and thus redevelopment is crucial for the city's future. Hence, a policy framework is needed to promote redevelopment in a sustainable way and bring about meaningful change on ground. The newly framed development plan (DP) emphasises sustainable development by striking a balance between the city's economic growth, protecting the environment and ensuring social justice for its citizens. It envisions a faster pace of growth for Mumbai, an improved living environment and enhanced provisions of equitable livelihood and physical and social infrastructure. The DP makes all the right noises, but implementation of some of the objectives may be challenging.

Development Plan 2034
Vision document and spatial framework

+

DCPR 2034
Legal Provisions for manifestation of DP

While RDDP 2034 sets out the spatial framework of the city for delivery of sustainable development and enhanced quality of life for all its citizen, DCPR 2034 lays out the legal provisions guiding the framework. Hence DCPR 2034 is read in conjunction with RDDP 2034.

DCPR is a crucial policy document as this plan will govern and regulate the construction activity up to 2034 and it can alter the growth trajectory of Mumbai provided it is implemented properly. The DCPR 2034 encompasses a vast universe: in this report we have analysed and evaluated the key points of the plan. There are some interesting aspects as well as few shortcomings that need to be looked at.

GENERAL APPLICABILITY

The DCPR 2034 :

1. **Came into effect from 1st September 2018 with some provisions notified later on 13th November 2018.**

2. **Will govern all the building development activity and development work in the entire jurisdiction of Municipal Corporation of Greater Mumbai (MCGM) for the next two decades.**

3. **Will cover new redevelopment projects that are yet to obtain IOD/CC. Partially completed projects, which were started before the DCPR 2034 came into effect, may be continued as per old regulations. However, if the owner/developer seeks further development permissions, then the DCPR 2034 provisions shall apply to the balance portion of the development. The development potential of the entire plot shall**

For a smooth transition to the new regime, the state government has also introduced the Transitional Policy (Circular T-5), that deals with the applicability of DCPR 2034 for ongoing projects.

Specifically, for plots designated under accommodation-reservation and admeasuring 4,000 sqm and above, which must provide for amenities, but on account of planning and any other constraints are incapable for providing the required amenities space, some options have been proposed for the project developer/proponent. These are listed as below:

a. **If amenities space provision is up to 200 sqm – In case of non-provision, payment of premium at 100% of ASR of developed land as per required area provisioning for amenities**

b. **If amenities space provision works out to be 200 sqm or higher –**

Option 1: Provide built-up amenities equivalent to 100% of Zonal Basic FSI of amenities space at ground or 1st/2nd floor with separate access.

Option 2: Provide built-up amenities equivalent to 50% of Zonal Basic FSI of amenities space at Ground or 1st/2nd floor with separate access and reimburse the value of remaining 50% space to MCGM.

Option 3: Pay the premium at 100% of ASR of developed land for not providing any amenities space.

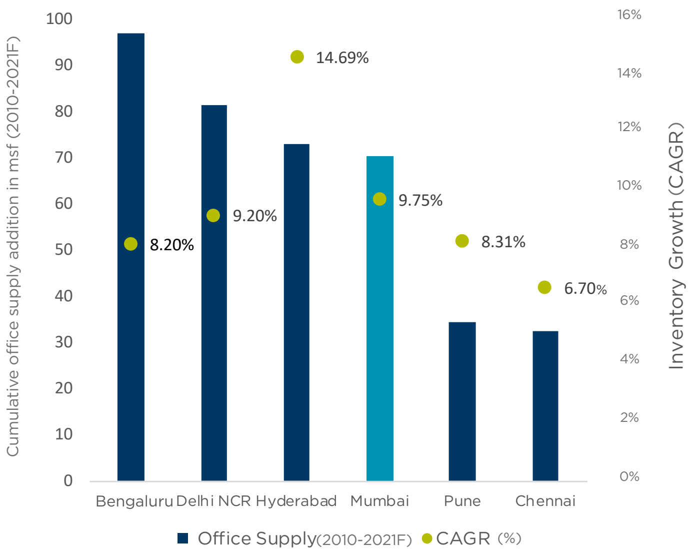
The project developer/proponent had to be in compliance with the Transitional Policy by 31st December, 2019.

DP Goal 1 - Maintaining Mumbai's economic primacy

WHAT

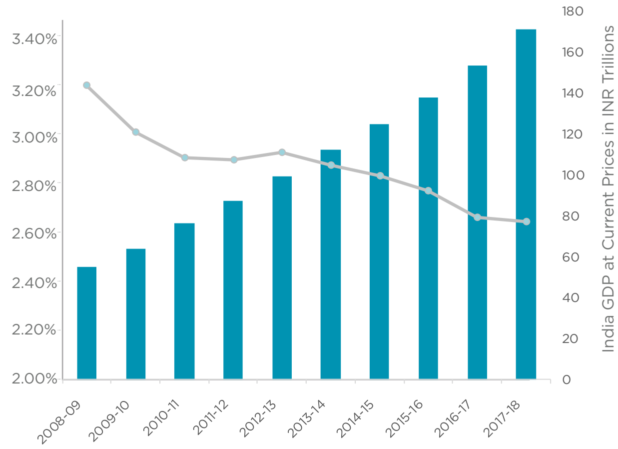
One of the main goals of Mumbai's development plan is to maintain Mumbai's economic primacy, not just in Maharashtra but across India. In recent years, the city has been losing ground to cities such as Bengaluru and Hyderabad in terms of new office space creation.

Office space supply addition in the Top 6 cities



Source: Cushman & Wakefield Research

Mumbai's Share in India's GDP



Source: RBI Database

WHY

To accommodate future employment needs and offer competitive rentals to corporates, the city needs to create more office space.

HOW

DCPR 2034 has proposed several approaches to create room in the space-constrained commercial sector, particularly in key city locations.

1. Increasing the permissible Floor Space Index (FSI)
2. Through re-development of cotton textile mill lands
3. Through conversion of industrial plot
4. Additional FSI for IT/ITeS, Smart Fin-Tech centres and Biotechnology centres

RDDP ESTIMATES

0.5:19.5:80
Projected Sectoral share of Primary-Secondary-Tertiary Economic activity by 2034

8 Mn
Estimated total workforce participation in by 2034

12.5 Sqm
Per Capita Office space consumption - assumed

10,000 Ha.
Estimated total office space requirement by 2034

Source: RDDP 2034

MARKET FACTS

1:31:68
Sectoral share of Primary-Secondary-Tertiary Economic activity as of 2019

5.2 Mn
Workforce participation as of 2019

7.5 – 8.5 Sqm
Per Capita office space consumption – market standard

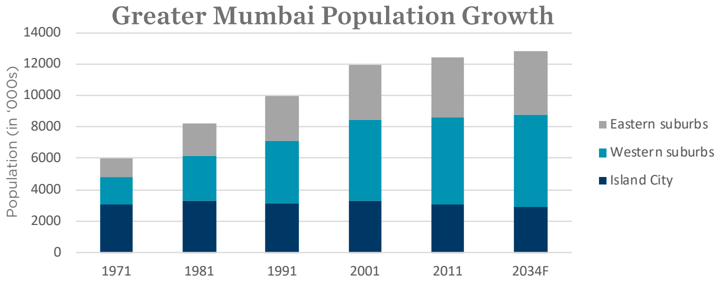
1304 Ha.
Office space inventory as of 2019. (Excluding office space occupied in residential apartment)

Source: Cushman & Wakefield Research

DP Goal 2 - Slum free Mumbai and Housing for All

WHAT

Shortage of affordable housing is persistent in Mumbai and the demand-supply gap is consistently growing despite several policy interventions by both central and state governments. Specifically, the housing gap for the Economically Weaker Section (EWS) and Low Income Group (LIG) population is enormous and that has led to the creation of slum clusters in prime areas within Mumbai.



Source:District Census Handbook - Mumbai & Mumbai Suburbs from 1971 to 2011

WHY

To accomodate future housing needs and offer a better dwelling experience to the slum and residents, the city needs to create adequate affordable housing stock.

HOW

DCPR 2034 has proposed several new approaches to create affordable housing stock through partnership such as:

1. Inclusionary Housing Policy
2. RDDP Affordable Housing Scheme on Special Development Zones (SDZ)
3. Reserved Affordable Housing Plots

RDDP ESTIMATES	MARKET FACTS
11.40 Million Estimated Population by 2034. comprising of 2.85M households	**12.96 Million** Estimated Population as of 2019, comprising of 2.94M households
4.0 Average household size in Mumbai to decline from 4.4 to 4.0 by 2034	**41.3%** City population residing in slum or slum like condition
1.1 Million Target to built 1.1M Affordable Housing Units in MMR by 2034, out of which 790,000 targeted in GM	**1.2 Million** Shortage of Affordable Housing units in Greater Mumbai as of 2019
26,000 Ha. Total area required for housing by 2034	**10,327 Ha.** Area under formal residential land-use as of 2012
Source:RDDP 2034	Source: Census of India 2011, Existing Land Use 2012

DP Goal 3 - Endow city with enhanced environment and quality of life

WHAT

The city of Mumbai has a huge deficit of public open spaces and amenities. The only planned and maintained public open spaces are the ones that came up during the colonial rule, while the city administration has paid little attention in this direction in the post-independence period. This has resulted in degraded standards of per capita public space availability.

Implementation of the previous Development Plan fell far short of the proposed volume of amenities. It is also tough to acquire land for amenities through monetary compensation in a high priced location such as Mumbai as this leaves very little fiscal room for constructing and operating them.

1/3rd of DP 1991 implemented

Mainly from Road development and Non-Agriculture land conversion

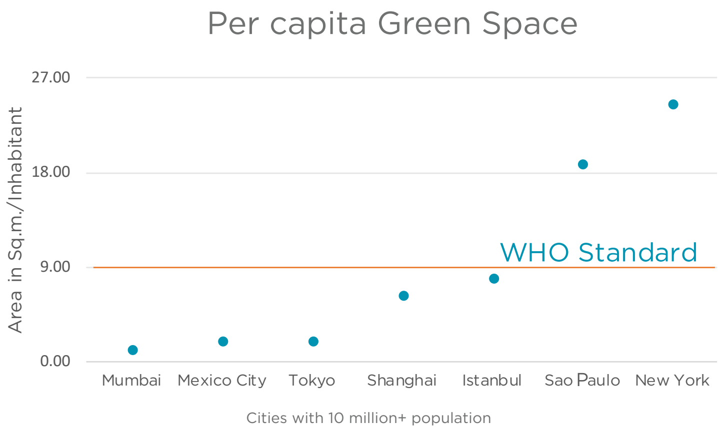
Source: RDDP 2034

7834 Ha.

Area required for educational, healthcare social space and public open space by 2034

WHY

To accommodate the future needs of socio-physical infrastructure and offer better quality of life, it is imperative for the city to have more public open spaces and amenities.



Source: Cushman & Wakefield Research

HOW

DCPR 2034 has proposed several new approaches to create public open spaces and amenities through partnership such as:

1. **Accommodation-Reservation Policy**
2. **Compensatory TDR for road widening**
3. **Mandatory contribution from re-development of larger plots for public purpose land**

KEY ELEMENTS OF DCPR 2034

FSI Norms - Is bigger also better?

FSI COMPUTATION ON GROSS PLOT AREA

DCPR 2034 computes FSI on gross plot area excluding road widening reservation (*Regulation 16*), but includes area demarcated for recreation ground, amenities open space (*Regulation 14A*) and reservation (*Regulation 17*). Premium FSI and TDR will also be loaded on the same, provided owner surrenders land for road widening and amenities to MCGM free of cost. Additional Transferable Development Rights (TDR) will be granted over and above the permissible use for the same.

FSI REGIME: BASE + PREMIUM FSI + TDR

There is a new FSI regime in place with three components, Zonal Basic FSI, on payment of premium (Premium FSI) and Transferable Development Rights (TDR) (*Regulation 30 & 32*), adding up to the total permissible FSI. Premium FSI is a revenue generation tool for MCGM and state government with TDR playing the same role for private land owners. In addition to the above, 35% fungible FSI is granted on payment of a premium.

Additional incentive FSI will be granted over and above permissible use under special policies to generate public open space (*Regulation 14*).

Rational pricing of premium FSI is likely to give a leg up to development with the potential to also factor in price rationalisation along with increasing the floor space per capita in the residential sector.

MAXIMUM PERMISSIBLE FSI LINKED TO ROAD WIDTH

In a move to decongest the city and ensure smooth mobility, DCPR links the permissible FSI with the road width. The Zonal Basic FSI has been kept unchanged across the city but Premium and TDR are admissible depending on the road width varying from 9m to 30m.

This provision will limit the population accessing narrow lanes, thus restricting pedestrian and vehicular traffic along with utility load on such roads. At the same time, the DCPR is pushing private land owners to surrender area for road widening and avail the benefit of higher permissible FSI. This shall promote smooth mobility, better connectivity and utility provisioning.

LOADING OF TDR & PREMIUM FSI ALLOWED IN ISLAND CITY

The loading of TDR and premium FSI in the island city has been allowed, provided the plot is served by road width of more than 9m. This makes the Island City micro-market lucrative for redevelopment of old dilapidated buildings which are in dire need of an upgrade along with creating adequate accessibility and public amenities. Restrictions due to heritage precinct and coastal zone regulations prevent utilization of Zonal Basic FSI.

Thus, TDR generation will continue from the Island City and at the same time, larger plots on wider roads will benefit from the TDR loading. Further, DCPR proposes that 50-80% of TDR should come from the non-slum source. This is likely to create demand for TDR generated from reservation plots and area surrendered for road widening.

PROVISION OF INCENTIVE FSI FOR ROAD WIDENING AND FACILITATING AREA FOR INFRASTRUCTURE PROJECTS

The city has reached a saturation point with limited room for road widening or upgrading road side public utilities. Also, the conventional way of acquiring land is not viable due to high land prices. The DCPR provides encouragement to private land owners by granting additional TDR in lieu of handing over a portion of the plot area for road widening and public utilities. DCPR grants a TDR of 2.5 and 2 times the area surrendered for road widening in the Island City and Suburbs, respectively. Coupled with the policy of permissible FSI limit governed by road width, this provision is expected to result in a greater quantum of land acquisition for widening of roads and provision of other amenities.

Reducing redevelopment pains and limiting the buffer zone

REDUCING CONSENT CLAUSE FOR RE-DEVELOPMENT OF PROPERTY

DCPR has reduced the consent criteria for re-development of private housing societies and buildings under the Maharashtra Housing and Area Development Authority (MHADA):

70% members' consent – for private co-operative housing societies

51% members' consent – for land owned by public authority/MHADA

The amendment has been introduced with the aim to speed up the process but is unlikely to be effective, as a higher proportion of unconvinced members may increase the risk of litigation, which shall prove to be more time-consuming. It is an important decision to undergo redevelopment and to hand over the house to a private developer for development. The final decision can be swayed in any direction with just a few members in case of a small housing society. Therein, lies the potential of conflict, if some members withdraw their consent midway.

NEW DEFINITION OF NO DEVELOPMENT ZONE (NDZ)

RDDP defines No Development Zone as comprising of developable land kept in abeyance for future development. Hence, all lands that were eco-sensitive are now designated as Natural Area. These include mangroves, coastal wetlands, forests, parts of salt pan lands in CRZ-I and natural water course, covering 75.5% of the previously defined NDZ. Rest of the land is categorised as Special Development Zone and Green Zone for bridging the city's amenities' deficit.

Employment and slum resettlement are high priorities

SPECIAL PROVISION FOR SMART FIN-TECH CENTRES, BIOTECHNOLOGY CENTRES AND IT/ITeS SECTOR

DCPR has special provisions for developing Smart FinTech Centres (*Regulation 33-13A*), IT/ITeS complexes (*Regulation 33-13*) and Bio-technology units (Regulation 33-17) to foster employment generation in these newly emerging service sectors with great export potential. Other cities such as Bengaluru and Hyderabad have overtaken Mumbai in terms of space provision and subsequent employment in these sectors. Also, Mumbai is not competitive in terms of rentals as compared to the other cities.

To counter this, DCPR has made higher FSI provision which is expected to drive growth in these emerging, high-tech industries. However, at present, there is limited vacant land available in the Central Business District (CBD) and Secondary Business Districts (SBD). Other vacant land parcels are situated in industrial zones that are disconnected from the public transport corridor making them irrelevant for office space development,

With the FSI provisions offered for these sectors largely at par with commercial office space development, there is no true incentive for undertaking such specialised office space creation. However, the present provision does leave room for further construction in the existing IT parks.

> *“The marginal reduction in premium on additional FSI (40% reduced from 50% of ASR for open land) does ease off the financial burden but might not still be enough in tilting the balance overwhelmingly towards commercial development.”*

SPECIALISED PROVISION FOR SLUM REHABILITATION UNDER DHARAVI REDEVELOPMENT PROJECT

RDDP envisages equitable living standards for the population residing in slums. Being Asia’s largest and most complex slum, Dharavi requires special attention. It is spread across 210 Ha of land area and is not just a residential slum but also houses small scale industry and manufacturing units, giving its ecosystem a distinctive flavour. Its transformation into a liveable settlement requires solutions across a multitude of problems. The DCPR has tried to address the issue by creating a special redevelopment provision.

The provision considers free BUA for existing residential users as well as commercial & industrial structures up to 300 sf and 225 sf, respectively. An area bigger than the prescribed numbers is available at cost of construction but restricted up to 400 sf for residential tenements.

Non-conforming activities are allowed to be relocated except hazardous ones. The development shall accommodate a density of 650 tenements per net Ha. which is quite difficult to achieve for the plots restricted by height regulations. But the relaxation clause for building requirements is geared towards making the slum rehabilitation scheme viable by paying premium of 2.5% of ASR of open land.

Table 2.1: FSI norms pre and post DCPR 2034

No.	Building Type	Permission Clause	Additional FSI norms
1	Biotechnology Unit	Built by any public entity such as MHADA, SEEPZ, MIDC, SICOM, CIDCO or their joint venture with minimum 11% stake	FSI 3, 4, 5 for road frontage 12, 18, 30M respectively * On payment of premium of 50% of land price as per ASR
2	Smart Fin-Tech Centre	85% area for Smart Fin-tech firms No amenities space to be left for plots upto 2 Ha; Minimum road width to be 18m	FSI of 3.0 for Plot upto 200,000 sqm* FSI of 4.0 for plot more than 200,000 sqm* * On payment of 40% premium on land rate as per ASR
3	IT/ITeS Establishment	80% area for IT/ITeS firms 2% area for startup incubation	FSI 3, 4, 5 for road frontage 12, 18, 27M respectively* * On payment of premium of 40% of land price as per ASR

Quality of Life given prominence – is it adequate?

CREATING A POOL OF PUBLIC PURPOSE LAND THROUGH MANDATORY CONTRIBUTION

The search for open land for public purposes in an already, substantially built city has been a difficult task. It is virtually impossible for MCGM to acquire land by monetary compensation, considering the land prices in the city. Yet, the quality of life in Mumbai is dependent upon the provision of adequate public amenities such as education, healthcare and public open spaces. The current per capita space allocation in Mumbai is abysmal compared to world standards, hence the need of the hour is to improve the share of public amenities and not just develop residential/commercial real estate. With the help of the DCPR, MCGM plans to achieve per capita space standards as mentioned below through a combination of mandatory contribution and the accommodation reservation policy.

Table 2.2: Social amenities provision & standards in RDDP 2034

Amenities	RDP 2034 Provision (area in Ha)	Existing Per Capita amenities area	Proposed Standard for Per Capita amenities area
Public Open Space	5,116.20	1.28	4.000
Education amenities	1,164.94	0.76	1.574
Medical amenities	397.77	0.21	0.419
Social amenities	269.2	0.11	0.130
Total	7,834.74	2.36	6.123

Since the extent of vacant land in Greater Mumbai is rather limited, most development in the city is expected to happen through redevelopment. In this regard, DCPR 2034 mandates contribution of land for public purpose from redevelopment of plots measuring 4,000 sqm to 10,000 sqm and more. MCGM grants additional FSI over and above the permissible limit in lieu of the area surrendered or cost of construction of built-up amenities. The allocation of amenities on the land obtained from this will be decided by the need of the community.

Table 2.3: Criteria and conditions of mandatory contribution

Plot Area	Proportion to handover for public amenities	Purpose (% of handed over plot)
4,000 sqm – 10,000 sqm	5% of gross plot area	100% as Public open space
10,000 sqm and more	500 sqm + 10% of plot exceeding 10,000sqm	50% built up amenities, 50% public open space

Note. Gross plot area considered is excluding DP road widening area

This policy aims at creating public open spaces from private land parcels by compensating private land owners for handing over a proportion of their plot, just like the accommodation reservation policy.

Coupled with the Inclusionary Housing (IH) scheme this provision will serve the needs of IH tenements as well as the entire community.

"The realisation of improved public amenities space depends upon the extent of redevelopment happening in the city over time and space. The only impediment to this policy may be that the compensation might not be satisfactory as the owner has to surrender the area along with road frontage. The plots having commercial frontage will resist due to loss of opportunity."

Does DCPR 2034 score over its predecessor?

Island City gains, Suburbs not so much

In order to highlight the difference between DCR 1991 and DCPR 2034, some quantitative analysis is beneficial to put things in context. This analysis has been done for some policies that were already present in the previous development control regulation, but were inefficient in terms of compensation and implementation, and hence have been slightly modified to achieve the goals stipulated by DP 2034.

Table 3.1: FSI norms pre and post DCPR 2034

Zone	Road Width	Island City			Suburbs		
		Pre DCPR	DCPR 2034	% Change	Pre DCPR	DCPR 2034	% Change
Residential/ Commercial	0-9m	1.7955	1.7955	0%	2.03	1.35	-33%
	9m-12m	2.03	2.7	33%	2.7	2.7	0%
	12m-18m	2.3	3.24	41%	2.97	2.97	0%
	18m-27m	2.57	3.645	42%	3.24	3.24	0%
	>27m	2.7	4.05	50%	3.375	3.375	0%
Industrial		1	1	0%	1	1	0%

Note: The final FSI figures include Zonal Basic FSI, Premium FSI, TDR & Fungible FSI

Table 3.2: Development potential for pre and post DCPR 2034

For Plot Area = 4000 Sqm Road Reservation = 100 Sqm	Permissible BUA : Island City (Sqm)			Permissible BUA : Suburbs City (Sqm)		
	Pre DCPR 2034	Post DCPR 2034	Proportionate Increase	Pre DCPR 2034	Post DCPR 2034	Proportionate Increase
Road width <9m	5,952.0	7,002	17.65%	6,713.0	5,265	-21.57%
Road width >9m	6,712.8	10,530	56.86%	8,950.5	10,530	17.65%
Road width >12m	7,607.9	12,636	66.09%	9,845.5	11,583	17.65%
Road width >18m	8,502.9	14,215	67.18%	10,740.6	12,636	17.65%
Road width >27m	9,845.5	15,795	60.43%	11,188.1	13,162	17.65%

Inference

In the new DCPR 2034, the base FSI has not been altered; however, additional FSI is granted through Premium FSI and TDR. The Island City has made significant gains under the new regime, mainly due to the loading of premium FSI and increased TDR.

FSI for suburbs has not been increased, instead it has been lowered for plots that face roads with width less than 9m. This reinforces the need for wider roads or road widening in line with the quantum of construction.

The overall development potential in the suburbs has increased marginally, as permissible FSI is being calculated on gross plot area that includes RG (Recreation Ground) and reservation area for loading Premium FSI and TDR.

Further push to repurposing Industrial land

Mumbai's economy has shifted from manufacturing to services, and this change was brought about by various policy measures. DCR 1991 provided the means to convert Industrial to Residential/Commercial use in order to utilise the vacant space and realise its higher potential. DCPR 2034 is carrying forward the same with a higher degree of incentives, to provide enhanced impetus to commercial and residential developments with the current needs geared towards them.

Condition	Cost of conversion		Compensation
Premium + Mandatory contribution for public amenities (Surrender Land free of cost) + Construct Amenities and handover to MCGM	20% of land ASR + Value of Surrendered land area + amenities' construction cost	<	TDR for area handed over (@2.5 Times in Island City & @2 Times in Suburbs) + BUA in lieu of cost of construction of amenities

Table 3.3: Criteria for amenities plot area from conversion of Industrial plot

Plot Area for Conversion	Proportion of land area to be handed over	Public amenities provision
Less than 2,000 sqm	5% of Zonal Basic FSI	Residential or Commercial Space
2,000 sqm to 2 Ha	10% of plot area	100% as Public Open Space
2 Ha to 5 Ha	2,000 sqm + 20% of plot area in excess of 2ha	50% built up amenities + 50% Public Open Space
5 Ha or more	8,000 sqm + 25% of plot area in excess of 5Ha	

Table 3.4: Incentive if plot is converted as per DCPR 2034

	Higher BUA over plot not converted		Higher BUA over plot converted as per DCR 1991	
	Island City	Suburbs	Island City	Suburbs
Road Width >9m	140.57%	140.57%	41.58%	7.46%
Road Width >12m	188.68%	164.63%	50.75%	7.81%
Road Width >18m	224.77%	188.68%	52.41%	8.10%
Road Width >27m	260.86%	200.71%	47.01%	8.23%

+

0.2 Ha – 2 Ha	2 Ha – 5 ha	5 Ha & More	
500 - 5,000	2,500 - 10,000	>10,000 Sqm	Island City
400 - 4,000	2,000 - 8,000	>8,000 Sqm	Suburbs

TDR for road and amenities' reservation

+

TDR in Lieu of Cost of Construction of amenities (if built-up amenities provided)

Inference

Overall, the policy is encouraging but realisation depends upon the number of non-operational industrial units, the size of the plots and their locational feasibility for conversion into residential or commercial space. While many non-functional industrial plots have been transformed into residential or commercial developments in the past, there are still a few big chunks available.

Participation in city building - not that rewarding

Accommodation – Reservation policy is a tool to create public amenities through reservation without land acquisition. Private land owners are made partners by the incentives awarded for building the intended amenities. Since it is financially unviable to acquire land for specific amenities and then build them, the DCPR stresses on a robust Accommodation-Reservation policy.

The reservations not realised earlier from DP 1991 have been carried forward while new ones have been demarcated based on area wise deficiency. These unrealised reservation parcels show the inefficiency of the earlier Accommodation-Reservation policy in compensating the land owners. In the new version, this has been rectified by granting more incentives in terms of additional TDR that can be adjusted in permissible FSI or can be loaded somewhere else.

The general condition for developing reservation and its compensation clause is presented below:

Table 3.5: Condition and compensation for developing reserved plot

Condition	Compensation
Y% of plot as reservation area + X% of reservation plot as built-up amenities (Handed over to MCGM free of cost)	TDR for surrendering land @2.5 or 2 times gross reservation area + TDR in lieu of cost of construction of amenities at 1.5*[cost of construction per sqm as per ASR/rate of developed land per sqm as per ASR]* BUA of amenities

Table 3.6: Incentives if reserved plot is developed as per DCPR 2034

Road Width	Additional Development Rights available for Reserved Plot compared to Non-Reserved Plot in DCPR 2034		Additional Development Rights available for Reserved Plot in DCPR 2034 compared to DCR 1991	
	Island City	Suburbs	Island City	Suburbs
>9m	-6.7%	-17.9%	65.0%	41.4%
>12m	-17.4%	-23.5%	69.2%	40.0%
>18m	-23.1%	-28.2%	71.3%	38.7%
>27m	-27.7%	-30.3%	70.4%	38.1%

+

TDR in Lieu of Cost of Construction of amenities (Depending upon ASR of developed land)

Western Suburbs	Central Suburbs	Island City
4.0%-10.0%	5.5%-13.5%	2.5%-7.0%

TDR as % of Gross plot area

Inference

Post DCPR 2034, the Accommodation-Reservation policy is more rewarding compared to the previous version, yet total development rights available after compensation are not at par with development rights available to unreserved lots. Hence, it is still discouraging for private property owners to handover land for public purposes.

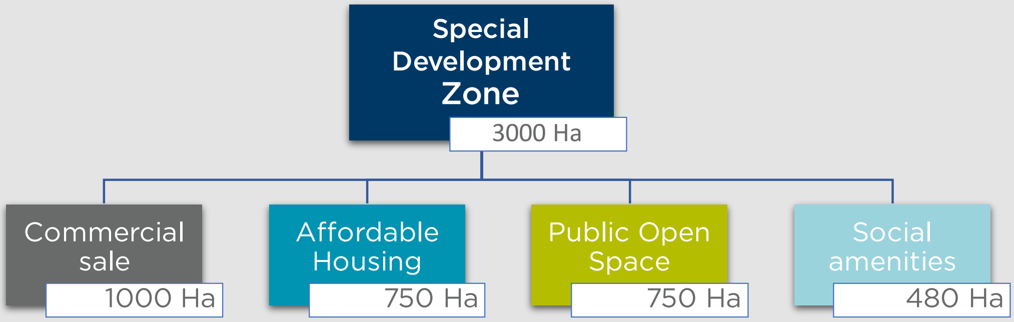
The compensation is low because the reservation plot area has to be deducted for calculating permissible FSI which can go upto 4.05 and 3.375 in Island City and Suburbs, respectively. Conversely, the compensation on reserved plots is only 2.5 and 2 times of the gross plot area for Island City and Suburbs, respectively. This difference in compensation and permissible FSI has created a significant deficit in overall development rights available to reserved plots.

One can notice that compensation in Suburbs is even less than the Island City, though the social amenities' deficit is more in the suburbs. This raises pertinent questions regarding the realisation of this policy.

Social needs and inclusionary agenda fulfilment

Special Development Zones (SDZ) are planned as a socially-driven development with emphasis on affordable housing, public open spaces and necessary social infrastructure. Other uses such as institutional development, film production, tourism development area, development of amusement parks are also allowed.

3000 Ha of Land under Tourism Development Area (TDA), Salt Pans and Mumbai Port Trust (MbPT) have been clubbed to achieve the social agenda fulfilment in the form of special development zones.



On an individual plot a more than 2.0 Ha, the owner has to submit his proposal for affordable housing, public open space & other amenities with the respective share of development as elaborated below:

Plot Area	Affordable Housing	Public Open Space	Other amenities	Owner's Development
2ha – 4 ha	30%	15%	14%	41%
More Than 4.0 Ha	30%	15%	12%	43%
FSI	2.5	-	2.0	

The Owner has to hand over the plots demarcated for affordable housing, public open space and other amenities to MCGM, with an option to build these components @ FSI 2.5 & 2, respectively.

Table 3.8: Compensation options for developing SDZ plot

Compensation Clause	Option 1	Option 2
Permissible BUA on Owner's share of plot	FSI 1 (of Gross plot area)	FSI 1 (of Gross Plot area) + BUA in lieu of cost of constructing AH, OA & site Infrastructure
Proportionate development right	100% of gross plot area	160 to 230% of gross plot area (depending upon Residential ASR)

Inference

The above clause incentivizes affordable housing and public amenities while keeping a substantial portion of the land in the hands of the owner, thus allowing private land owners to become partners with MCGM.

But these SDZ plots are located around industrial zones or at the peripheries of natural zones where public transport links are limited. Even after developing the necessary infrastructure within the plot it will be difficult to attract residential buyers unless public transport links are extended up to those areas, since most of the end users will be reliant on robust public transport networks.

Prominence to Inclusionary Housing (IH)

Inclusionary housing policy is a tool to create affordable housing units for Economically Weaker Sections (EWS) & Low Income Group (LIG) population and also integrating them within the existing urban fabric. The idea is to partner with private cooperative housing societies to create affordable housing units by granting them monetary compensation in lieu of accommodating EWS & LIG tenements.

The conditions and compensation structure for this policy is as enumerated below:

Table 3.9: Inclusionary housing policy clause

Plot Area	IH Component – EWS & LIG Housing	Compensation
4,000 sqm or more	20% of Zonal Basic FSI (Construct & Hand over free of cost)	Monetary Compensation = Cost of construction of IH Component as per ASR

RDDP assumes creation of 25,000 dwelling units through this scheme, but the realisation of IH depends on the number of plots with area more than 4,000sqm undergoing redevelopment.

DCPR 2034 - Compensation for Inclusionary Housing

	Original Clause		Revised Clause
Compensatory BUA as % of gross plot area	Western Suburbs: 4.0%-10.0%	>	-
	Central Suburbs: 5.5%-13.5%		Only Monetary compensation
	Island City: 2.5%-7.0%		

Inference

The original compensation clause was more lucrative as the MCGM had planned to achieve its objective by getting built tenements for EWS & LIG without paying any monetary compensation as well as without compromising on revenue generation from redevelopment projects. But with this recent notification, the whole scheme has lost its charm. It has become a legal obligation for bigger plots in order to redevelop.

Impact Assessment and Analysis

Key Questions

CONSIDERING THE HIGHER BUA AVAILABLE ON THE SAME PLOT UNDER DCPR 2034 COMPARED TO PREVIOUS NORMS, THE QUESTION ARISES WHETHER DEVELOPERS WILL BUILD BIGGER HOUSES OR GREATER NUMBER OF HOUSES?

It is unlikely that developers will offer bigger apartment sizes at relatively lower ticket prices and by building more, they are at risk of adding to the already high unsold inventory levels. The only benefit developers might accrue is that they may build taller structures with more floors at effectively lesser price escalation.

While property prices have remained sticky, income level of a major section of the population has not increased much. This has prompted developers to reduce apartment sizes to keep the overall ticket prices within range. In some cases, this has led to some project offerings which do not offer an optimal quality of life.

To achieve the dual goal of providing liveable homes to the population while ensuring affordability of this new inventory addition, the government should review the rate of premium FSI. A reduction in the same may allow for developers to offer homes at lower rates which shall spur affordability in the long run.

THE CONUNDRUM WITH THE FSI OF 5 FOR COMMERCIAL DEVELOPMENT

With an aim to aid and push commercial development across major commercial corridors, the DCPR has allowed loading of additional FSI (Regulation 33-19) resulting in total FSI adding up to 3, 4 or 5 (based on road width) on premium payment of 40% of the land ASR. While this shall help commercial development in the city, the key question that arises is that in light of plot constraints like height restrictions, ground area coverage and open area deficit etc., will the developers/landowners be able to consume this available FSI.

The Bandra-Kurla Complex (BKC) is beyond the purview, being governed by MMRDA; the Andheri-Kurla road submarket falls within the airport funnel zone; in the Lower Parel-Worli submarket, only mill plots are lying vacant while theCBD is already too densely developed. The other submarkets are Malad-Goregaon, Borivali and the Mulund-Bhandup stretch, but the key point to ponder is that are there such large plots that can consume the permissible FSI of up to 5 !?

Also, the new FSI norms become relevant in the current context, when commercial development is definitely becoming more attractive than the residential asset class. With the recent rate cut on FSI premiums and development cess (although for a 2 year window), the commercial segment has got another leg up, it is maybe appropriate that the government considers extending this window, rather than the higher FSI as the push to the commercial sector, as fiscal incentives shall go a longer way in supporting developers in this liquidity-strapped market.

Island City – Revamp, upgrade but retain the spirit

Through various policy measures in the DCPR 2034, the authorities have attempted to facilitate redevelopment in the Island city, with areas under it in dire need of a revamp. While the prevailing price points may ensure that the population density remains in check, new provisions for Inclusionary Housing policy for cotton textile mills and the accommodation reservation policy are likely to create a supply pipeline of affordable housing and public amenities, thus keeping the social mix intact.

Key impact provisions as per our understanding

Redevelopment of Cotton Textile Mills

Though there aren't many mill plots left, but the redevelopment potential from the remaining few in Parel, Lower Parel, Curry Road and Chichpokli area remains more than adequate.

"Built-up Area Potential from redevelopment of Cotton Textile Mills"

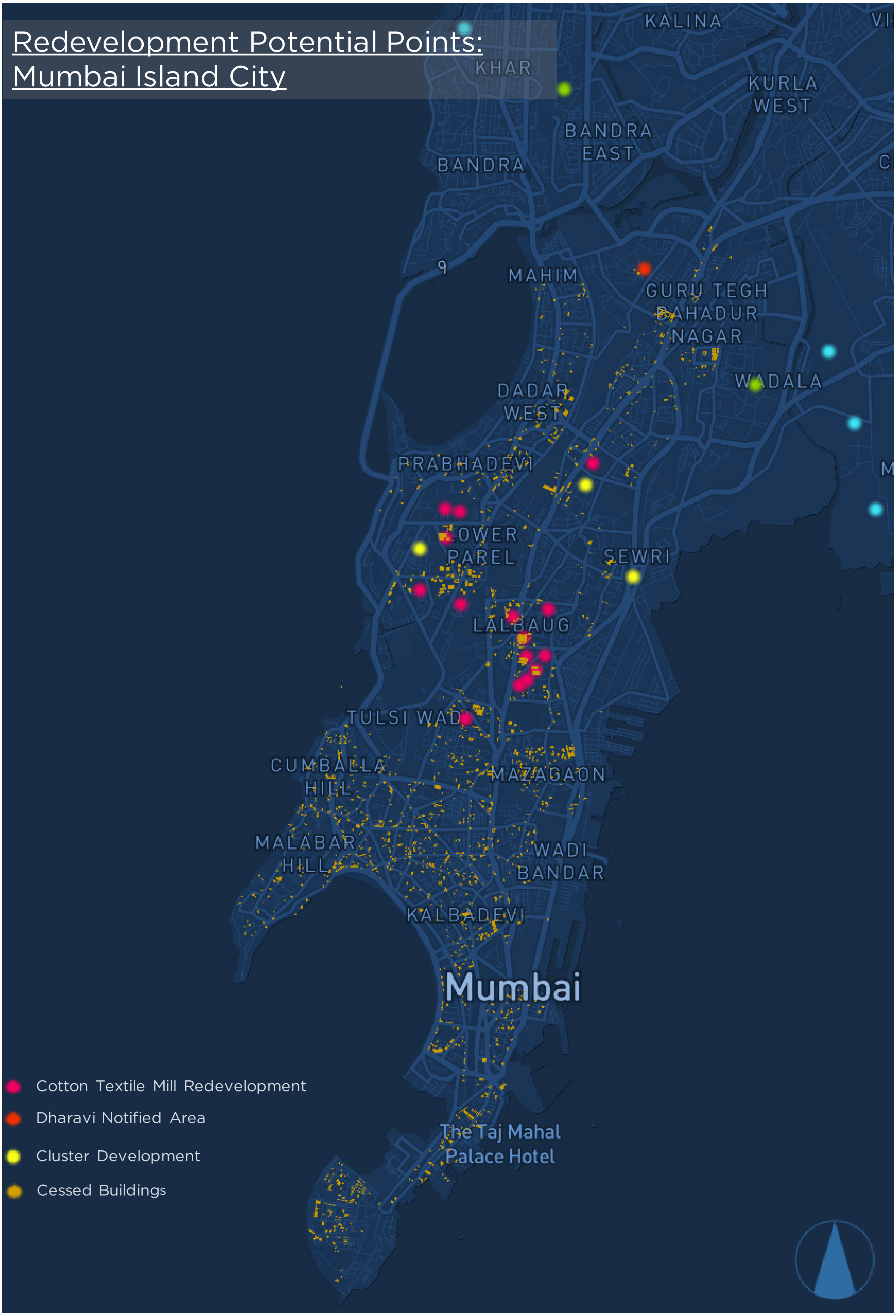
7.5 MSF	7.5 MSF	3.8 MSF
Affordable Housing	Commercial/ Residential	Public Amenities

Cluster redevelopment of cessed buildings

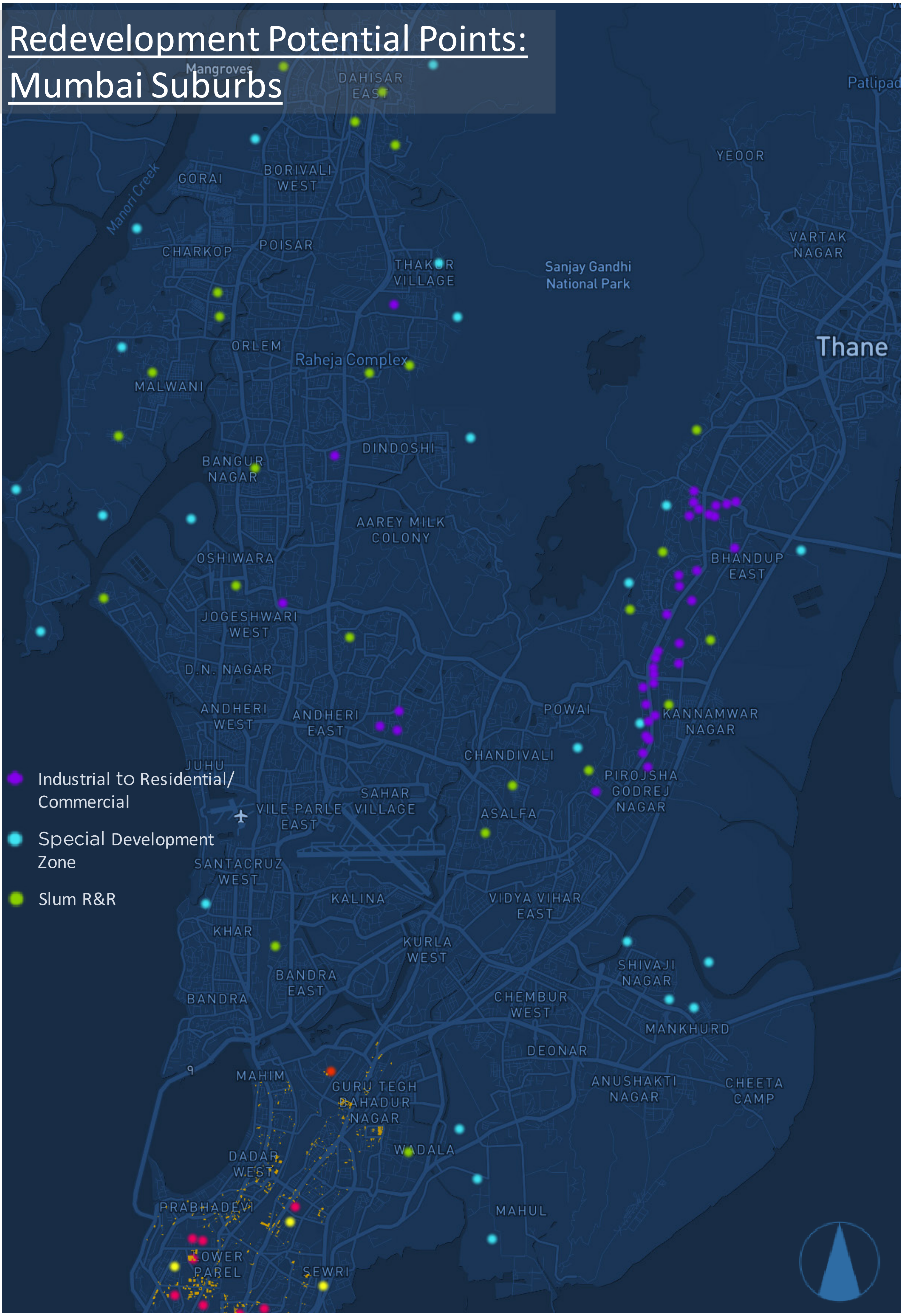
In the Island City, there are 14,207 cessed buildings that constitute redevelopment potential, with the activity likely to get a greater push, as it has become more lucrative. We can expect a healthy housing as well as retail supply coming from these redevelopment projects. The majority cessed buildings are present in Ward B, C D & E with areas such as Tardeo, Grant Road, Girgaon, Bhuleshwar, Pydhoni, Bhendi Bazaar, Sandhurst Road, Chira Bazar, Nagpada likely to see a redevelopment drive.

Additionally, redevelopment under the Cluster Development Scheme provides another good opportunity for revamping the congested Island City region. Some projects are already underway such as reconstruction of BDD Chawls at Worli & Naigaon and projects in Parel. Other cluster development projects may come up seeing the incentive levels for ongoing ones.

Mumbai Port Trust (MbPT), which is a special planning authority for its land, is also planning to release 282.5 Ha is of land from its holdings along the eastern coastal area to the city. Of this, around 187.5 Ha is to be developed as public open space, 18 Ha is earmarked for tourism and entertainment purpose and 69.64 Ha for commercial development to fund the overall project.


Redevelopment Potential Points:
Mumbai Island City
KALINA
KHAR
KURLA
WEST
BANDRA
EAST
BANDRA
MAHIM
GURU TEGH
BAHADUR
NAGAR
WADALA
DADAR
WEST
PRABHADEVI
LOWER
PAREL
SEWRI
LALBAUG
TULSI WADI
CUMBALLA
HILL
MAZAGAON
MALABAR
HILL
WADI
BANDAR
KALBADEVI
Mumbai
The Taj Mahal
Palace Hotel
Cotton Textile Mill Redevelopment
Dharavi Notified Area
Cluster Development
Cessed Buildings

Redevelopment Potential Points: Mumbai Suburbs



All round development needed in the Suburbs

While mill plots and cessed buildings might be major sources of new residential/commercial supply in the Island city, conversion of industrial plots to Residential/commercial usage, slum redevelopment and special development zones are expected to be a big source for creating additional built-up infrastructure in the Suburbs. With the relevant policy support in DCPR 2034, affordably priced housing, public amenities alongside regular commercial and residential development should allow for Suburbs to keep pace with the needs of current and future citizens of the city.

The industrial plots in western suburbs have already been transformed into commercial hubs, in the Goregaon and Malad submarkets. But the new compensation standards are even more encouraging to facilitate conversion. The large chunks of Industrial plots along Vikhroli-Bhandup industrial belt have the potential to be converted and put to use for mixed use developments over the next decade or so.

Development Potential of Vikhroli-Bhandup Industrial belt

26.4 MSF	8.88 MSF
Commercial/ Residential	Public amenities

Slum Covers

1600 Ha	1400 Ha	2400
Western Suburbs	Eastern Suburbs	Number of slum clusters in Greater Mumbai region as of 2015

Source: Cushman & Wakefield Research

Slum Rehabilitation Policy is directed towards redevelopment of areas occupied by slum tenements with the associated rehabilitation of slum dwellers with the help of private partnership models.

Localities like Malvani in Malad, Charkop in Kandivali west, Kurar village & Pathan wadi in Malad East, Majas area in Andheri East, Bandra East near the railway station are some major slum clusters in Western Suburbs. While Asalfa & Mohili in Ghatkopar, Kurla West, Bhandup West are some major slum clusters in the Central Suburbs. With the help of higher FSI incentives, they are expected to be redeveloped in the coming decades.

SPECIAL DEVELOPMENT ZONES:

Around 3000 Ha lands are being released under Special Development Zones (SDZ) which were earlier classified as No Development Zones.

The designated zones in and around Powai, Kanjurmarg (West) & Bhandup (West) area, may see integrated development under the SDZ scheme. Other SDZs are designated at far off locations such as the Trombay industrial area. Along both sides of the Eastern Freeway, localities such as Mahul village near Bharat Refinery, Mankhurd village area, Jijamata Nagar etc. and localities at far end of Govandi such as Ramabai Nagar and Deonar are also designated under the SDZ scheme. These may not fructify as desired unless the government aims to extend and improve the public transport facilities in these areas.

Development potential from SDZ Scheme

Western Suburbs		Central Suburbs
106.9 MSF	Commercial/Residential (Sale Comp.)	45.3 MSF
93.2 MSF	Affordable Housing	39.5 MSF
29.8 MSF	Public amenities	12.6 MSF
18.6 MSF	Public Open Space	7.9 MSF

Source: Cushman & Wakefield Research

In the western suburbs, SDZs are planned at the far end of Charkop area in Kandivali, areas beyond Malvani, Madh Island & Pahadi and Goregaon. Along with the planned Coastal Road and upcoming metro line along the Link Road from Charkop, these parcels provide a good opportunity for integrated development. But at the same time, areas beyond the Malad creek such as the villages of Madh and Dharavli are unlikely to benefit as they are physically separated from these corridors.

In conclusion, the SDZ scheme in itself seems a far better approach of creating formal settlements but they are planned away from formal employment centres, and also distant from existing & planned mass transit corridors. Thus, they are definitely in need of special infrastructure connectivity development to transform them in to formal settlement centres.

Conclusion

The basic objective of the whole development plan exercise is to have a planned and sustainable future for Mumbai. To make the city inclusive, equitable and offer improved quality of life, the authorities have realised that FSI as a controlling measure for the population influx has not worked out. In fact, the cap on FSI has degraded the living standards by reducing the average living space per capita while subjecting a significant proportion of the population to poor living conditions. The new regulation removes this cap; instead it uses FSI as an incentive for creating built-up amenities and infrastructure. This is evident in the maximum permissible FSI and at the same time it is linked with road width to ensure organised development.

In the housing sector, it is envisaged that there will be more space consumption per capita as income level improves. But current price points have adversely hit affordability for a large segment of the population. Hence, it has to be seen whether we can expect bigger houses at relatively stable prices compared to the current scenario. Additionally, only the existing EWS & LIG population will be accommodated in standard liveable dwelling through Slum Rehabilitation, and Inclusionary Housing and Affordable Housing schemes. But, there is no provision to restrict slum formation.

FSI provisions for office and commercial space have been increased which should give a positive push to supply creation while keeping rents competitive. However, the FSI costs make it difficult for developers to make adequate returns on such property which may act as a barrier to development. But with Mumbai poised to see growth in its export based service industry as well as domestic consumption, a strong push is likely towards commercial property development and sustained space absorption.

The gap in the social as well as physical infrastructure is difficult to fill as the accommodation-reservation policy is still not rewarding enough to generate public amenities and DP has decided not to touch existing natural areas for the same. Only possibility of generating public open spaces is through mandatory contribution of larger plots.

While the provisions in DCPR 2034 are progressive in nature, there is likely to be a sustained increase in inward migration with an associated rise in population density. This shall create a higher degree of stress on public utilities such as roads, transport, water supply and waste disposal. The question is whether the city is capable of sustaining a higher population. The answer is clearly no, and it is imperative for the government to focus on upgrading existing infrastructure to accommodate additional population and subsequently ensure sustainable growth.

Implementation of the DP is planned from revenue generation from development charges, premium from FSI and TDR. It is strongly believed that the major built-up amenities will come from the accommodation reservation and development done by private owners. But it needs to be seen whether the revenue generated will be sufficient to cover the cost of building public utility and infrastructure needed to support the additional population.

Thus, it is essential to monitor the implementation of the DP provisions as well as ensure proper funding and creation of public infrastructure. It is also important to monitor whether intended outcomes are being realised through proposed policies or there is need to alter them. On a larger note, the current development plan and DCPR 2034 are progressive regulations and can definitely achieve the desired goals. These are key policy initiatives and are clearly more rewarding. The DCPR 2034 provides with us a template that offers optimism for the future of Mumbai - one with, good employment opportunities and superior amenities and above all a better quality of life for its citizens.

And in more news on DCPR 2034...

The analysis presented in the paper takes into account all notifications regarding DCPR 2034, announced till August 2019.

We have already noted in the paper that FSI premiums are a drag on the developers and till the time the government does not look at reducing them, development under some schemes is not really rewarding for developer participation.

It would be remiss to publish this paper on Mumbai DCPR, without referencing the recent notification made by the Maharashtra state government, where the concerns regarding high premiums have been addressed.

As per the DCPR 2034, premiums on fungible and additional FSI across all relevant asset classes have been reduced with varying degrees. The table below encapsulates the changes:

Table 4.1: As per notification on reduction in FSI premiums

Asset Type	FSI Type	Original Premium	Premium post notification	Impact
Residential	Premium FSI	50%	35%	With reduced input cost and potential of passing it on to the customers, affordability is likely to get a push
Residential	Fungible Compensatory	50%	35%	
Commercial	Premium FSI	50%	40%	Likely to give a push to more commercial development; but needs more support for making it more attractive
Commercial	Fungible Compensatory	60%	40%	
Commercial	Additional FSI	50%	40%	
Smart Fin-Tech Centre	Additional FSI	50%	40%	
MHADA Housing Development	Premium FSI	40% - 95%	20% - 71%	Is likely to make small projects viable

Note: All these reduced charges will be applicable for two years from the date of notification and shall be applicable only for new projects which have yet to apply for IOD or fresh licences.

Additionally, the development cess of 7% of land ASR on additional FSI for various tenure type has been waived off.

While the reduction in FSI premiums is likely to result in a reported net loss of INR 800 crore to the state exchequer, this is largely a notional loss as it was quite likely that the high premiums would have impacted new licences and construction activity considering the fact that developers are struggling with margin and funding pressures.

Another key element that needs introspection is the recipe for success of redevelopment of BDD chawls under MHADA, with the DCR requiring a change to be in consonance with the MHADA Act in light of tenants refusing to vacate their tenements for redevelopment purposes.

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Acknowledgements

Authors would like to acknowledge the contributions from Shailaja B., Ankit Kathait from Valuation Advisory, Ajinkya Patil from Leasing Agency and Nikhil Jadhav, Ninad Jadhav from Spaceage Consultants for their valuable inputs.

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