

Soaring house rents hurt the poor

CITY CORRESPONDENT

Middle and lower middle class families in the city are struggling to adjust their family expenses to their limited income due to rapid acceleration of house rents.

Most of the homeowners put a blind eye on the holding tax policy in charging high rents. Despite the exaggerated rental charges collected from tenants, the amount of holding tax the homeowners pay to the city corporation remains modest.

"I wonder how long I can continue to live in this city if house rents continue to spiral this way," said Hamidul Haque,

a resident from Dhanmondi. "The largest chunk of my salary goes into paying the house rent," he added.

"They (homeowners) seem more concerned on increasing the rent rather than refurbishing the leased house," complained Golam Ali, a resident from Goran.

A study shows that a moderate house of two rooms in Khilgaon, Rampura and Moghbazar areas that used to have a rent of Tk 1,500 during 1990s is now available at around Tk 3,000 to 4,000 per month.

A space that used to come at around Tk 650 to Tk 700 at slums in Badda, Tejgaon and

Mohakhali, now comes at a rent tag of Tk 1250 to Tk 1650 per month.

"Even a makeshift room in slum is unavailable at below Tk 1,000 per month whereas we used to hire it for Tk 400 in 1991," said Alema Khatun, a house-help living in Kalyanpur.

A moderate size apartment that had a rent of around Tk 5,000 in 2003 is now available at around Tk 8,000 per month.

City tenants also complained that house owners tend to hike the rent abruptly, without any prior notice or discussion.

"They use increased utility bills as an excuse for the rent hike, but I think the increase in

utility charges hardly justifies the amount of rent increase," said Delwar Hossain, a resident from Bangla Motors area.

"They increase the rent by 500 to 700 taka every year. The increase is abrupt and they don't even bother to discuss about it," he added.

However, the house owners claimed the increase is quite reasonable. "Or else how can we survive in this market of inflation," said Golam Dostagir, owner of two multi-storeyed buildings in Mohammadpur.

An estimated three-fourths of the city population are living as tenants and majority of them are facing adversities as house rents have almost doubled in

the last few years.

A source from Dhaka City Corporation (DCC) said that their latest survey revealed a number of 1.20 crore people living in 1.96 lakh houses in the city.

House rent in the city rose by almost 200 percent in the last 10 years. According to newspaper reports, house rent increased 25 percent in the year 1990, 85 percent in 1996 and 16 percent in 2001, although holding tax remained unchanged since 1991.

The current rate of holding tax in the city varies from Tk 7 to Tk 20 per square foot. The rate depends on the location of the house. And for the

homeowners, who have rented out premises are liable to pay 12 percent from the amount of rent they realise from tenants.

"DCC only determines the amount of holding tax of house owners according to the rent they are realising from their tenants," said Md Helaluddin Ahmed, deputy chief taxation officer of DCC. He also added that certain homeowners are using unethical means to reduce the amount of rent declared to the tax officials, evading huge amount of taxes.

As a result, governmental fund from the collection of holding taxes remain moderate despite the escalating house rents over the years.

When asked, homeowners denied any role in the 'foul play' concerning holding taxes. "I don't know about others, but I, for one, have never evaded taxes," said Hamidul Islam,

owner of a multi-storeyed apartment building in Uttara.

"It's a small number of disreputable people who evade taxes," he added.

Around eight to ten thousand houses are built each year to accommodate the ever-booming population in the city. Bulk of these establishments is out of DCC's holding tax net.

"Thousands of new houses, numerous commercial and residential high-rises were built in recent years, more than 80

percent of which is out of DCC's holding tax net," said Md Shakhawat Ullah, chief taxation officer of DCC.

He also mentioned that it is the owners of houses constructed before 1990, who are paying the holding tax. "The new commercial buildings including the skyscrapers are expensive and luxurious, majority of their owners don't pay holding taxes," he added.

The existing "Premises Rent Control Act 1991" and "Premises Rent Control Ordinance 1991" do not permit house owners to increase rent over 15 percent of the market value of the building.



Turag for the grabbing

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said that a Development Project Proforma and a Preliminary Development Project Proforma were sent to Planning Commission and Economic Relations Division (ERD) respectively.

"The World Bank has also officially shown interest in the project for augmenting the river waters and it might be incorporated in the Dhaka Integrated Environmental and Water Resources Management Project being prepared by the World Bank," said the source.

WDB experts and environmen-

talists said that the augmentation of water project would greatly improve environmental aspects of the city. For over seven months the rivers around the city become stagnant with billions of toxic wastes from the city flowing into them day and night. When the upstream channels are opened up the water flow would flush out the polluted rivers and disperse it downstream.

"It is during dry season that the encroachers are most active grabbing the rivers, but if the flow of the rivers is restored the grabbers could be instantly identified," said an official of the WDB.

No respite from load

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According to a Power Development Board (PDB) source, last year saw a daily demand of around 4,500 MW in winter while the it was able to generate around 3,500 MW, leaving a shortage of nearly 1,000 MW.

DESA officials believe that they could generate around 3,200 MW of electricity this winter, which may leave a deficit of about 1000 MW with the estimated demand being around 4,200 MW from November through February.

"As some of our previously shut down units are likely to resume operations, we are optimistic that the power generation would not go below 3,000 MW," said an administrator.

PDB chairman NMN Rizwan said that some units that were repaired would help aggregate production capacity.

"There should be an increase up to 3,000 MW in power production with the re-start of the shut-down units, yet we may have to continue with load shedding in winter," he said.

However, an inside source from DESA told this correspondent that the demand of power go up to 5,000 MW, and although the production is 3,000 MW, there would be a shortage of nearly 2,000 MW this winter. The result would be an increase in demand by 500 MW while a decline in production by the

same amount.

APDB administrator said that it was difficult to predict the possible amount of power generation, as the efficiency of their production units is unreliable.

"Around 18 units are not working of which several are under maintenance. It won't come as a surprise if a unit suddenly stops working," he told Star City.

According to a DESA source, around 10 to 12 of their units were scheduled for overhauling this year. But could not be carried out because of various reasons. Currently they are planning to keep these units tranquilized during this winter, and overhauling would depend on the circumstances.

The shrink in power consumption during winter reflects the intensity of the wintry weather. Last year's winter was moderately cold and lasted for a short period, and resulted in an increase in demand.

When asked, weather office officials said that winter this year would be less cold. "The temperature should go down moderately from November to February, but things will start getting normal from March," said an official.

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