Urban Planning and Real Estate Development

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Abstract
Urban Planning by its nature is concerned with shaping the future of urban settlements and allocation of land for residential, commercial, institutional and industrial development. Planning and development means the physical and economic growth which meets effectively the social needs of the human society. Real estate development is a field of business activity dealing with land and buildings for providing value added services in developing residential, commercial, institutional and integrated projects and related infrastructure.

1. INTRODUCTION
Urban Planning by its nature is concerned with shaping the future of urban settlements and allocation of land for residential, commercial, institutional and industrial development. Planning and development means the physical and economic growth which meets effectively the social needs of the human society. Real estate development is a field of business activity dealing with land and buildings for providing value added services in developing residential, commercial, institutional and integrated projects and related infrastructure.

Thus, urban planning has gained importance in India as the country is fast urbanizing. This paper sets out to discuss the real estate development in the context of urban planning.

In the seventeenth century, industrial revolution in Europe brought rapid urbanization and the First Public Health Act, 1845 was enacted to protect industrial labor by improving inadequate sanitary conditions in housing colonies. Since it was found to be inadequate Housing and Town and Country Act, 1909 was enacted to implement Town Planning Schemes in England. As an improvement Town Planning Act 1925 was enacted to deal purely with matter related to town planning. Town and Country Planning Act 1968 replaced the previous statutes, by which control of land development became imminent.

Town and Country Planning Act 1971, an improvement over the previous acts provided for urban planning. This Act intended for preparation of Structure Plan - policy guidelines for investment for future growth, paved the way for infrastructure development.

2. CONCEPTS IN URBAN PLANNING
Concepts to overcome crowding in urban areas open up new avenues in urban planning. Some of the concepts are discussed here. Garden Cities of Tomorrow

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(1898) by Ebenezer Howard illustrated his theory of three magnets - town and country were to marry together. The first new town, Letchworth with 1,800 hectares and 53 km away from London was laid on Garden City Principles. Welwyn, another new town is an improved model. Crawley, designed by Anthony Minopria, had 9 neighbourhoods with population 50,000. The site extent was 6,000 acres. Industrial area in an extent of 264 acres becomes part of the new town to provide jobs and an economic base for the town. Density is 29 persons per acre which means large open spaces between the neighborhoods. Each neighbourhood with a sub centre - shopping, primary school, playfields and social facilities - is the important features of design.

2.1 British New Towns

The British New Towns movement became a good example of real estate development.

- Self contained communities seeking a balance between sources of employment, business enterprises, shopping and recreation areas.

- New town development corporations availed 60 year loans from the Ministry of Housing and Local government. Loans have been accessed to
  - Finance acquisition of land;
  - Prepare the general plan;
  - Improve land with infrastructures, utilities, etc;
  - Corporation constructing buildings to rent to businesses/industry or lease the sites for private development;
  - Housing by both corporation and private sector encouraged;
  - To encourage people to move out from London was about 75 to 85 percent housing was built by the corporation;
  - Housing subsidized at the rate of 32 percent;
  - Capital allocations were periodically made to finance the costs of programme;
  - Until 1980s responsibility was vested with NTDC under the umbrella of the Commission for New Towns;
  - From then control was released to local authorities until 1992; and
  - However individual assets took longer time to transfer.

Main function of the Commission is estate management i.e. to maintain and improve the properties built by NTDC. The Commission delegated powers to
local committees composed of people who live there and the local councilors for public participation in maintaining the assets. The Commission arranged such meetings — a good example for encouraging the public in civic welfare.

2.2 Committee’s Responsibilities

- Planning of housing layouts, the design and fixing of rents. The Commission worked in close cooperation with local authorities;
- Money is being repaid by the corporations over a period of sixty years, out of the income from property;
- Interest rate is fixed by the Treasury for credit at the time of advance; and
- Mostly income is derived from housing, industrial and commercial rents.

Another concept became popular for decongesting cities:

- Raymond Unwin proposed central city with satellite towns;
- Satellite town 12,000 to 18,000 population with no vehicular transport but should be connected to the central city by rapid transportation;
- C.A. Perry’s Concept of Neighbourhood helped to form large real estate developments;
- Henry Wright and Clarence Stein advocated a new scheme for Radburn near New York. Radburn Plan comprises of super blocks ranging from 12 to 20 hectare in size and eliminated through traffic. Automobile and pedestrian were segregated. Cul-de-Sac roads are the access to houses of single family. It has become a good example of residential development as noted in the “Town for the Motor Age”;
- Sir Patrick Geddes’ concept of Place-Work-Folk emphasized that planning must be for the people. Urban planning should not end with mere physical planning but integrated with socio-economic planning. This concept is true in the case of real estate development. In other words, a successful real estate development does not end with construction of concrete structures but to be based on socio-economic conditions of the people; and
- Le Corbusier visualized the concept of vertical streets. His concept became true to build high rise buildings in real estate development. La Ville Contemporaries “The City of Tomorrow” and “The La Ville Radiuse” - the radiant city, invoked the Real estate development to go high since the cost of land in urban areas has gone up beyond imagination.

3. INDIAN CONTEXT

Being a colony the British, India underwent the same path of legislation in matter of urban planning. The first City Improvement Act came into existence
after the recommendation of Sanitary Commission, 1894. City Improvement Trusts were created for development of colonies, which resulted in piecemeal development. Visit of Sir Patrick Geddes to India laid a strong foundation for planning legislation in India.

Bombay Town Planning Act, 1915 and Madras Town Planning Act, 1920, paved the way for introducing Town Planning Schemes for expanding the cities. The main focus was to develop residential, commercial, open space and industries which laid foundation for real estate development. Local bodies were responsible for implementing the scheme by opening up of large chunks of land in the city. However the Town Planning Schemes could not ensure comprehensive development of cities.

Tenth Five Year Plan (2002-2007) recorded the highest average GDP growth rate of 7.6 percent expected to grow at 9.3 percent in the first year of XI plan (2007-2012). GDP growth and growth contribution of construction or real estate sector to GDP growth from 2002-2008 at 1999-2000 prices is indicated in the Table 1.

Indian economy is not being export driven and hence is likely to have much less impact of global slowdown. In the light of this, experts feel that with massive infrastructure spending envisaged during the XI Plan period, growth story will continue to be stable for these sectors and hence the future of real estate development is not in doubt.

| Table 1 |
|---------|--------|--------|--------|--------|--------|--------|--------|
| GDP in absolute terms in Rs. Crores | 2047733 | 2222591 | 2389660 | 2604532 (quick estimate) | 2844022 (quick estimate) |
| Construction | 121650 | 136225 | 155431 | 177543 | 194184 |
| Percentage | 5.9 | 6.1 | 6.5 | 6.8 | 6.82 |
| Percentage growth over previous year | 7.9 | 12 | 14.1 | 14.2 | 10.2 | 10.7 |
| Real estate | 155766 | 168667 | 183247 | 199036 | 220930 |
| Percentage of GDP | 7.6 | 7.6 | 7.7 | 7.6 | 9 | 9.8 |
| Percentage growth over previous year | 5.4 | 8.3 | 8.6 | 8.6 | 10.1 |
4. CONCLUSIONS

For a comprehensive development of city, which was the felt need to tackle urbanization problems, Town and Country Planning Act have been introduced in 1960s. Many states enacted town and country planning acts through which master plans, new town development plans and detailed developments are being prepared. These plans provide framework for real estate development. Land use zoning, development regulations and provision of ring and radial roads contemplated in the master plans become the guidelines for growth of the city. By and large the real estate development now forms part of urban planning which envisages better living conditions for various sections of the people.

Government of India has come up in a big way to help 60 cities of population exceeding 1 million for extending Jawaharlal Nehru National Urban Mission (JNNURM) with an estimated provision of Rs.50,000 crore for a period of seven years. For accessing the funds, City Development Plans are needed. City Development Plans provide greater opportunities for infrastructure development and therefore, the scope of real estate development gets widened.

THE PLANNED CITIES

NEW DELHI

To build a city is something happy to think of. To create a new town is itself a happy thing. There cannot be a greater joy than to create. It is almost godlike to create. To be associated, therefore, with the construction of a city has been a thing which I appreciate the most.

* * *

What I should like in regard to every city is a clear plan of what the city will be like, say, twenty or thirty years later. And then you can work by that plan slowly, gradually. Nothing should be allowed to come in the way of that plan, as has happened, for example, in our city of Delhi. Amazing structures have been put up in a haphazard manner all over Delhi and they come in our way now and in future.

* * *

The sense of beauty has an important role to play on the minds of the young generation. So the new city should be a place of beauty, developing ideas of beauty and everything that should be good so that life might become an adjunct to beauty.

Pt. Jawaharlal Nehru