

Overview

Any investment in property in India, whether for investment purposes or for personal use, is always a long drawn 'family matter'. As it involves substantial capital, these decisions are not taken more than twice or thrice in an individual's life span. This entails that there is a requirement of extensive deliberations, thoughtful considerations and balanced matured opinion making in order to ensure that your investments are safe and yield the planned 'return on investment' (ROI). In the succeeding heads we elaborate upon the various facets one must consider/keep in mind during decision making, shortlisting, purchase and exploitation stages of the investment.

Decision Making

The infographic below lists out the various factors which need consideration when one is taking a call for investment in real estate. The factors generally include, the reasons for purchase of property, the kind of property i.e. commercial or residential, availability of capital, the location of purchase, time duration of investment, expected returns (ROI) etc. The infographic also shows the inter-relationship/inter-dependence of these facets with each other (icons shown on to the right of a bullet) and provides a quick guide for decision making.

Personal Decisions



Reason for Purchase

- Investment
- Self Use

• Choose Between



Commercial

High returns viz investment.



High maintenance if not leased out, asset locked for longer period



Residential

Assured returns @ rentals.



Higher investment viz returns.



Choose Scale



- Decide between 2BHK 3BHK etc.

Consider 1 additional room than required & svt qtr.

Property Shortlist



Location

- Decide City
- Decide area/locality within city

Always consider approved master plan



Possession

- Ready to move in - next 3 months

Safest

Immediate ROI.



Higher comparative budget

- Under construction – 1 to 3 years

Better financial planning
 Cheaper



Timely possession not assured

- New launch - > 3years

Cheapest, higher ROI



Long duration of investment, in time possession not assured

Financial Considerations



Capital



- Limited/ constrained.



Less risk



No flexibility /restricted choice

- Flexible/open



Flexibility in choice



Position of strength in negotiations



Higher risk



Return on Investment

- Long term investment



Higher returns, less capital
More capital for reinvestment



Capital stuck for longer duration
Financial flexibility reduced

- Short term investment



Faster returns, financial flexibility



Higher capital, lower returns

Be Aware of Regulations!

Residential Plotted Colony:-

- a) The plotable area/saleable area in a plotted colony cannot exceed more than 55% of the area of the colony (inclusive of 4% commercial area for need of the residents of the colony) and remaining area is to be utilized for planning of roads, community buildings like schools, hospitals , utility buildings/sites and open spaces.
- b) The colonizer is required to provide for community building sites in accordance with the norms approved for the purpose. These norms are population based and are arrived at by taking into account the designated densities as envisaged in the Development Plan proposals. The minimum width of the road is 12 mtrs.
- c) 20% of the plots are to be reserved for EWS , housing with a minimum plot size of 50 sq. mtrs.
- d) 25% of the total plots are to be allotted under the category of 'No Profits No Loss' plots (NPNL) i.e. at the rate prescribed by the Director. The size of these plots ranges between 125 sq. mtrs to 225 sq. mtrs.
- e) The population to be achieved in the colony cannot exceed beyond the designated densities in the Development Plan.

Group Housing:-

- a) The Group Housing site is governed in accordance with the zoning regulations approved by the Director.
- b) The ground coverage in the group housing project as 35% of the site area and the floor area ratio (FAR) is 175.
- c) The maximum habitable height in a group housing complex is 60 mtrs .
- d) The group housing project should not exceed 20% of the sector area.

- e) The community facilities are to be provided in accordance with the norms approved by the Department and are based on the population to be achieved as per proposed density of the group housing complexes which ranges from 100 to 400 persons per acre.
- f) To provide convenient shopping within the group housing complex 0.5% of the site area can be utilized towards convenient shopping , these shopping is single storey with a maximum height of 4 mtrs.
- g) 15% of the total number of flats are reserved for EWS and 10% of the main dwelling units is required for service apartments i.e. for domestic help.
- h) The minimum two level basement for parking and services with a compulsory provision of one car space for every flat of the group housing complexes (except EWS).
- i) Area requirement for EWS and service apartment is 200 sq.ft. and 140 sq.ft. respectively.
- j) It is also mandatory to provide 15% organized green space in a group housing complex.

Commercial:-

The zoning regulations of development plans have been amended to allow private sector to undertake development of maximum 50% of the designated commercial areas in the development plans by way of licences. The parameters for licence in residential colonies are as below:-

- a) The commercial colonies are also granted licences for sites falling along the peripheral/sector road in the designated residential sector of the Development Plan.
- b) The area under licenced colony in a residential sector cannot exceed 3.5% of the sector area subject to minimum and maximum prescribed area limits.
- c) The location of the site should be along a sector peripheral road within a provision of service road.
- d) The ground coverage allowed in commercial project is 40% and the floor area ration is 150 or 175 as opted by a colonizer.
- e) Maximum Height of the habitable area is 60 mtrs.

- f) Three level basement is permitted for providing parking and services . No storage is allowed in the basement.
- g) The parking norms are one car space for every 75 sq. mtrs covered area.

Cyber City/Cyber Park:-

- a) The location of the site should be on a sector peripheral road in residential or industrial sector in the Development Plan. In case of residential sectors the permissible area for IT Park/ Cyber Park will not exceed 5% of the sector area.
- b) The permissible ground coverage is 40% and FAR is 250.
- c) In case of cyber cities 10% of the area of the site can be utilized for Group Housing and 4% of the area for commercial use.
- d) In case of Cyber Parks only 4% of the area can be utilized towards commercial uses. No group housing is permissible.
- e) The parking requirement is one car space for every 40 sq. mtrs area achieved.

Check the following Documents with the Builder

The builder while seeking clearances from municipal authorities requires the following documents. Demand for these documents for your satisfaction.

- a). Copy of deeds showing the title of the applicant.
- b). A survey plan of the land on a scale of 1 to 40 feet showing the existing means of access to the said land for the nearest public road and building and their nature falling within 100 yards of the said land.
- c). Shajra Plan.
- d). Land Utilization Plan.

- e). Potability of water certificate from recognized water-testing laboratory (for farmhouse).
- f). Project report.