

MPD - 2021 Updates

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Land pooling policy is a great chance for DDA to undo past

CRONOLOGY

- Delhi master plan 2021 notified vide S.O 141 dt 07. Feb' 2007
- Land pooling notified in Q4 2013
- Draft guidelines for 'Operationalization of Land pooling' released in 2015



The proposed modifications to the Delhi Development Authority's (DDA) land pooling policy have been widely seen as a game-changer in affordable housing. But to contextually analyse the land pooling policy and the modifications proposed under chapter 19 of Master Plan of Delhi 2021 (MPD 2021), let's look back to what happened over the preceding few years.

MPD 2021 was notified in February 2007 (a good 11 years back) with a view to frame guidelines and norms for the development of Delhi till 2020. The entire land mass of Delhi was included for urbanisation, thereby, making it the first 100% urbanised state.

The land pooling policy was notified by the central government in 2013, with a view to include the private sector in the process of urban development, both in strategic planning, aggregation of scattered small land holdings as well as execution and development.

Make no mistake — it indeed is a paradigm shift from the process of urbanisation of Delhi covered under the earlier master plans, wherein the DDA used to acquire large land masses, and develop it progressively, sometimes taking decades. (examples: Rohini, Dwarka). DDA was the sole landowner, planner, developer, seller, auctioneer, and partook in every conceivable role. Under the current policy, DDA would cease to be a land aggregator cum developer, and merely remain a 'facilitator' and regulator.

Consolidation of land has been the biggest challenge that the development agencies have long faced while trying to urbanise India. It is a dynamic process, and landowners have forever been influenced by each other, not by the government agency acquiring the land. Any entity that ap-

proaches a landowner with a promise of development on the land, with or without a share of the benefit, is looked at with suspicion.

The urban design form is dictated by the seamless availability of land; the best examples of which are seen in the cities in Delhi NCR. Below is a snapshot:

Delhi: Piecemeal expansion has led to almost half the population living in unauthorised settlements, with more than 125 sq km of land mass under unauthorised development/ occupation.

Gurgaon: The government declared the sector boundaries in the master plan in 2006, but the infrastructure is yet to be laid owing to land acquisition issues, though dwelling units are ready for occupation. Even the connecting roads between sectors haven't been developed.

Noida: Access to land ensured that gridline infrastructure could be planned, and created. Development of townships/residential and commercial towers was created subsequently.

It is imperative that the urban form and methodology of a time-bound development of infrastructure is defined, more so in the case of Delhi wherein multiple agencies would be providing services like trunk roads, arterial roads, water, power lines, sewage water treatment plants etc.

What would be the proposed location and alignment of the trunk lines of these services within the sectors? In the absence of clarity, how can an organised Developer Entity (DE) invest time, effort and money to decide which sector would be optimally efficient?

That the sector plans haven't been released yet to facilitate decision-making is a different matter altogether. When would this happen?

The launch of the land pooling policy is a brilliant opportunity for DDA to undo the shortcomings of the past, and facilitate the development of Delhi as a modern capital of the third-largest economy of the world.

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DELHI HIGHLIGHTS

- Population forecasted to be 2.3 crores by 2021
- First state with 100% urban areas
- Delhi to be developed as Knowledge based industrial hub
- 4 tier investment by Govt.

Is there any precedent in India, where a few disparate private DEs have accepted and executed such a vast responsibility — of aggregating land from the owners, investing capital for approvals, service infrastructure and development without any counter guarantees from the government on ROI?

“A known devil is better than an unknown angel,” says an old saying. By our interactions with the land owning community, they would have had no problem in surrendering their land to a government agency like DDA. However, when the land has to be surrendered or rights shared or co-developed etc with a yet to be DE, most landowners are circumspect. Is there a trusted, capable agency that would mediate, negotiate and handhold both sides on a daily basis?

Delhi is already suffering on account of multiple agencies laying and providing services. Landowners rightfully fear that with DDA not liable to provide (any policy document) the services in a time-bound manner, infrastructure would be a casualty, thereby delaying the development and opportunity to monetise their land assets.

MPD 2021 might be the largest investment opportunity in India for institutional investors to partner landowners to develop a ‘modern megapolis’, and the last for at least a decade in NCR. It is generally understood that unless the services trunk lines are laid by the government, before the re-allotment against surrendered land, the interest levels would be low. Hence, the need for an approach on the lines of Public-Private-Policy-Partnership.

What is the stated process of ‘acquisition of land for sector roads?’ In the policy document, DDA has specified that the contiguous land abutting sector roads would be chosen for licensing. When would the layout plan of sector roads be released to the public? Would they remain ‘hard coded’ or can it be subjected to change of alignment?

Our internal research with leading investors reveals that the following factors influence their decision.

- Stability in criterion – Policy making & implementation
- Risk (Uncertainty about outcome)
- Forecasting Risk owing to resistance to policy
- History of market trend
- Investment horizon
- Expected return
- External factors
- Inflation & taxes
- Socio economic political conditions

- Information in public domain & education of landowners
- Sales velocity
- Floor Area Ratio (FAR) has to match the surrounding markets, if not exceed compared to the other markets in NCR.

The Prime Minister’s vision for the nation talks about affordable homes for all segments of the society, while the FAR numbers are unviable for development of finished products at the price points wherein lie the real demand.

Said the above, MPD 2021 could become a template for the urban design and development for the future, subject to DDA, the Ministry of Urban Development and other stakeholders contributing towards a ‘partnership driven model of land development’ wherein the dividends are shared in pre-agreed manner.

And, mind you, the returns can be phenomenal for all.

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