

## APPROVAL PROCESS FOR REDEVELOPMENT PROJECT IN MUMBAI

Real estate development across pan India is largely a green field development, on a plot of Land. Mumbai; however is an exception given the fact that there is a dearth of vacant land parcels. Hence, for development of this city, reconstruction or redevelopment is the only feasible option.

It is the most popular model of development given the benefits accruing to both, the Developer as well as the tenants/society members. The society members or tenants, get new flats with better amenities whereas the Developer tends to get rights over free sale area thereby generating decent returns.

Well laid procedures and rules are prescribed for redevelopment by regulatory authorities which assist in smooth execution. Registration under RERA has helped build confidence as it provides for transparency and makes the developer accountable for adhering to the terms and conditions agreed within the pre-defined timelines.

Typically, once a housing society intends to go for redevelopment, ideally, a Project Management Consultant (PMC) is appointed to carry forward the process. **Bids** are invited from interested developers and the one which gets maximum votes gets selected as the Developer on the basis of parameters like his expertise, experience, benefits like additional area, rent, corpus offered etc.

Once the consents are given to select a particular developer, a Development Agreement (DA) is entered between the society and the Developer and the society issues Power of Attorney (POA) in favour of the Developer so as to enable him to obtain requisite approvals, NOC's and permissions (listed below) from civic authorities.

The building company (Developer) submits an **application form with plans and all required documents**, as prescribed by Section 373 of the BMC Act, at the **Building Proposal Office** of the BMC. If all documents are in order and the file is complete, the building company can proceed to payment of the **scrutiny fees**.

Once the fees have been paid, the application file is forwarded to the concerned officer in the Building Proposal Department. Then the file is forwarded to the **Survey Office**, which make its remarks on the application file. If the Survey Office is satisfied, it will send the application file back to the Building Proposal Department.

A sub engineer from the Building Proposal Office will conduct a **site inspection** after receiving the file from the survey office. The date and time of the site inspection are arranged by the company's architect. The building company must be on site when the inspection takes place. The sub engineer scrutinizes the potential of the plot including the provision of civic infrastructure.

**After the site inspection, the application file returns to the Building Proposal Office** to receive an intimation of disapproval (authorization). The concerned **sub engineer scrutinizes the proposal** and forwards the report to the **assistant engineer** and **executive engineers**.

The proposal is approved at the executive engineer's level if no concessions are involved. The intimation of disapproval is issued with a list of "no objection certificates" (NOCs) which the applicant must obtain separately from various departments and government authorities.

Final clearance to build (Commencement Certificate) will only be given **once the developer obtains all NOCs** and meet all IOD conditions.

The **Intimation of Disapproval (IOD)** is only an approval of the **civil plans**. Review of the structural plans is done in parallel with the NOC process. No approval to this plan is required from the Municipal Corporation but copies are required to be submitted.

**List of NOC's / approvals required:**

- Tree Authority NOC
- Traffic department NOC
- Approval from AAI (Airport Authority of India)
- Chief fire officer (CFO) NOC
- Assessment tax NOC
- Collector's NOC
- NOC from storm water and Drainage department
- NOC from sewerage department
- NOC from Environment clearance department
- NOC from electrical department
- Consent to establish and operate (Pollution Board)
- NOC from Coastal Authority
- Navy NOC
- Plinth Commencement certificate
- Further Commencement certificate
- Building completion certificate
- Occupation certificate

**List of documents required:**

- Certificate of Title of Land from an Advocate
- Original building plans
- PR Card of a date not earlier than 12 months prior to the submission of proposal
- CTS Plan
- Statement of Area (existing & proposed), Plot boundaries
- Consents received from society members/tenants
- Society Registration certificate
- SGM (Society General Meeting) resolution
- Share Certificates of existing members
- Development Agreement
- Index II
- Power of Attorney
- Conveyance Deed

- Permanent Alternative Accommodation Agreement (Individual Agreement)
- Existing society details like Plot No., Ward No., Survey No., Structure details

The list of documents and approvals mentioned above is indicative as the nature of approvals required depends on factors such as location, height of the building, proximity to airport, defence establishments etc.

Several **fees, charges and premiums** have to be paid to the corporation for getting approvals and permissions. These include, Scrutiny fee, IOD Deposit, Fungible Area premium, FSI premium, Open space deficiency premium, Staircase premium, Development charges etc.

Measures to expedite approvals:

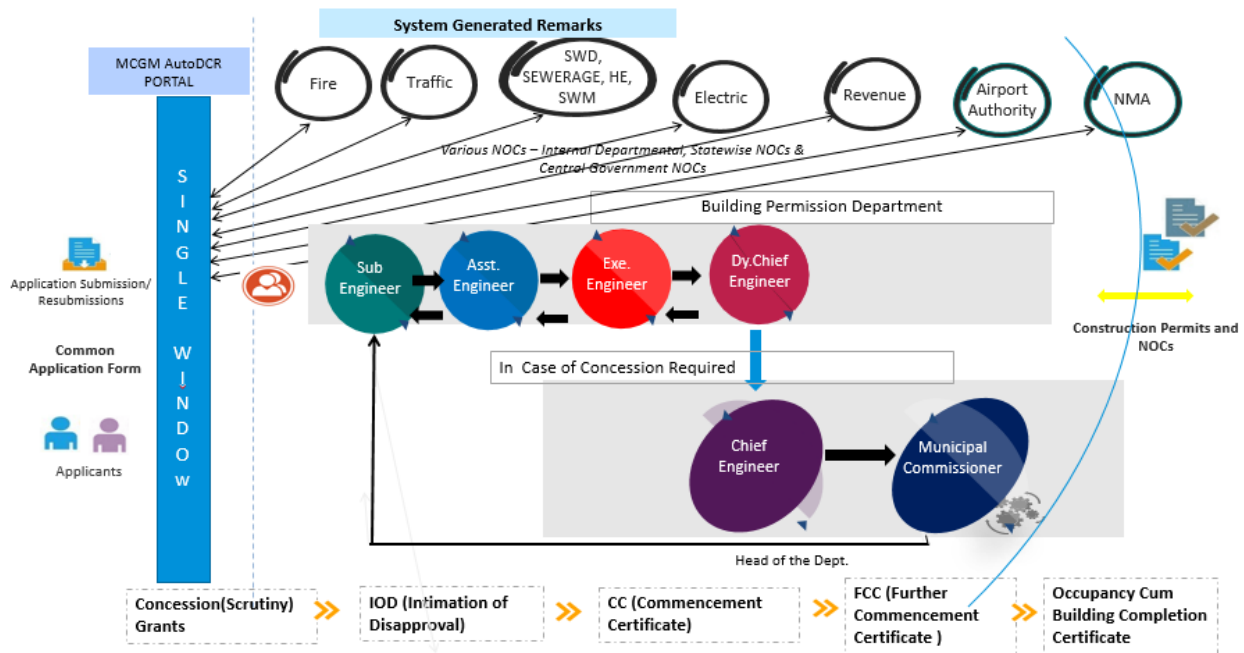
Over the past year and half, the authorities have introduced certain measures to cut back on time required for submitting applications and getting approvals like filing applications online to obtain permissions so as to expedite approvals.

Online verification:

All the approvals are now visible on BMC’s portal (autodcr.mcgm.gov.in) wherein the developer as well as the interested entities can check the progress or get updated about his file.

Integrating departments to reduce time:

BMC has started integrating its different departments and agencies like airport authority, tree authority, City survey office, sewerage etc to reduce the time needed to file proposals. It has integrated more than 20 such departments.



**MHADA approvals for MHADA layouts:**

As per a recent policy, while BMC continues to be the approving authority for projects within the BMC's ambit, for projects on MHADA layout, the approvals will be given by MHADA. This could enable reducing the burden on BMC thereby aiding lesser time for sanctions.

**Environmental clearance at local level:**

The government has delegated powers to local bodies to ensure compliance of environmental conditions for buildings, construction and area development projects between 20,000 and 50,000 square meters (SQM). According to a notification of the Union Environment Ministry, local bodies have also been given the powers to ensure environmental conditions are followed at industrial sheds, educational institutions, hospitals and hostels for educational institutions from 20,000 SQM to 1,50,000 SQM. The environmental conditions include natural drainage, water conservation, rain water harvesting, water recharge, waste management, green cover, top soil preservation, among others. The built-up area has been defined as all covered areas, including basement and other service areas. This will aid in reduction in time consumed for getting approvals.

**Significant reduction in time required for permits:**

As a matter of fact, India's improvement from 100 to 77<sup>th</sup> position in World Bank's Ease of Doing Business ranking released in October 2018 was due to improvement in granting of construction permits where it has moved to 52<sup>nd</sup> position this year as compared to 181 previously.

		2018/19 Rank	2017/18 Rank
Starting A Business	▲	137	156
Dealing With Construction Permits	▲	52	181
Getting Electricity	▲	24	29
Registering Property	▼	166	154
Getting Credit	▲	22	29
Protecting Minority Investors	▼	7	4
Paying Taxes	▼	121	119
Trading Across Borders	▲	80	146
Enforcing Contracts	▲	163	164
Resolving Insolvency	▼	108	103

Source: World Bank Doing Business 2019. Bloomberg | Quint

Implementation of DP2034:

Recently, the latest Development Plan (DP) 2034 was unveiled by the Government. It came into effect from 1<sup>st</sup> September 2018, but some provisions were notified on November 13, 2018. Since now that plan has come into effect it would govern and regulate all constructions in the city. Any new proposal which needs to be passed has to be in accordance with the rules and regulations mentioned in the new DP 2034.

## About Elysium

Elysium Capital Advisory Pvt. Ltd. (Elysium Capital) was founded in year 2012 by Mr. Subhash Udhwani – a renowned corporate and retail banker.

The top management in Elysium Capital possesses a cumulative experience of more than 100 years in Loan Syndication, Credit Assessment and Capital Advisory.

- Current basket of services includes:
- Debt syndication in real estate
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In last four years, Elysium has helped its more than 50 clients raise over Rs 5000 crores at the most favorable terms.

These closures were spread across cities in Mumbai, Pune, Chennai, Hyderabad, Jaipur, Nashik, Nagpur, Kochi, Kolkata and Baroda.

We have a strong 25-member team comprising senior acquisition professionals and credit analysts armed with advanced qualifications in credit, investments and accounting.



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