

CHAPTER-30

MULTI STOREYED COMMERCIAL & GROUP HOUSING BUILDINGS

The approved Master Plan in Delhi and Zonal Plans earmarked certain area for re-development as commercial and group housing residential buildings. The Ministry of Works & Housing in their letter No. J-15015/1/71/LII dated 12th December, 1972 laid down that the applications for the construction of Multi-storeyed buildings shall be dealt with in the following manner:-

- (i) The commercialisation charges may be worked out, after deducting the area for road widening;
- (ii) No compensation shall be payable to the lessee for the area required for road widening;
- (iii) The additional charges may be worked out on the current land values; and
- (iv) If the lessee is not agreeable and proceeds with construction plans, etc. the property may be re-entered upon.

2. PROCEDURE FOR GRANT OF PERMISSION FOR CONSTRUCTION ON MULTI-STOREYED BUILDINGS FOR COMMERCIAL/GROUP HOUSING PURPOSES:

Lease Deeds executed with the lessees provide for prior permission/approval of the lessor by the lessees before they undertake construction of any building or part of the building in addition to the one existing on the date of demise. The lessees who wish to convert their demised premises into multi-storeyed building for commercial/group housing purposes shall seek prior approval of the lessor viz., the Land & Development Office. Such permission will be granted inter-alia on payment of conversion charges.

Applications in the prescribed form given below duly filled in and signed by the lessee(s) or his/their duly authorised attorney alongwith the documents mentioned therein and earnest money as mentioned below can be sent by

APPLICATION FORM

**FOR PERMISSION TO CONVERT LEASE-HOLD PROPERTIES INTO
GROUP HOUSING/MULTI-STOREYED COMMERCIAL BUILDINGS**

(Strike out which is not applicable)

1. Name(s) of the Lessee(s) :
 2. (a) The status of the applicant(s) :
 - (i) Whether Lessee(s) on record :
 - (ii) Legal heirs of Deceased Lessee(s) :
 - (iii) Attorney of the Lessee(s) :
 - (b) Name(s) of the applicant(s) :
If the applicant(s) is/are not the
recorded Lessee(s)
 - (c) If the applicant(s) is/are Legal Heirs. :
 - (d) If the applicant is an Attorney
whether a certified/attested copy
of General Power of Attorney is enclosed. :
3. Plot No._____ Block No._____ and Property No._____
 4. Area of Plot :

5. Permissible use of the premises as per Lease Deed :
6. Use as prescribed under :
- (a) Master Plan :
- (b) Zonal Plan :
7. Whether construction for Multi-storeyed commercial building/Group Housing (Strike out which is not applicable) has been sanctioned by Local Municipal Authority ? YES/NO
If yes, give Reso. No. & date of sanction alongwith a certified copy of sanctioned plans :
8. Whether exemption from competent authority under Urban Land (Ceiling & Regulation) Act, 1976 U/S 20(1) of the Act has been obtained ? If so, an attested copy of the same is to be enclosed. YES/NO
9. Amount of earnest money payable :
(Please attach demand draft for this amount drawn in favour of Land & Development Officer, New Delhi).

Scale of Earnest Money deposit is as follows:-

Area to be Converted	Earnest money for Group Housing	Earnest money for Multi-storeyed Commercial Buildings
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1.	0.50 acre	Rs. 25,000/-	Rs. 50,000/-
2.	1.00 acre	Rs. 50,000/-	Rs. 1,00,000/-
3.	1.50 acre	Rs. 75,000/-	Rs. 1,50,000/-
4.	2.00 acre	Rs. 1,00,000/-	Rs. 2,00,000/-
5.	2.50 acre	Rs. 1,25,000/-	Rs. 2,50,000/-

Dated:

Signature (s) of the applicant (s)

Address:

(This application should be signed
by any of the co-lessees/GPA, if
there are more than one lessee/GPA holder)

To

**The Land & Development Officer,
Land & Development Office,
Nirman Bhawan,
New Delhi-110 011.**

Application not accompanied by the requisite documents and earnest money shall not be entertained.

The earnest money shall be refunded at any time on request of the lessee, if he does not wish to pursue his application for conversion. Once the earnest money is refunded, the application shall be treated as withdrawn. Any subsequent application for conversion shall be treated as a fresh application and land rates prevailing on the crucial date determined with reference to the date of submitted the fresh application shall be taken into account for calculation of conversion charges.

In the event of the terms being offered, the earnest money shall be adjusted against the conversion charges recoverable after the lessee accepts the terms offered and complies with the conditions of the same.

Conversion charges in this context shall mean additional premium and new (revised) ground rent which are calculated by applying the land rates prevailing on the crucial date.

In suppression of all previous instructions the Ministry of Urban Development vide letter No. J-20011/2/90-LD dated 11.1.1995 issued revised guidelines in regard to determination Conversion Charges and other terms pertaining to development of group housing and Multi-storeyed construction (both residential as well as commercial in Delhi and New Delhi) the complete text of these guidelines are at Annexure.

In terms of the guidelines *ibid* the following procedure shall be adopted for determining the crucial date additional; premium, revised ground rent and other terms pertaining to development of group housing and multi-storeyed construction (both residential as well as commercial).

4. CRUCIAL DATE:

The crucial date for determining the land rates applicable for calculation of conversion charges shall be the date of receipt of application (complete in all respects) for conversion accompanied by the requisite documents and the earnest money, where applicable.

In cases where application for conversion has been made or where such application is made after sanction of the building plan, date of sanction of such plan by the local body shall be crucial date.

In cases where application has neither been made nor construction executed in accordance with the originally sanctioned plan but is executed as per the revalidated plan, the date of revalidation of such plan shall be the crucial date.

Application or requests shall be signed either by lessee himself or by an authorised person holding General Power of Attorney of the lessee for this purpose. When there are more than one lessee/GPA holder, the application can be signed by any of the lessees/GPA holders. However, in such cases before communication of the terms, a no-objection certificate on non-judicial stamp paper of appropriate value for granting permission for development shall be obtained by the lessee from the Co-lessees/GPA holders who have not signed the original application.

Considering the fact that in some cases un-registered GPAs were furnished and registration of GPA is not compulsory, production of registered shall not be insisted upon in old cases.

5. DETERMINATION OF CHARGES (ADDITIONAL PREMIUM):

The additional premium for conversion shall be determined with reference to the land rates applicable on the crucial date as per the FAR assigned to the plot as per building bye-laws and zonal plan.

In cases where land rates are linked to prescribed FAR, the same shall be increased or reduced proportionately with reference to the actual FAR applicable on the plot as on the crucial date.

In cases where land rates have been prescribed as per existing FAR, while calculation conversion charges land rates need not be proportionately increased or reduced.

For the purpose of calculation of additional premium in all pending cases, single rate as notified by the Ministry from time to time on the crucial date shall be taken into consideration instead of doubling of the land rates as provided earlier in some cases.

The formula for calculation of additional premium shall be as follows:-

50% of the difference between the commercial or residential land value as the case may be, as per the rate prevailing on the crucial date and those prevailing at the time of last transaction.

6. REVISED GROUND RENT (RGR):

Revised ground rent shall be charged of the notional premium i.e. premium arrived upon by multiplying the land area with land rates applicable at the time of crucial date.

Revised ground rent as above shall be applicable immediately upon the completion of 3 years from the date of communication of terms for conversion, sanction of the plan or from the date of completion/occupation of the building whichever is earliest.

Where the lessee is unable to proceed with the construction due to a court case or any stay order from Govt./local authority, the moratorium from RGR shall be given for the period during which such a stay/ban remains operative. However, lessee shall continue to pay ground rent as applicable before revision during this period.

7. MISUSE AND DAMAGES:

Charges for misuse of the land/building constructed thereon for a purpose other than that for which the land/building was allotted shall be levied from the date on which such misuse is established and upto the date of communication of the terms or sanction of the building plan in accordance with which construction has been executed or date of starting construction whichever is earliest.

8. INTEREST:

Interest shall be calculated from the expiry of the period allowed for making payment as contained in the terms letter i.e. 90 days after communication of the terms.

Additional premium may be permitted to be paid in instalments spread over a maximum period of 3 years. Thus payment of additional premium in instalments would carry an interest on 2nd and 3rd instalments @

14% (Fourteen Percent) p.a. from the date mentioned in the preceding plan.

Any delay in making payment of the prescribed dues exceeding one year will carry penal rate of interest of 2% per year over and above the normal rate of interest mentioned in the preceding para.

A table showing the manner of recovery of additional premium in instalments and interest on such instalment is brought out as under:-

1. Let Addl. Premium recoverable be : Rs. 3,00,000.00
2. Date of grant of permission : 01-01-1995
3. The full amount can be paid in lumpsum
on or before 31.3.95 without interest :
4. In case the Lessee wants to pay Addl.
Premium in instalments, then
 - (a) Ist instalment payable on or
Before 31.3.1995 : Rs. 1,00,000.00
 - (b) 2nd instalment due on 1.1.96
plus interest on the outstanding
balance of Rs. 2,00,000.00 @ 14%
for the period 1.1.95 to 31.12.95 : Rs. 1,00,000.00
 - (c) 3rd instalment due on 1.1.97
plus interest on the outstanding
balance of Rs. 1,00,000.00 @ 14%
for the period 1.1.96 to 31.12.96 : Rs. 1,00,000.00

Note: In case there is default in payment of the prescribed duty exceeding one year, penal interest of 2% per annum over and above the normal rate shall be levied.

9. CONSTRUCTION WITHOUT PERMISSION OF LESSOR:

In cases where construction has been commenced/or executed without prior permission of the lessor or before complying with the terms communicated by the lessor a charge of 5 % per annum of the additional premium shall be payable from the crucial date to the date when RGR becomes payable.

In case where terms have already been communicated by the L&DO but not acted upon fully by the parties, the demands shall be modified keeping in view the above factors, if a request is made by the party.

In such cases, after recasting the demand as above and adjustment of the amount already paid by the party, on the outstanding amount, interest shall be charged at the rate of 14% (Fourteen percent) p.a. from the due date i.e. expiry of the date upto which the party was required to make payment as per terms letter issued earlier and will be levied upto the date of actual payment.

10. OVERHEAD CHARGES:

As the multi-storeyed construction envisage upgradation of the existing services and/or laying down new service lines, in areas where intensive re-development is taking place, overhead charges shall be calculated by reckoning the plot area 491 sq. yds. per acre and multiplying the same by the land rates applicable on the crucial date in all cases where the terms have not been complied with or fresh terms are offered.

However, where the lessee is required to make available land for providing utilities, he shall not be required to pay overhead charges at the time of conversion.

11. RE-ENTRY CASES:

In all cases where re-entry order has been made by the lessor for violation of the lease terms, re-entry order shall be revoked after recovered of revocation

charges calculated at Rs. 100/- per day or subject to maximum of Rs. 3,000/- per annum from the date of re-entry to the date of revocation thereof i.e. the date of communication of terms, provided other dues i.e. misuse charges/damages etc. have been paid.

The above discussed guidelines issued by the Ministry of Urban Development shall come into force w.e.f. January, 1995. All cases decided and settled otherwise in accordance with the instructions issued upto 31.12.1994 shall not be re-opened. All pending cases shall, however be dealt with, as a special case, in accordance with the provisions contained in these guidelines provided application to this effect is made by the lessees/their authorised signatories within a period of three months from 1.1.1995/

In cases, however, no such request is received, the terms offered earlier, in accordance with the instructions then in vogue, shall be treated as final and charges so calculated and remaining unpaid shall be recovered as arrears of land revenue under the Land Revenue Act. In other words, this shall be treated as a special amnesty scheme for clearance/settlement of old cases and shall be available for a period of three months only.

[M/o UD letter No. J-20011/2/90-LD dated 11.1.1995]

12. EXECUTION OF A SUPPLEMENTARY LEASE DEED AND TRIPARTITE AGREEMENTS:

The lessee shall be required to execute a supplementary lease deed providing inter-alia the following:-

- (i) Restricting the sale, transfer, mortgage or assignment of the building, blocks, flats or any part thereof without the prior permission of the lessor and payment of unearned increase in any of these events;
- (ii) Revision of Revised Ground Rent after every span of years as prescribed by the lessor from time to time; and
- (iii) Keeping a running strip of land in front and near the demised premises free from all encumbrances/structure/construction and surrendering the same to the lessor or his authorised agent as and when called upon.

13. NO OBJECTION CERTIFICATE (NOC) FOR EXEMPTION UNDER URBAN LAND (CEILING & REGULATION) ACT, 1976:

The lessees require exemption under Section 20 read with Section 22 of the Urban Land (Ceiling & Regulation) Act, 1976 for undertaking re-development of the leased lands. The Competent Authority under the Act, ibid asks for a 'No Objection Certificate' from the lessor. Such NOC shall be issued by the Land & Development Office subject to the following conditions:-

- (i) The lessee(s) shall apply for the NOC for the purpose of obtaining clearance under the ULCR Act and shall not make use of the NOC for getting building plans cleared from the local authority: and
- (ii) The lessee(s) shall furnish an undertaking as reproduced below to the effect that he/she shall pay the conversion charges as and when demanded by the Land & Development Office:-

UNDERTAKING FOR EXEMPTION UNDER ULCR ACT

(To be furnished on a non-judicial stamp paper of Rs. 10/- duly witnessed by two persons)

I, _____
son/wife/daughter of _____ R/O
_____ hereby undertake as under:-

1. That I/We will pay the conversion charges for the construction of the proposed multi-storeyed building for commercial/group housing purpose at _____ which may be communicated to me/us by the Land & Development Office after working out the same; and
2. That I/We will not make use of the 'No Objection Certificate' issued by the Land & Development Office for the purpose of clearance under Urban Land (Ceiling & Regulation) Act, 1976, for getting the building plans of the proposed multi-storeyed building sanctioned from the Local Body i.e. MCD/NDMC.

Signed and executed this on the _____ day of _____, 199 at New Delhi in the presence of the witnesses mentioned below:-

WITNESSES:-

EXECUTANT

1. _____

2. _____

14. NOC FOR COMMENCING CONSTRUCTION:

The No Objection Certificate for commencing construction shall be sanctioned by the Land & Development Officer on receipt of the first installment and other charges with the condition that the local body shall sanction the completion and occupation certificate only after all dues are received by the Land & Development Office.