

INDIAN INSTITUTE OF TECHNOLOGY ROORKEE

**NPTEL
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Housing Policy & Planning

**Lec – 38
Housing Management**

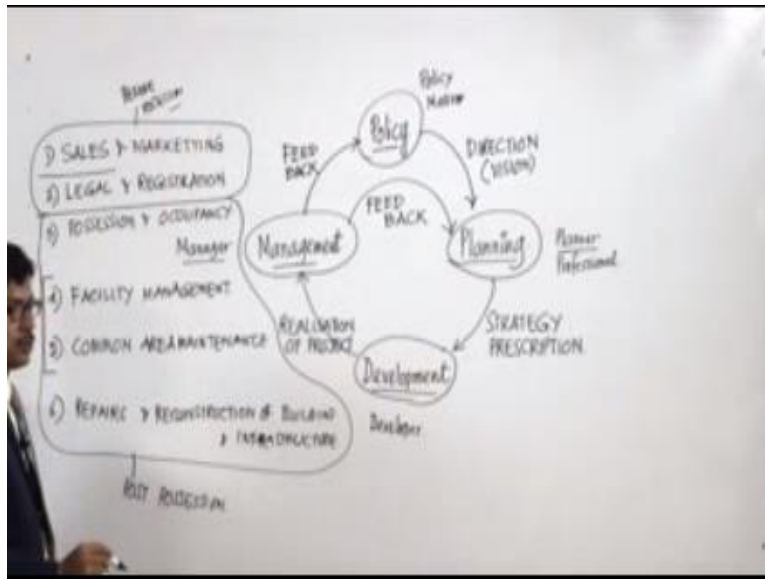
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to execute the project to run the project in a better way. So let us see that how housing management as a stage co

Hello welcome to lecture 38, in this lecture we will discuss the management aspect of the housing development. In the last lecture we completed the discussion on the disaster real estate housing. So far we covered all the policy and planning aspect of housing and also few related aspect like disaster and management and also typologically we covered each and every housing typology.

Now in the final part of the lecture series we will discuss few more aspects which will help you mes in the overall cycle of the development. In the beginning we started with the housing policy.

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So policy comes at the beginning which is nothing but broad guidelines, broad detection how the development would take action. So after the policy we discuss that the planning, in the planning we discussed how mostly we covered the physical planning part how over the piece of land we can plan for housing projects and we can plan for housing as a city scale and also in the sub region of scale. And then in the last lecture we discussed the development part though not in details, but also we discussed the development part role of real estate developers and how real estate developer takes a very prominent role in realizing the policy and planning aspect in the ground situation.

So after the development that means basically the construction and developing the land, the next stage is to management of the development or what we are doing. So therefore, you can see the policy is the first stage which is a macro level stage which gives a broad direction and broad guidelines irrespective of any geographical area, any culture and any topographical variation. So from the policy basically we are getting a kind of a detection for the planning.

And detection always consisting a vision. For example, in today's paradigm the housing for all if this is the slow condition for the housing policy. Then the policy after the policy we do the planning exercise at the city level, so after the planning exercise, planning exercise gives you

some kind of strategy prescription, because it will specifically tell you that what to be done, what not to be done.

And then we develop the project with the help of a developer and from the development, so after the development we get the actual projects. So we can realization of projects that means we get the projects visible at the ground it is being constructed and after that we have to manage it to run the project successfully, how to operate the project, because any piece of engineering creation ultimately it is a macro operation and management and also ignites maintenance.

So during that time we get lot of feedback, lot of experience we get during the operation management. So after the management we can give the feedback to the policy, the feedback can be in many aspect like, it can be related to the design, it can be related to some basic services, it can be related to acceptance of the people that means the cultural aspect. So many aspects can be there from which the feedback can be given to the policy, feedback input could be given the policy makers.

So policy in the next level of policy division those feedback could be un converted. Also during the management time we can give the feedback directly to the planning level also that is also possible right. So this is how we are making a cycle of development of housing project, so here at the policy level the basic role is given to policy maker, here basic role for the planning is done by the planner or professional.

And in during the development period it is the developer who takes the key role and during the management it is the various kinds of people who takes clear of the project by enlarge we can call it a manager or multi various people. Now what are the task at the management level which discussed about the construction and development of the project. So after the construction one major part of the project is basically sale of the unit number one.

And then after the sale and marketing so sales and marketing is major part, because sales and marketing takes the product from the developer to the end-user so that end-user can use it and then next part is the legal and registration the units purchaser by the people that has to be

registered under the act of the state government so that is a second part and then third part after the legal registration you have to facilitate the process by which the people the end-user can occupied and process it so position .

And occupancy that is a second part next part then after the occupancy it comes about the, the managing the facilities created or the basics signs is created like water supply electricity sanitation basic best management was disposal security services so all these services we call it as a facility management and sometimes facility management can include the common area maintenance on we told you that all the housing projects ultimately they create a community.

And within that community some part of the project is individual one by the individual like end unit apartment unit and if it is a plotted unit the plot is one by the individual but they are in common areas like roads common area they pass the ground and the open spaces all those at the common areas so how the common area will maintain that is very important but and this can be maintained together also and then there are regular repair and reconstruction .

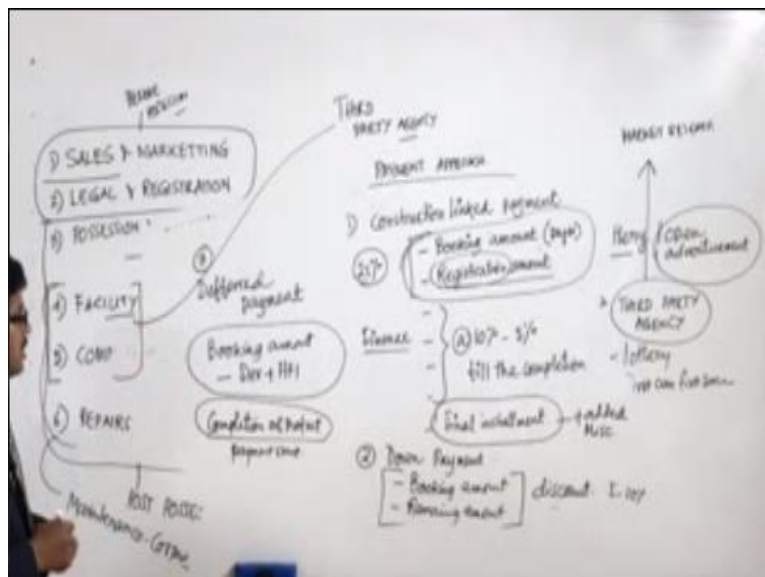
If required of building and infrastructure so this required because for a building will it during it is lifecycle say about 50 years unit sequential or unit regular repair of the building element because building is asset ability to the all whether effect including the heavy rains high temperature and also cyclones and all natural disaster events so building is regular repair and reconstruction during it is lifecycle period so this is how we basically these stages or the works done by the managers or by a set of group of people who are involved in self and marketing.

Legal registration position and occupancy then facility management probability maintenance and repair reconstruction now in this element because you can see that this part after this part this part is related to your directly with your end- users interface in this stage facilitates how you reach to the end- users take them on both I mean to reach them so that they can accept and purchase the unit and then ultimately the units can be registered under the law

and the rest part is related to post construction or post position activity so post position activity and this is before position now it will be good that if we have a brief in discussion on the each.

Aspect of the management part like the first aspect what we discussed is the sales and marketing now how this sales and marketing people in the house in development they operate and what are the moralities that will be good to see and how the current part is in housing planning that will relevant to know now in the sales and marketing.

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Now the project could be developed by the at public developer it could be developed by the private developer so of it is they will develop by the public developer like say housing board developer authority or any other public developer mostly it is disposed by lottery system through the open advertisement right because under the constitution of India any public authority any government authority whatever units they create for the people it may be subsidized units it may be portable housing unit they have to dispose the units through open advertisement a lottery system.

So that everybody gets a fair opportunity to avail the facility and if it is a private organization or private or joint venture so usually their sales and marketing is done now-a days through some third party agency whose having the required skills and competency to sales and marketing and advertisement so how they do that so they take the route of open advertisement companying to the office and the other establishment.

So that they can reach to the greater mass of the people through that sometimes they go for the lottery system or they can go by first come for self manner so that whoever comes first they get the maximum preference in choice of the units that is possible and apart from the financing part or pricing part that is also the very important to know because we aware of the objectives of the forecast for the this course not exactly.

In the pricing our objectives is basically the physical planning and the policy Matter of the housing development but it will be nice to have a just as a word of the pricing mechanism every project has a project cost and based on this project cost it the project cost contained various elements like material then your land cost then labor cost then administrative and other contingencies. So including this the project cost is calculated so based on the project cost if the project cost is say 100 rupees so and there are 100 units.

So let us say 100 units so basically rupees one per unit is become the break even cost by which the developer can sell the project now what are they can have some profit element as well so it is up to developer based on the market research so this sells the marketing third party agencies in sometimes they are involved in market research by which they can take a selective sample study in the market and they can understand that what would be the possible price range of that particular unit whether the unit which is developed on rupees one.

It can be sold by rupees 1.5 or any figures. So that kind of market research is done by expertise company we are not going it too much detail because we don't have much time and the this course so based on their survey and the research findings the final pricing is determined based on the market research. Now this pricing can be uniformly distribute all the elements like the

profit range of 10 %, 20 %, 30 % or it can be variable also for example you can sell the lower income group unit or smaller units may be in break even cost.

But had they missed the substantial invest is recurred you can sell those units with the little higher prices so those kind of variable and approach could be taken now based on that an definitely this price will also include in the cost of all the recurred for the third party agencies market research everything which will be covered under the administrative and contingencies element so after the pricing is finalized now it is up to the sale and marketing team that how they will take the money from the endorser or from the buyer. Now there are few methods how it is collected from the endorser so let us there are few approach by which the cost of the house and prices of the house is collected from the endorser.

Now most popular approaches basically construction linked payment in this approach basically the endorser and the buyers they pay the amount as per the construction for example they start with the booking amount the booking amount can be given it is not it can be vary as less as like 50 thousand and it can be 1 lakhs it can be 2 lakhs based on the size of the house and size of the units and the projects so after the booking amount is paid by the buyer then there are registration amount during the registration amount.

You just confirm that you are taking the unit and with the help of if you don't have the capacity to pay the amount you can also take the finance usually the booking amount and registration amount it includes roughly 25 percent of the whole project and rest is given basically in equal installment at the rate of 10 percent to 5 percent till the completion. So there could be like 8 stages 10 stages or if it can be more stages so after that when you pay final installment.

The developer can ask you about the all the other payment related to maintains related to coppers related to tax everything so in the final installments all the essential reaming amount added or miscellaneous elements are added and the whole payment is done the second approach which is also possible which is down payment approach now here one thing you can consider that during the booking period this the basically booking period please do not be confused with this terms of

registration the registration of the property come at the end but this the registration to the developer.

That you are registering and booking the unit under the developer but this registration if not the registration as per the registration act or the legal that part will come after the completion of the project now here at every stage of the payment you can if you are having a housing finance like housing loan you have taken so every stage out of this 10% some part will be given by the housing finance institution and some part will be given you so there will be breakup of the participation your part could be 15% to 20 %.

And remaining part will be given by the housing finance institution in the down payment category after the booking I mean booking amount the customer is suppose to pay the remaining amount and since you can understand that in the construction link payment the payment methods are differed you're just paying which linked on the construction for example every stage is lined with construction like the first installment can come after the completion of the foundations.

Second installment can come after the completion of the second floor costing this next installment can come after the fourth floor costing like that and the final installment will come after the finishing of your unit particular so that kind of construction linked moralties is most popular but in this moralties the pricing sequence is done in such a way so that if even if there is little delay and not payment by the buyers there is option for taking the penalty because otherwise if the developer do not get the money for the construction as per the construction linked moralties the construction will be hampered but in the down payments since they are getting all the money in well before in time.

So they are getting most of the money so they can give some kind of concession or discount you might have seen that 5 to 10 % discount in the total pricing could be given now on the there is another method by which the sender marketing is concerned is conducted is that either it can be defined payment also in this method you just pay a booking amount booking amount and you are taking a housing loan and you are taking a housing loan from the housing finance company.

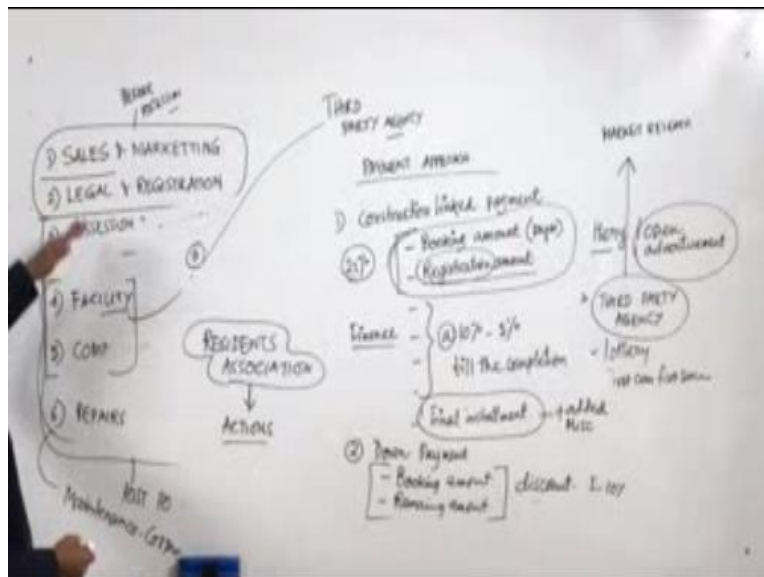
They are giving the remaining amount and what your contribution is there your contribution is given at the need after the completion of project so after the completion of project your are payment starts and that time you just pay your money to the bank in this case it is the contract between the developer and the housing finance HFI so that within that contract it is possible that developer and housing finance situation they manage the money during the construction period and the end bare they pay the money after the completion.

So this is how the sale and marketing operates in the market for the project after this legal and registration part come every developer as a legal unit and who is main objective is to prepare the legal papers and proceed for the registration under the government act and after the registration is done the buyer and the end user they can take the proposition of that unit because they are legally allowed to take the position and then position and occupancy could be given after the portion occupancy.

Now when the propel they come end user they come to the project they start leaving there so that time they need lot of facility and services like how the way to day garbage's disposed distributed to the higher level of the in the city system and then how the common areas are maintained so those kind of maintains and facility management is done by would be done by another third party agency and whose job will be to conduct all this meant regular maintains and operation work.

So that you get the facility so basically they operate when the progestin is there and people as already come up now how pays them that is the very important element to see usually during the construction period the developer take a maintains purpose so during the this period the for this purpose they can take maintains corpuses in present market it is roughly 1 to 2 % of the whole project so this corpuses is created to have to run the maintains work and after that if required they can charge a month amount which can also can be taken from the end user to maintain the facility and the common area maintains and for the leaps areas and the reconstruction it is a separate fund required and after all this process there is a residence association from.

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So residence association or the cooperatives whatever is the name so when those kind of organizations are formed in a housing project after the portion of the end units now it is up to them that how they continue with copse plan how they mobilize few more funds to generate tow take for the further works so it is up to the presidency association to take the further actions so you can understand that whole management sequence like from starting from sales to the leap year you need lot of people to participate to facilities all these process.

So housing management itself also is a major source of impalement we can understand so not only the construction also it is also the management which is very good source of the employment so today we discussed the management part of the housing we discussed the after the policy we do the planning and after the planning this next stage is the development and after the devolvment it is the management part the management start with the self marketing Leal registration position and occupancy facility management conman area.

Maintains leap years and re construction so we learn that the sale and marking could be done by the 3rd party agency and there are 3 largely 3 approach which can be pricing approach constructing link payment second can be down payment and 3 rd could be the payment differed

payment which can be offered by the developer and we have also learned that all these elements of the management actions need a lot of input by the people and it is a great source of employment generation so with this we conclude this lecture and the next we will discuss a few elements of the residence avocation and community development and action plan at every level so I thank you all for the participation in this lecture thank you very much.

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