

# Unsold housing units to come back to market in Chennai

TEAM TOI

The beleaguered real estate sector has finally got some much needed attention in the Union budget.

The stimulus given to the affordable housing sector by providing additional tax exemption of Rs 50,000 on housing loans up to Rs 35 lakh to first time home buyers purchasing houses that cost up to Rs 50 lakh would go a long way in ensuring housing for all by 2022, said business head of Happinest, Mahindra Lifespaces, Sriram Mahadevan.

Developers in Chennai, for instance, promote more than 40,000 apartments per annum, of which, a vast majority are in the sub Rs 50 lakh bracket. They account for a turnover of Rs 25,000 crore per annum, said Confederation of Real Estate Developers' Association of India Chennai chapter president Ajit Kumar Chordia. The budgetary sops are expected to give a push to the sector and help developers push unsold inventory. The thrust given to the affordable housing sector in the budget would attract more developers to enter that segment, he said.

The tax exemption for developers focusing on affordable housing with unit sizes not exceeding 30 square meters in metros and 60 square meters in smaller cities was a positive move and would encourage private participation in the sector, said Surendra Hiranandani, chairman & MD, House of Hiranandani. Smaller cities in the state will benefit from the exemption for 60 square meter houses. "This will increase profits, making it easier for developers to attract foreign and domestic investments in housing projects. It is in line with the government's vision to boost affordable housing. However, it will be a challenge for developers to deliver in the three-year time frame, given the lack of single window clearance for residential projects," said Hiranandani.

The government's decision to exempt real estate investment trusts from paying dividend distribution tax has cleared the last hurdle in the way of successful listing of REITs in the country. Jones Lang LaSalle India chairman Anuj Puri said a few listings of REITs could happen in the current year itself, either by financial institutions or developers.