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REVERSE TENDERING Pvt players could get state-owned urban land at a pre-determined price, with certain riders

Affordable houses may come up on govt land

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GRAPPLING with high land prices that come in the way of providing affordable housing for millions in urban areas, the UPA government is considering providing state-owned land to private players at a pre-determined price with certain riders.

The concept paper for such a 'reverse tendering' has been circulated among the housing and urban poverty alleviation ministry. According to the concept note, land will be provided at a pre-determined price and expressions of interest would be invited from the private sector for building houses at the lowest possible price on the land.

While the ministry will issue broad guidelines, individual tenders will define the price and specifications for each housing project.

"The common thread in our discussions with various stakeholders was the high prices of land which discouraged the private sector from taking up affordable housing projects. Through this model, the land price can be pre-determined and housing market can also be regulated," said a government official. The proposal has been circulated among the ministry and the states may then adopt it and implement.

"Reverse tendering should be adopted to make land available. It will address the housing needs of the economically weaker section (EWS), lower and middle income group," the official said.

Expressions of interest would be invited from the private sector for building houses at the lowest price possible

The ministry's initiative has found favour with realty experts, who have long called for a "reverse tender" model in response for the burgeoning shortage of affordable housing in urban areas.

"This step is in the right direction to overcome housing problems of urban India. It will help developers to deal with various models like reserving certain percentage for EWS/housing in residential projects, allowing greater Floor Space Index and rental housing; all of which are the need of the hour in cities," said Abhishek Kiran Gupta, associate director, Research & REIS (Real Estate Intelligence Services) of realty consultancy JLL-Meghraj. However, developers would need to provide infrastructure services like schools and retail spaces at these sites should be fixed, he added.

"The reverse tendering model will be a transparent and competitive bidding mechanism which is held by state housing boards or development authorities for selling land. Instead of letting the speculative element take over and raise prices artificially, this model of tendering will help in price monitoring as well," said the official.

Recently, the country's highest ever land auction of Rs 5,086 crores by the Delhi Development Authority (DDA) ran into flux when the real estate company BPTP had to withdraw from the project due to a liquidity crunch. Land deals in Mumbai also met with a similar fate as developers have later surrendered the land even at auction by state authorities at high prices.