

RED ALERT PUGREE TENANTS

Commercial Premises over 500 sq. feet and Residential Premises over 861 sq. feet to pay market rents or vacate premises.

The Draft Housing Policy of the Maharashtra Government states that the Govt. has decided to amend the Maharashtra Rent Control Act, 1999 and dis-house lakhs of residential and commercial tenants. **If you are a tenant occupying commercial premises over 46.5 sq. metres or residential premises over 80 sq. metres you will immediately have to pay market value rent or vacate your premises.**

This will happen in the next three months. Necessary amendments to the Act will be introduced in the Legislative Assembly in the monsoon session. Given the majority that the Govt. enjoys, this proposal will certainly become law.

This amendment will ruin the lives of lakhs of residential tenants, who will lose their homes and commercial tenants who will lose their livelihoods. **The Pugree paid by tenants to obtain their premises from their landlords will count for nothing and will evaporate.**

WHO WILL BENEFIT?

- A small group of **landlords** owning such premises **will make a windfall profits running into lakhs of crores.** The Govt. passed Maharashtra Act No. VIII of 1998, which extended the provisions of the old Bombay Rent Act for a year. The Statement of Objects and Reasons of that Act says:

"It is also pertinent to note that the landlords as a class have made enormous gains because a substantial number of tenancies have been transferred at a premium or "Pugree" and also by utilizing extra floor space index, by change of user of the tenements and by sale of development rights. Many landlords have benefited many times over their original investments. ... Substantial parts of land are given on leasehold by public or local authorities to the landowners for long periods of time at very low rents. Escalating land prices in computing the escalation of standard rent could not be either just or reasonable and would unjustly enrich the landlords as a class."

- **In 1998 Govt. was aware that landlords as a class had already made enormous gains despite rent control. Today, the same Govt. wants to massively enrich those same landlords at the expense of lakhs of tenants.**
- The 1999 Act had an all-party consensus that there should be no exemptions from rent control based on the size of the premises, which has also been the stand of successive Govts. in the pending Constitutional challenge to the 1999 Act.
- Now, out of the blue, with not even a whisper of discussion, the Govt. intends to gift a small group of landlords/builders property worth lakhs of crores, ruining the lives of lakhs of tenants. The amendment refers to a cap on the rent payable after the fourth year of 30% of the income of the tenant. However, if a tenant cannot afford 50% of the market rent for the first three years he will be dis-housed in any case! Regardless, in these days of constant inflation, **nobody can afford to pay 30% of his/her income for rent, especially after having paid market value Pugree to acquire the premises.**
- The amendment will also remove tenanted buildings subject to cess from the provisions of the MHADA Act **permanently taking away your right to acquire your premises from your landlord under MHADA, (on payment of a compensation of 100 months rent).** This is one more unjust and unfair gift that will be given to landlords.

THE END OF RENT CONTROL COMING?

- **This amendment would be the first step on the road to the end of rent control altogether - not just for those affected by the amendment, but for all protected tenants in Mumbai and Maharashtra.**
- The amendment picks 46.5 and 80 sq. metres as the limits for rent control – in order to favor a select group of builders/property owners. Tenants will be divided as also landlords will be divided.
- Tomorrow, the Government will lower the limits further after their cronies acquire more buildings— dis-housing more and more tenants in the process.
- The amendment will also **destroy the defense of the Government and the tenants in the Constitutional challenge to the Rent Act by the powerful Property Owners Association** which is pending before a nine judge bench of the Supreme Court. This may well result in the Supreme Court striking down the Maharashtra Rent Act altogether.

HOW WAS THIS POLICY PREPARED?

- In February, a seminar on Housing Policy was attended by the Chief Minister, Housing Minister, Housing Secretary, top builders, NGOs, well-known people in the field of housing and government officers. A Report on the Draft Policy was prepared after a few meetings. On 5th April Version 4 of the report was circulated. **This version has no amendment to the 1999 Rent Act.** On 15th April 2015 the State Government officially circulated the Final Draft Policy in Marathi, in which the amendment to the Rent Act has been added. **Something clearly happened between 5th and 15th April for this radical policy to have been suddenly and unexpectedly inserted.**
- What happened between 5th and 15th April? Why was this amendment suddenly added? Why were tenant organizations and the group assisting the government prepare the policy unaware of it? Where is the study/survey/data on which this amendment is based? Why is the Govt. rushing through with this with no discussion at all? And that too during the school summer holiday period when a large number of people are not in the city?
- A Times of India article on Friday 15th May, 2015 headlined “‘Altered’ Housing Policy Raises Concerns” states that **a controversial builder was involved in this insertion.** In the middle of all this, Housing Secretary Satish Gavai has gone abroad and has been unreachable.

WHAT IS TO BE DONE:

Public awareness of this proposal is still very low. And time is very short. **This leaflet must be widely circulated amongst all tenants, even those not immediately affected today. All tenants should immediately meet their MLAs about this policy and ask them to oppose it.**

The Action Committee will seek an urgent appointment with the Housing Minister and the Chief Minister to request their urgent intervention in the matter. In the meantime public awareness and awareness amongst tenants is needed.

The Action Committee for the Protection of Tenants' Rights was formed in the 1990s to fight for the reasonable and legitimate interests of tenants protected under the rent law. It comprises of The Federation of Associations of Maharashtra (the apex body of traders), the Federation of Retail Traders Welfare Association, the Trade Unions Joint Action Committee, several tenant organizations, several other groups and individuals working in the field of housing.

Federation of Associations of Maharashtra
Confederation of Tenants and Residents Associations of South Mumbai
Indian Hotels and Restaurants Association
The Brihanmumbai Bhadekaru Parishad
JVPD Tenants and Residents Association
Federation of Old Buildings, Co-operative Housing Societies and Tenant Associations

The Trade Unions Joint Action Committee
The Federation of Retail Traders Associations
The Federation of Tenants Associations
Tenants and Residents Association
Nivara Hakka Suraksha Samiti