

Delhi NCR Region Weekly News Snapshot

Coverage 1

Budget squeeze:
Can a family of
four
fit in a 30 sq m
apartment?

Media

Hindustan Times

Published

07.03.16

The government's recent Budget proposal for 100% deduction for profits for builders undertaking housing projects of 30 sq metres in metro cities and 60 sq m in other cities does not seem to have been well thought out. Though well-intentioned and aimed at attracting developers to the affordable housing segment to achieve the Housing For All target, the proposal could fizzle out because of one critical element – that of size.

“Sustained policy support for empowering affordable housing delivery in India was clearly evident in this year's Budget announcements. Such specific policy stimulus needs to be understood not only in the context of various supply side dynamics but also on how variations of development and density norms between states could have a bearing on actual affordable housing delivery,” says T Chakravorty, urban economist .

Getamber Anand, president, Confederation of Real Estate Developers' Association of India (Credai), the umbrella body of the real estate sector, says that the biggest challenge before the sector is to lobby with states to increase density norms to be able to construct houses of 30 sq metre and 60 sq m.

The budget has also put the onus on real estate builders to finish houses within three years of starting work if they are to avail the exemption for affordable homes. “This would also be a challenge for us in the absence of single window clearances and considering the fact that environment clearances take the longest to come through,” Anand adds.

So, how small would apartments of 30 sq m be? How many rooms could architects be able to fit in such units? Experts say in metros it would only be possible to build perhaps a 8 feet by 10 feet bedroom, 10 feet by 15 feet living room, toilet and kitchen of 5 feet by 7 feet and a balcony. Apartments of this size are also likely to have low circulation space and no utility space, Agarwal says.

CHALLENGE OF DENSITY NORMS IN STATES

As per existing byelaws, builders will find it difficult to construct 30 sq m units

City	FSI	Plot size ^{sq}	Maximum dwelling units permitted	Total carpet area ^{sq}	Maximum dwelling unit size for tax exemption	No of units permitted
Ghaziabad	2.75	1000	20	2475	30	83
Gurgaon	1.75	1000	15	1575	30	53
Pune	1.5	2000	90	2700	60	45
Bengaluru	2	2000	100 plus	3200	60	53

All measurements in sq m² SOURCE: BLACK OLIVE VENTURES PVT LTD

Unless some states do not modify their rigid density norms, developers may not be able to make use of the 100% deduction.

The limit of 60 sq m in Tier-II cities, however, would be of adequate size accommodating two bedrooms of 12 feet by 10 feet and living room of 12 feet by 15 feet, besides one toilet and a kitchen of 5 feet by 7 ft each and a balcony. There is demand for such 1BHK and 2BHK houses in areas such as Dehradun, Nashik and Mysore, he says.

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Coverage 2

Budget 2016:
Budget
to boost demand,
supply of affordable
homes: Realtors

Media

Economic Times

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NEW DELHI: Terming today's Budget proposals as positive for the real estate sector, industry players said that tax sops for first home buyers and incentives on development of affordable housing projects will help revive demand in the sluggish property market.

Some of them, however, rued that their demand to provide industry and infrastructure status to the realty sector was not considered.

The Budget 2016-17 has proposed an additional Rs 50,000 deduction on interest on loans for first home buyers and 100 per cent deduction for profit on development of affordable housing, besides exempting REITs from dividend distribution tax.

"It is overall a very positive budget for the real estate sector and CREDAI is certain that this will spur the market and induce the home buyer who has been waiting ever since for some special incentive to actually be able to buy a house," realtors' apex body CREDAI President Getamber Anand said.

The Finance Minister has taken the right steps to boost housing sector and ensure that 'Housing for All by 2022' becomes reality, he added.

Commenting on the budget, India's largest realty firm DLF CEO Rajeev Talwar said: "Very good budget for real estate. Tax incentives have been given to first home buyers as well as development of housing projects. This will boost both housing demand and supply significantly. 90 per cent of the housing demand is in affordable segment".

Read more at:
http://economictimes.indiatimes.com/articleshow/51197365.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

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Coverage 3

Budget bring positive announcements for house buyers: Credai

Media

Money Control

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The Credai members also thanked the Urban Development Minister Venkaiah Naidu for his stewardship of real estate sector and suggested that affordable housing should be defined as units up to 60 square meters in metros and 90 square meters in non-metros.

Hailing the Union Budget Credai members on Saturday thanked the Finance Minister Arun Jaitley for his consideration and support to housing sector. The Credai members also thanked the Urban Development Minister Venkaiah Naidu for his stewardship of real estate sector and suggested that affordable housing should be defined as units up to 60 square meters in metros and 90 square meters in non-metros. "After a long time, the Union Budget has brought positive announcements for home buyers. This is a reflection of the changing sentiment in the industry,"

CREDAI National President Getamber Anand said in a statement. It also added that based on the above definition of affordable housing, exemption from service tax may be extended to construction of affordable houses upto 90 sq. meters under any scheme of the central or state Government including PPP schemes.

Read more at: http://www.moneycontrol.com/news/economy/budget-bring-positive-announcements-for-house-buyers-credai-5774141.html?utm_source=ref_article

Delhi NCR Region Weekly News Snapshot

Coverage 4

Provide clear definition of affordable housing, remove tax anomalies:

CREDAI to govt

Media

ET Realty

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NEW DELHI: Real estate industry body CREDAI on Friday made a slew of recommendations to the government, including providing a clear definition of affordable housing and removing tax anomalies. These, they said, would optimise the benefits accruing from announcements on housing in the union budget.

In a meeting with urban development minister Venkaiah Naidu, a CREDAI delegation led by president Getamber Anand, president elect Jaxay Shah, secretary Boman Irani and treasurer Shekhar Patel recommended that affordable housing should be defined as units up to 60 sq metres in metros and 90 sq metres in non-metros.

The realtors' body also said that exemption from service tax should be extended to construction of affordable houses up to 90 sq metres under any scheme of the central or state government including PPP schemes based on the above definition of affordable housing.

CREDAI has also asked the government to increase the limit for deduction of interest under section 24(b) and 80C by an additional Rs 1 lakh per annum.

"After a long time, the Union Budget has brought positive announcements for the home buyers. This is a reflection of the changing sentiment in the industry," said Anand, adding, "CREDAI would like to extend its deepest appreciations to Shri Arun Jaitley and Shri M. Venkaiah Naidu for their efforts towards housing sector. This has renewed the industry's confidence and commitment to achieve PM's vision of Housing for All."

Some of the anomalies in the Income Tax law which are limiting investments into housing sector according to the realtors' body are property transactions are being taxed at the guideline values Under Section 43CA where as the market price is much lower, Joint Development Agreements are being taxed as though income accrues at the time the agreement is entered into.

Also Under Section 22 applicable to taxation of house property on the basis of Annual Letting Value, property which is held as inventory by developers is also being taxed.

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Coverage 5

Budget 2016 gives massive push to affordable housing supply & construction activity

Media

ET Realty

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Builders and real estate experts say the exemption for affordable housing projects would bring in a 15-20% upside on profits after paying the MAT tax for a real estate developer building such a project, making it easier for the developer to attract foreign and domestic investment for housing projects

In Haryana, for examples, the density norms are so low that you cannot do 30 sq metres of housing at all.

"Supply of these kinds of homes cannot increase unless density norms area changed and density is increased for housing projects," he explains.

Ashish Puravankara, managing director of Puravankara Projects says there is a huge shortage of affordable homes across cities.

"The enhanced home loan interest deduction will further encourage buyers to invest more in this segment. This will further encourage private participation in affordable housing," he says.

Anand of CREDAI says the budget has put the onus on real estate developers to finish houses within three years of start if they are to avail the exemption for affordable homes. "This would also be a challenge for us in the absence of single window clearance for project affordable," he says.

"The government's service tax exemption on houses less than 60 sq m, and the additional exemption of Rs 50,000 for housing loans up to Rs 35 lakhs for homes not above Rs 50 lakhs will both likely improve first-time home buyers' sentiment," says Jason Kothari, CEO, Housing.com.

Shishir Baijal, managing director of property consultancy Knight Frank India says the housing sector will get a push from both supply and demand side.

Baijal pointed out that the government's focus on digitization of land records is in the right direction especially in the rural areas, which will render land records free from encumbrances.

The budget has also increased the limit of deduction of rent paid under section 80GG from Rs 24,000 per annum to Rs 60,000, to provide relief to those who live in rented houses.

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Coverage 6

Affordable housing, REITs get a helping hand

Media

VCC Circle

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Finance minister Arun Jaitley on Monday sought to give a push to low-cost residential projects through tax benefits to both consumers and developers in the 2016-17 Budget, as part of efforts to achieve the government's ambitious target of providing housing facilities to all citizens by 2022.

To boost demand, the government has offered an additional Rs 50,000 tax rebate on interest paid by first-time home buyers on a loan of Rs 35 lakh. The rebate comes with a rider that the property value shouldn't exceed Rs 50 lakh.

What's in it for real estate

- ▶ Tax deduction on profit from projects with **30 sq metres flats** in metros
- ▶ To **scrap service tax** on houses up to 60 sq metres in size
- ▶ More tax rebate for **first-time buyers** with some riders
- ▶ To do away with **dividend distribution tax** in REITs



Graphic: Manni Das

The moves come at a time when the housing market is struggling due to sluggish demand. Tax sops to boost demand was one of the main **expectations** of the real estate industry. Overall, the budget focused on reviving the rural economy and improving infrastructure, which will have an impact on the real estate sector as well.

Getamber Anand, chairman and managing director at ATS Group and national president at industry body CREDAI, said the tax benefit will spur the market and encourage home buyers. However, consultancy firm JLL India said most first-time home buyers in the major metros will be left out of the additional tax exemption and that it will mostly benefit buyers in smaller cities and towns. It described the budget below expectations but with some major positives.

Industry executives have also questioned the rationality for keeping three years as the deadline for completing these projects. The industry has been seeking to hike the project completion time from three years to five years given the delivery track record of the sector.

RK Arora, chairman of Supertech Ltd, said that the incentives announced for affordable housing will have limited impact on buyers. The budget hasn't addressed the grievance of providing bank finance to developers and the sector remains entirely dependent on high-cost finances, he added.

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Coverage 7

CREDAI Meets

Venkatesh Naidu

Media

Magic Bricks Now

Telecast

07.03.16



Coverage 8

Budget

2016:Impact

Media

ET Now

Telecast

06.03.16



Monday, 07-03-16

