



The Challenges of the Redevelopment of Old and Dilapidated Buildings in Mumbai: A Policy Perspective

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***Abstract:** Affordable housing is the biggest challenge being faced by the city of Mumbai, which styles itself as an emerging Global Financial Centre. The city has the image of being home to a stark dualism, with slums abutting modern skyscrapers. Over the years, adequate policy attention has been given to slums and with the implementation of the Slum Rehabilitation Scheme slum dwellers are being provided with housing in multi-storey buildings and are being granted tenancy rights to the dwellings. However, an emerging area of concern is the large housing stock that is non-slum but is old and dilapidated. The collapse of an old and dilapidated building in Dongri in July 2019 that killed twelve people and the one at Bhendi Bazaar in 2017 that killed thirty-three has brought this problem into the mainstream and new policies have been initiated to address the problem. Implementing these policies seems to be a challenge, and this is the result of different factors. This article looks at the housing problem in Mumbai from a policy perspective and analyses the implementation challenges of the new policy aimed at redeveloping the old and dilapidated housing stock.*

Keywords: housing policy; slums; old and dilapidated housing; redevelopment.



Introduction

Mumbai is India's commercial capital. It generates 3.7% of the national gross domestic product (GDP) and 24 % of the state's gross state domestic product (GSDP)¹. Once a manufacturing hub, Mumbai has become a service centre with the tertiary sector contributing to 70% of its economy (MCGM 2016). In India, Mumbai enjoys a leadership position in banking, insurance, financial services, and entertainment. As per the Census 2011, the population of the Greater Mumbai urban area stood at 12.44 million, a moderate increase from 11.98 million in 2001. Greater Mumbai constitutes the Island City and Suburban District. Most of the population growth is in the Suburban District. In fact, between 2001 and 2011 the Island City, which is the urban core of Mumbai, has seen a drop in population from 33.38 million to 30.85 million. About 41.85% of the Greater Mumbai population resides in slums.

Housing is the biggest challenge that the city of Mumbai faces. The real estate market has the highest prices and is also highly speculative. Due to limited land availability and complex urban and housing development regulations, challenges exist in the supply of adequate affordable housing to house the population of Mumbai. As of 2016, the median household income in Mumbai was USD 280 per month while the lowest price for single-bedroom housing was USD 19,600. As the cost of housing is higher than the affordable range of five times a family's annual gross income, the people of Mumbai are unable to afford a small housing unit for themselves (MCGM 2016). Lack of affordability is the biggest challenge for housing in Mumbai. Due to the lack of affordable housing, the working population in the city is forced to either commute long distances by suburban trains or reside in slums and small housing units within the city.

Given the background of the housing challenge in Mumbai, the intent of the State government is to prioritise affordable housing. With limited land available for greenfield housing, the focus is on the redevelopment of slum and old and dilapidated housing. Despite some concerns (Burra 2005, Echanove and Srivastava 2011, Jagdale 2014), Mumbai has seen a fair amount of success in slum redevelopment projects. This article studies the redevelopment of non-slum old and dilapidated housing stock from a policy and implementation perspective. The objective is to demonstrate what appears to be a slow process of reform where none of the interests of stakeholders – residents, owners, the private sector, and the State – are maximised. The focus here is on the Cluster Redevelopment Policy 2008 aimed at the redevelopment of old and dilapidated buildings. The method of study is descriptive research using available secondary research and data. The demonstrative case of Bhendi Bazaar redevelopment will elucidate the argument about various factors and stakeholders that influence the implementation of the policy of old and dilapidated housing redevelopment.

Background to the Mumbai housing crisis

Some of the malaise of the housing crisis in Mumbai can be traced back to its history of poorly planned policy interventions in the land and housing market. Mumbai, which emerged as a centre of economic activity after independence had a vibrant rental form of housing especially amongst the working class. In 1961 about 90% of the housing in Mumbai was rental (Praja Foundation 2015). The construction of housing for rental purposes was seen as a viable

¹Mumbai is the capital of Maharashtra State.



investment option for the rich. This investment ensured monthly return in the form of rent and capital value appreciation over time (Praja Foundation 2015). Houses were constructed by the rich mercantile and business classes solely for rental purposes. The Bombay Rents, Hotel and Lodging Houses Rates Control Act 1947, also called the Rent Control Act, put a legal cap on rent, and any rent charged in excess of the State stipulated cap was illegal. The Rent Control Act was to expire in 1973 but was extended until its replacement in 1999 (Tandel et al 2016). The objective of the Act was to prevent the eviction of tenants by providing tenancy protection and housing at a reasonable rent for the city's rental population. The fixed rents did not consider reasonable inflation rates and provided negligible returns to the owners. Due to the low returns, owners discontinued to provide maintenance and no new rental housing was built. The transfer of tenancy through inheritance made the rental tenants permanent tenants (Nallathiga 2005). There was no incentive for the owner to regularly repair and maintain the buildings and the condition of the properties deteriorated. To arrest the rapid deterioration of rent-controlled properties, the State government collected 'cess'² from such buildings to go towards repair and maintenance (Tandel et al 2016). Such buildings came to be called 'cessed buildings'.

The second act that had a significant impact on housing in Mumbai is the Urban Land Ceiling and Regulation Act of 1976, which sought to regulate ownership of vacant land in urban agglomerations. The primary objective of this Act was to cap the amount of land that could be held by a single owner or company in order to prevent land hoarding. The cap varied from 500 to 2,000 sq.m. The additional land was to be given to the State or be developed for a specific use, mainly low-income housing. Only 9% of the total land was acquired, while a large amount of this 'excess' land (about 56,640 ha.) was exempted from acquisition since it came under Section 20 of the Act relating to 'public interest and undue hardships'. However, due to the inefficiencies of the State, land acquired under this Act by the State was kept vacant and not used for low-cost housing. Because land was left vacant while many parcels were in litigation, this land became easy ground for the proliferation of slums. The Act was criticised for the fact that it increased corruption, distorted land markets, and could not achieve its objective. The market went through an artificial real estate bubble since the land was locked and could not be used for the provision of housing and infrastructure. It took thirty years for the government to repeal the Act, and by that time the portrayal of Mumbai had changed. It was in the period of this Act that the numbers of slum areas in the city grew.

The policy response to overcome the housing crisis

To overcome the housing crisis, the State of Maharashtra, the province in India of which Mumbai is the capital, has introduced several policy initiatives towards providing affordable housing, mainly through the redevelopment of slums and dilapidated buildings and incentivising affordable housing projects through the higher Floor Space Index (FSI)³. A higher FSI would increase the supply of housing in the land-scarce city of Mumbai. In the case of Mumbai, which has a low FSI for a city of its size and limited land for urban expansion, the State sees a higher FSI as a resource for affordable housing. The State regards a higher FSI as the best way to house the poor without budgetary provisions, as the private sector plays the

² A form of tax collected from tenants by the State to repair and maintain buildings with rental housing.

³ The extent of buildable area allowed on a plot.



main role in financing affordable housing. As Table 1 shows, important affordable housing policies have a higher FSI provision.

Table 1: Policy initiatives towards affordable housing in Mumbai

Sr. No	Policy Initiatives	Description
1	Slum Rehabilitation Scheme 1995	Under this scheme, the land is used as a resource and is provided with additional FSI. Developers rehabilitate slum dwellers on the same land on which the slum existed and using the additional FSI tenements are constructed for sale in the open market at market prices.
2	Cluster Redevelopment Policy 2008	Launched in 2008, the Policy targeted the redevelopment of old and dilapidated buildings. Such buildings are clubbed in a cluster for redevelopment with a minimum size of 4,000 sq. m and an FSI of 4
3	Inclusive Housing in Layouts 2013	Under the housing policy of the State, the provision of housing for low-income groups (LIG) is provided in private layouts. A 20% incentive on FSI is available to the builder for reserving 20% of the built-up area for LIG housing in townships with an area of more than 4,000 sq. m.
4	Special Township Policy 2016	Launched in 2016, the policy allows the private sector to develop townships. Under the policy, it is mandatory for developers to provide 20% of the built-up area for affordable housing.
6	Redevelopment of the old Mumbai Housing Area Development Authority (MHADA) colonies	Residents residing in old MHADA colonies can redevelop their buildings with an FSI of 3 either through the private developer or through the MHADA

Source: Praja Foundation (2014), Mumbai Metropolitan Regional Development Authority (MMRDA) and MHADA.

Despite the above-mentioned policy initiatives and various schemes, affordable housing continues to be a challenge. The Maharashtra State New Housing Policy and Action Plan 2015 has set a target of creating 0.79 million homes in Greater Mumbai by 2022 (MCGM 2016). From a social housing perspective, the redevelopment of slums and old and dilapidated buildings are important initiatives that are discussed below.

Slum redevelopment

The slum population in Mumbai decreased from 6.47 million (52.52% of the total population) in 2001 to 5.21 million (41.85% of the total population) in 2011 (MCGM 2016). According to the Slum Redevelopment Authority (SRA), there are 2,400 slum clusters in Mumbai. Based on the Afzalpurkar Committee recommendations, in 1995 the Maharashtra Slum Areas (Improvement, Clearance, and Redevelopment) Act 1971 was amended to create the Slum Rehabilitation Authority (SRA). The SRA implements the Slum Redevelopment Scheme known as the SRA Scheme. Under this scheme, slum dwellers obtain a 24.8 sq.m built space in an apartment, to replace their existing slum dwelling. These one-room apartments with a kitchen with toilet cater to the needs of slum dwellers. The scheme is based on a Public-Private Partnership (PPP) model in which a developer finances the construction of apartment housing while the land vacated by the slum dwellers is partly used for their rehabilitation and partly as a sale component to be sold by the builder in the open market. A higher FSI is given for projects under the SRA Scheme.



The SRA scheme has been instrumental in transforming a large number of slum areas by providing tenure rights and access to safe sanitation and water facilities. In the last 20 years, about 10% of the slums have been redeveloped (GoM 2015). The impact of the SRA scheme is positive under conditions where the apartments are good-quality constructions. In some cases, shoddy construction materials and poor design have made the newly constructed apartments look like vertical slums that are just as bad as the slums from which the occupants had just moved (Echanove and Srivastava 2011). The SRA scheme with a higher FSI has increased density, which has overloaded the limited physical and social infrastructure. The SRA project is mainly focused on housing the poor in apartment housing with very limited attention to liveability. SRA housing has not created open spaces and social infrastructure leading to overcrowding. Also, since the SRA is a market-driven approach, builders choose to redevelop slums that are in prime locations where the profits are high, while slums in remote locations are left out (Jagdale 2014). Also, many builders have dropped out mid-construction due to falling market returns, leaving the buildings unfinished (Burra 2005).

Old and dilapidated building redevelopment

Most of Mumbai's old and dilapidated buildings are located in the Island City, which is the southern part of Mumbai. Some of the buildings are more than 100 years old and many are without clear ownership and land titles. The redevelopment of such buildings is challenging. Given the high real estate prices and that Island City is the city's economic centre, residents are unwilling to relocate and continue to live in dangerous conditions. The July 2019 building collapse in the hundred-year-old Dongri locality that killed twelve people and the 2017 building collapse in Bhandi Bazaar locality that killed thirty-three people are stark reminders of the dangerous living conditions in these old buildings of South Mumbai.

Such building collapses are not a rare phenomenon in Mumbai. Since 2013, there have been about 2,704 different types of building collapses, such as the collapse of walls, entire buildings, and parts of buildings, resulting in the death of 234 people and injuring 840 people (Singh 2018). The Municipal Corporation of Greater Mumbai (MCGM) classifies dilapidated buildings as C1, C2A, C2B, and C3. A C1 category building needs to be vacated immediately and demolished. In a C2A building dangerous parts of the building need to be demolished and a C2B building requires only structural repairs. A C3 building requires minor repairs. Currently (2019-20) MCGM has classified 499 buildings as Category C1. There are about 60,000 buildings that are classified as Category C2.

The biggest hurdle for redevelopment is that although tenants are keen, the owners are not. Owners feel too little compensation is provided and want higher compensation. Also, many of the old buildings are small in size and area, so that the redevelopment of one such building is not a viable option.



Cluster redevelopment policy for the redevelopment of old and dilapidated buildings

While the SRA introduced some urgency and regularity to slum redevelopment, the redevelopment of old and dilapidated buildings located on small plots continues to be a challenge. The Cluster Redevelopment Policy 2008, which is seen as India's largest urban renewal scheme, promotes the development of such old and dilapidated buildings. As well as upgrading housing, this policy is aimed at improving the physical and social infrastructure of cluster redevelopment in order to ensure holistic development. The biggest incentive for redevelopment under the policy is the higher FSI. An FSI of up to 3 is allowed for redevelopment on a plot up to 2,000 sq mt and an FSI of up to 4 on a plot above 2,000 sq mt. The first such Bhendi Bazaar redevelopment project was approved in 2011 and later two more projects in the overcrowded Parel region were approved in 2019. While it is now a decade since the policy was put in place there has been no significant momentum in implementation. The Bhendi Bazaar cluster redevelopment project is discussed below.

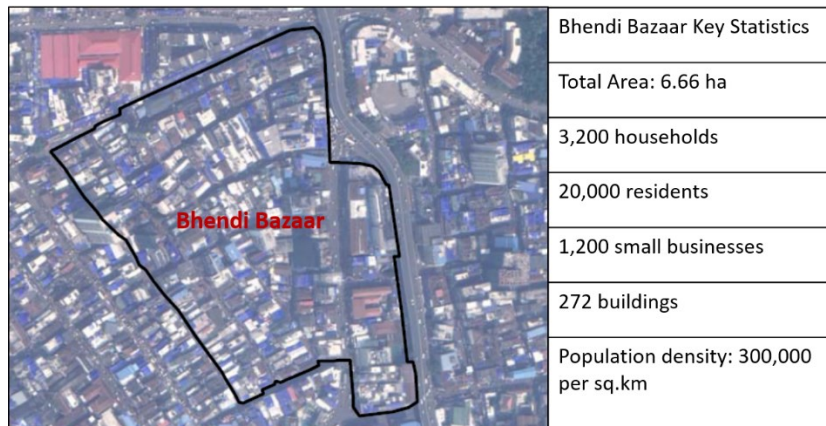
The Bhendi Bazaar cluster redevelopment project

Bhendi Bazaar in South Mumbai is one of the busiest areas inhabited mainly by small enterprises and families. There are 3,200 families and 1,200 businesses residing in an area of 6.66 Ha. Most of the buildings in this area are dilapidated and some are structurally unsafe to live in especially during the monsoons. The buildings and infrastructure are about a century old and this area is now the most neglected area in the city. In an initiative that is the first of its kind, the entire Bhendi Bazaar area is to be redeveloped as a single project by the resident community. A trust named Saifee Buhrani Upliftment Trust (SBUT) was established in 2009 for this redevelopment. Eighty percent of the land is to be used to rehabilitate the area's existing tenants in fourteen towers, and three towers are to be sold in the open market to recover the cost of redevelopment. The estimated budget is USD 560 million to be recovered by the sale of apartments in the three towers (Master and Dravid 2015).

SBUT has already acquired 250 of the 272 buildings that will be redeveloped as part of the cluster project. The main hurdle is tenants who refuse to vacate their old and dilapidated buildings. Buildings such as the Adamji Peerbhoy Chawl and twenty-one other buildings are unwilling to go with the SBUT cluster development due to differences with SBUT over the redevelopment process (Sarkar 2019). These twenty-two buildings in which the landlords and tenants are not given possession are set to be acquired by the Mumbai City Collectorate (Naik 2019). These can be compulsorily acquired under the Cluster Redevelopment Policy.



Figure 1: Key Statistics: Bhendi Bazaar



Source: author.

The project is currently under construction and the first building is complete. The first building is the Al-Saadah Tower, which has 41 storeys and has room to house 614 families and 120 shops. Shopkeepers and families are slowly moving into the new building. The first batch of 550 families moved in in February 2020. The response of the families that have moved in has been favourable and they are elated by the shift of moving into a place with a large floor area in an apartment complex with amenities, in contrast to the dilapidated housing conditions they were living in earlier. It took eleven years for the first building to be ready, and given the scale and slow progress of the project, there is a long way to go before the project will be complete. The following section summarises the strengths and challenges in the Bendi Bazaar cluster redevelopment project.

Strengths/Innovations

The biggest strength of the project is the uniform social structure of the residents who predominantly belong to a single religious community. SBUT tries to maximise the interests of the tenants who belong to this community and the community in general has trust in SBUT. Due to this trust, SBUT was able to get consent from most of the buildings for redevelopment. Buildings that did not give consent were compulsorily acquired after adequate monetary compensation was provided. According to the Cluster Redevelopment Policy 2008, consent for 70% of the land is required and for the rest of the land the State can intervene for compulsory acquisition. In this case, the State as a stakeholder intervened by compulsorily acquiring the buildings that had not given consent. Since this was the first project under the Policy, the State was keen to ensure its success and provided all the timely support including all the statutory approvals and a higher Floor Space Index (FSI) of 4. As discussed earlier, in the case of slum redevelopment, where no additional physical and social amenities such as open spaces, parking were created, here in this project due to its large scale adequate provisions for physical and social amenities have been provided. Increased density in this project might not lead to a strain on existing infrastructure. This is the biggest differentiator of a cluster redevelopment project in comparison to the slum redevelopment project.



Challenges

To date SBUT has been able to develop only one of the thirteen proposed buildings. The delay was due to litigation in the courts against compulsory acquisition. SBUT faced challenges raising funds, and this occurred against the backdrop of a real estate downturn in Mumbai and a decline in capital values in the locality. This locality is adjacent to the Central Business District (CBD)-Nariman Point. However, over the last decade, Nariman Point has seen a decline as a CBD due to the relocation of offices towards suburban regions. Further, the current lockdown due to Covid-19 and associated social and economic challenges might significantly delay the project's completion.

Delays in redeveloping old and dilapidated buildings

While about 16,000 old buildings in Mumbai await redevelopment, multiple challenges are seen at every stage, leading to delays in redevelopment. Redevelopment has become a lengthy and cumbersome process. While it is now ten years since the policy was introduced, no new construction of cluster development projects has taken off. While two cluster development projects in Central Mumbai are in the planning stage, the progress is far from satisfactory. The cluster development policy, which was announced with much fanfare, is a non-starter unless significant policy modifications and financial impetuses are given. As seen in the case of the Bhandi Bazaar redevelopment project, getting every building owner on board is the biggest challenge. Given the delay in redevelopment projects, which can take as long as ten years and many of them never get to see the light of day, building owners and residents do not trust private developers or even the state agency MHADA. Therefore, residents are reluctant to agree to redevelopment. Also, building owners and tenants are looking for higher gains either in terms of a higher pay-out or bigger flat area. Given the current macro-economic conditions and poor financial health of private developers, providing higher returns to residents is a challenge. Another challenge is the lack of transit accommodation in the vicinity of such projects. The transit camps are mainly located in remote suburbs such as Borivili and Mahul and the residents of the buildings required for redevelopment who live close to the business district are not willing to move to these distant places.

Conclusion

The delay in the redevelopment of old and dilapidated buildings is the biggest housing challenge that the city development agencies in Mumbai are facing. Illegal modifications to these old buildings are rampant and are putting many lives at risk. Illegal modifications to the building were the main cause of the Dongri building collapse. While redevelopment is taking a long time, the Municipal Corporation of Greater Mumbai (MCGM) is monitoring old and dilapidated buildings by categorising them. C1 category buildings need to be vacated and demolished immediately and courts have upheld the demolition notices on such buildings. The challenge is in the C2A and C2B buildings, which require partial demolition and structural repairs, which are not undertaken to satisfactory levels. The MCGM and courts are intervening periodically to either demolish or structurally repair the old buildings. However, structural repairs and maintenance on the ground are far from being at desired levels. Illegal modifications, sometimes in the patronage of corrupt officials, further accentuate the problem. To act against unauthorised modifications special officers are appointed by the MCGM. However, these



officers find the task daunting as unauthorised modifications are rampant and it is very challenging to control them. Therefore, many special officers seek to transfer out of jobs with these responsibilities. In fact, civic officers try to avoid being posted in B-Ward, which encompasses areas such as Dongri and Bhendi Bazaar (Kasale 2019). After the Dongri building collapse the State Government adopted a plan in which the MHADA was appointed as the planning authority for the redevelopment of dilapidated buildings. The MHADA can acquire land and pull down the dilapidated buildings that have been issued a notice to be demolished and redeveloped. Also, the MHADA was given the powers to take over the redevelopment of cessed buildings in projects that have ground to halt because the developers walked out of the redevelopment projects mid-way. Yet there is no visible progress on the ground. Thus, till the time that there is focused implementation of the redevelopment of old and dilapidated buildings, these buildings will remain in a state of dire neglect and the lives of people residing in them will continue to be on the edge.



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