



NAREDCO

NATIONAL REAL ESTATE DEVELOPMENT COUNCIL

1509-018 81  
19/3/2012

First Floor, 8, Community Centre  
East of Kailash, New Delhi - 110021

**Brig. (Retd.) R R Singh**  
Director General

Director (Pig.) MPR/TC,  
D.D.A. Vikas Minar N. DELHI-2  
Dy.No. 2008  
Dated 13.4.12

March 9, 2012

**To permit residential group housing in existing industrial areas/plots so as to address housing shortage in Delhi**

Dy. No. 1591  
Dt. 16.04.12

Dear Sir,

National Real Estate Development Council (NAREDCO) was formed in 1998, under the patronage of Ministry of Housing and Urban Alleviation, Government of India and is engaged in promoting Housing and Real Estate Industry in India and also safeguarding customer interest. Inculcating professionalism, transparency and accountability in real estate business is the primary objective of NAREDCO. All stake holders or Real Estate industry, public and private, are its members.

Delhi is experiencing the acute shortage of housing stock because of land scarcity. It is, therefore, of paramount importance that every available piece of land is used to its optimum potential in augmenting the residential stock. Permitting residential group housing in existing industrial areas/plots could be a viable option towards achieving this objective.

With the above in view, I am enclosing a background note, explaining innovative measures that could be used to address the problem of housing shortage in Delhi, for your consideration please.

With regards,

Yours sincerely,

  
Brig. (Retd.) R R Singh

**Dr. Sudhir Krishna**  
Secretary  
Ministry of Urban Development, Govt. of India  
Nirman Bhavan, Maulana Azad Road  
New Delhi - 110108

Encl.: Annexure.

AS (UD)

11-3  
DIP (DD)  
Kish  
US (ES)  
US (DD)

### Residential Use in Existing Industrial Areas/ Plots

1. All previous Master Plans of Delhi were prepared based upon the pattern of residential development prevalent at that particular time and requirement of augmenting existing developed areas and finding new areas for future development of housing. MPD 2021 recognizes the fact that there is a net housing shortage of about 1.0 Lakh houses/dwelling units in Delhi. Moreover, the estimated additional housing stock required by 2021 will be as large as **24 Lakh dwelling units**. Thus, the basic shortage in Delhi is of **Housing**. 50% of the population in Delhi resides in slums or unauthorized colonies. It is therefore a matter of paramount importance that housing stock of Delhi is increased exponentially and through all innovative measures that can be implemented in a planned manner.
2. The character of the city of Delhi has changed. As the National Capital, it is no longer a manufacturing city, but more so a trading centre, a distribution hub, an educational and medical centre, a IT service provider centre as well as the city of various governments and government institutions. All these activities require provision of housing rather than industrial manufacturing premises.
3. It has also been recognized in MPD 2021 that around 40% of housing needs can potentially be satisfied through redevelopment/up-gradation of existing areas of Delhi. Para 3.3 of MPD 2021 stresses upon the need for redevelopment of existing planned areas in view of "limitation of buildable and urbanisable land in Delhi." This redevelopment may not be kept limited to existing residential areas but may be extended to other Use Zones also, to meet the target.
4. A number of industrial estates were set up in the city of Delhi in the early 1950s, 1960s and 1970's. Due to expansion of the city, these industrial estates have become a part and parcel of composite areas surrounded by residential colonies. Many examples can be quoted: Wazirpur, Janakpuri, Mayapuri, Okhla, Naraina, Mohan Co-operative Industrial Estate, etc. In these circumstances, Industrial Estates have virtually become

commercial centres housing Banquet Halls, Showrooms and Commercial Offices. The Government of Delhi and Government of India have taken a final step vide notification dated 01.04.2011 to ensure that legally permissible commercial buildings are made on plots of 1000 sq. mtrs and above in industrial areas with requisite incentives. But the problem of shortage of housing remains all over Delhi.

5. However, Residential areas have been further shrunk under the same MPD 2021 by stipulations of Chapter – 15 of MPD 2021: Mixed Land Use. By this, commercial uses have been permitted on notified roads in residential areas. This has resulted in more supply of commercial spaces at the cost of residential spaces. Unauthorized use of houses for illegal (and often polluting) tiny-scale manufacturing units has further compounded the problem.
6. Pursuant to the Hon'ble Supreme Court's Order dated 10.05.1996, large Industrial lands have been made available for redevelopment because of closing and relocation of large and heavy industries. All these lands are surrounded by large tracts of green areas and are conducive for residential/ mixed development. In fact, staff housing has traditionally been part of large industrial estates, and hence residential use has been existing in such Industrial areas/ plots of large size.
7. Only non-hazardous industries are allowed in Delhi now. Units are basically being used for IT and trading purposes and not much of manufacturing activity is taking place in many industrial units. It has been provided in MPD 2021 that "Industrial Units/Plots abutting 24m ROW and above shall be eligible for conversion to commercial use within the existing development control norms, subject to payment of conversion charges .... The activities permitted in local shopping centers will be permitted in such plots." These Industrial areas and large industrial plots can easily be put to use for augmenting the housing and offices supply which **will make them ideally suited for establishing the eco-friendly walk-to-work culture in these areas.**
8. In terms of Chapter 17, sub clause 8 (2) of MPD 2021, Old Age Homes, Hostels, Night Shelters, etc. are already allowed in Industrial Use zone. Since these uses are residential by nature, the same logic can be extended to allowing residential development in the Industrial Land Use Zone too.



9. Para 7.6 of MPD 2021 lays down that "there is a need for modernization and up-gradation of the existing industrial areas with due regard to environmental consideration. Since several of the areas are located along the Mass Public Transport Corridors such as Delhi Metro, BRT corridors and proposed Regional Rapid Transport System (RRTS), there is also a need for optimizing the use around these areas through the process of redevelopment.
10. Therefore, a need already exists to convert industrial lands into residential areas/ mixed use areas immediately and allow high rise development therein, because the infrastructure for industrial areas can support high vertical growth development. There is also a need for such a measure because the provision of allowing Group Housing activities in plots of 3000 sq. mtrs and above, has not been very successful in current residential colonies (due to the high rates of land prevailing in the prime residential colonies).
11. In Mumbai, there is a separate categorization of Industrial Use Zone, where residential use is permitted along with commercial use. This way the land use has been retained as "Industrial" but plots under that Industrial Use Zone can be developed for residential and commercial uses. This can be adopted in Delhi also. **There should be some incentive to compensate loss of residential area by way of allowing residential use in large Industrial Plots. Group Housing in Industrial areas will also reduce carbon footprints as it will encourage walk-to-work culture.**
12. Residential and commercial development in the present commercial areas should conform to all the norms of MoEF clearances in terms of energy efficiency, on-site management and disposal of waste water and solid waste as per MoEF guidelines. This would make a significant contribution towards housing stock, including Community Personnel/EWS category housing as these are to be created along with Group housing as per MPD 2021 provisions. This will help in reducing unauthorized colonies as well as jhuggi clusters. This housing stock would be created in already developed areas of city with ample infrastructure. This would considerably reduce the capital investment in creating the trunk infrastructure. Optimum utilization of land would also be ensured.

13. The current FAR allowed for Group Housing activities is 200 with provisions for 15% EWS / Service-category housing. Just as a 50% incentive is given for conversion from industrial to commercial, it would be similarly appropriate to give a 50% incentive in plots of two hectares and above for conversion from industrial to residential usage..

14. Hence it is suggested :

- (a) Group Housing activities may be permitted as part of redevelopment/ re-densification strategy, to begin with, in large industrial plots of 2 hectares (5 acres) so that only those plots which can accommodate internal infrastructure and services qualify for the same. Once the policy is successfully implemented, it can further be extended to smaller plots that are permitted for Group House Schemes in MPD 2021.
- (b) In order to make the redevelopment sustainable, existing Industrial plots having area commensurate to the threshold size of plots and industrial use premises, as per MPD 2021, should be allowed to have entirely residential Group Housing development or entirely commercial development or any combination thereof on payment of prescribed charges for each component. While commercial/industrial component shall be permissible within existing development control norms, the residential group housing development will be governed by the development control norms of "Group Housing" with enhanced FAR and with all supporting community facilities on 'Accommodation Reservation' basis to incentivize the development of Residential use in these lands."
- (c) Presently Group Housing has an FAR of 200, and an incentive of 1.5 times is further given under the redevelopment scheme for Planned Industrial areas, making it a total FAR of 300. This will ensure similar incentives for industrial to commercial as well as industrial to residential usage to cover up the shortages of housing and EWS in the city under this scheme.