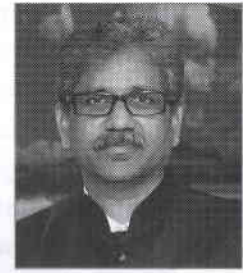


Self Redevelopment, Always The First Option



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Self-redevelopment 4 to 5 years ago was not being thought of even as second option by society when taking decision for redevelopment of its old building. It was a general concept among residents that redevelopment can be done only by Builders and Developers and that the society members cannot do it as it is very tedious, complicated, hard, technical, legal, requires lot of money, knowledge of construction, finance, devotion of lot of time etc. Further the members being common salaried laymen don't possess them all and hence undertaking difficult task of self-redevelopment was not to be thought of. But today, altogether it is a different scenario, members of society have developed confidence and Self-redevelopment is seen as not alternative but first option for society going ahead with redevelopment.

Past history:

Prior to and in 1980s when there was less money and jobs available with the common man,

and huge scarcity of homes in growing city of Mumbai, getting a home in Mumbai was impossible. Developers were also less as it was requiring huge amount of money to first buy land, then construct building and thereafter sell it to people, thus making homes too costly for common man to buy. In those days too, when salaries were not high, people either from same caste or community or village or employees working in same company or bank got together, formed associations or societies, contributed money to purchase land in the name of society, and appointed professionals like Advocates or Lawyers or Solicitors to secure Title of Land, Architects to plan their homes and obtain approvals, Engineers to supervise their work, Contractors to construct their building, and got their homes made to their requirements, to their quality standards, and most importantly at affordable cost. The arrangement of finance was done through individual loans either from Banks, Companies

or Financial Institutions like LIC Housing, GIC Housing, or Maharashtra Housing Finance Corporation. Likewise, not a few tens or hundreds, but many thousands of buildings were self-developed by citizens to get themselves accommodated in Mumbai City and the said buildings till today are standing upright, as were built in good quality.

After 1990s and 2000s when most land in Mumbai was already developed and buildings had come up as they were getting old, Government sensed need to get the old buildings redeveloped, and introduced concept of Transfer of Development Rights i.e. Floating FSI which could be purchased from the open market, loaded on plot over and above what existed, and buildings began to be redeveloped. In this, the developers were not required to purchase land from owners putting lot of money but just give an offer for extra area to members and get development rights from society, buy TDR and

reconstruct building. Here huge margin of profit was suddenly available as no investment was required for purchasing land and after demolishing the existing building the investors were readily available to invest in purchase of new flats / shops etc. As there was huge margin of profit with less investment, everyone with or without knowledge of this field started to enter in this field to become Builders and Developers and make huge money. Today, leaving apart a few of those who were from this field and have established themselves as good Builders and Developers, Doctors, Industrialists, Businessmen, Traders, Material Suppliers, Estate Agents, and all those who are not from this field formed Development Companies and took projects for redevelopment.

Baring a few of those who were committed and hardworking, many of the newly formed Builders and Developers messed with redevelopment and today more than 8,500 redevelopment of buildings undertaken for redevelopment are stalled, more than a lakh families are out of home living on rent at own cost and no hopes of getting back to their homes which once they owned and lived in. On many occasions, Courts had to intervene to force developers either to complete project or appoint new developer to complete and handover the homes to existing society

members, even for getting possession of premises for the new flat buyers.

Present situation of most societies:

The names of societies are Co-operative Housing Society but most members have become non-cooperative, egoistic, always having approach to prove that they have all knowledge and are right and correct, neighbour envying neighbour with fight among members a common scene in General meetings. In many societies AGM has to be conducted in presence of Police Officer. There is lack of transparency in working of managing committee with self-interest overtaken society's

benefit and social cause completely missing. There is absolutely no trust within the members themselves, no coordination within Managing Committee and faith in working of Managing Committee has been totally lost.

In mostly all General Body Meeting whether Annual or Special, most members generally restrain from speaking, keep quiet during discussion of its agenda, and don't participate in debates on issues, but after the official meeting conduct small meetings in their homes to discuss the same. Politics has taken front seat in society and working with a cooperative culture and spirit has been totally lost.

Comparison of redevelopment through Developer and Self-redevelopment:

REDEVELOPMENT BY DEVELOPER	SELF REDEVELOPMENT BY SOCIETY
No Control of Society on any activities	Complete control of society on all activities
Members are not aware of major aspects of project like stage of approval, Govt discount schemes, quality of work done	Members are completely aware of each & every aspect of project as all consultants update society directly.
Bank fund available only against Developer's assets but at high rate	Bank funds available against Society's assets at reasonable rate from Mumbai Bank
Uncertainty to buyer for completion of project	Confidence to buyers for completion due to availability of loan for project completion
High risk taken as only part potential approvals obtained to reduce investments & interest by Developers	Zero risk taken as full potential approvals obtained by society by utilizing funds from Bank Loan

In case of increase in FSI or discounts or savings benefit taken fully by Developer not shared to society / members	In case of increase in FSI or discounts or savings in cost comes fully to society / members only.
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Advantages of Self-redevelopment:

- Members design their own apartment / flats to suit their requirements.
- Members are in complete control of entire redevelopment Projects
- Society is not dependent on Private Agency as there is no third party Rights or Power of Attorney given, and no agency is given advance payment but paid after job is done.
- Good Quality of Materials used and high standards of construction is maintained.
- Society co-ordinates with all consultants & agencies and is fully updated on each and

every aspect of project.

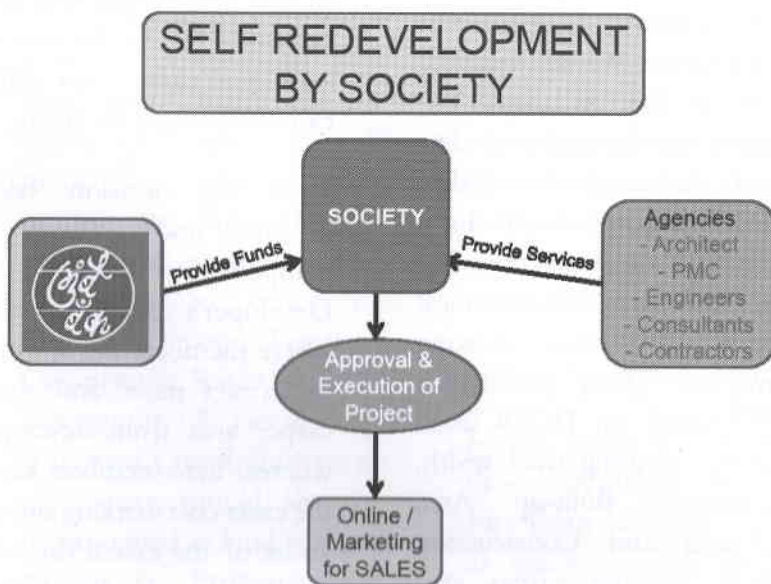
- Project completes in time as society is in control of Finances and construction activity. In fact, in most cases it is completed before schedule.
- Mumbai Bank is assisting with 95% of Loan for Entire Project Cost at lesser interest rates. These funds with lesser interest rates are not available to any Private Developer.
- Misrepresentations of developers are avoided and the Society doesn't fall prey to their Juicy Proposals.
- Developers Profits is earned by the society either by getting more area or more Corpuses from balance profits.

The Process:

Society members have to come out of the present situation of non-cooperative working, criticism, self-interest, and a non-transparent working atmosphere to join hands for mutual benefits and leave the fixed mind-set that redevelopment is a difficult job for only Builders and Developers. They need to remember that most of Builders are not from this field, but hire the services of highly skilled professionals like Solicitors, Architects, Project Management Consultants, Chartered Accountants, Engineers, and Contractors and complete the redevelopment of buildings. Similarly, societies also can directly hire services of experts who are basically responsible for successfully guiding, implementing and completion of all projects by following the process mentioned below:

A. Create awareness for Self Redevelopment

Managing Committee and even the members should share among themselves all the information, news, articles, videos, links of presentations, seminars, etc. that they get regarding Self-redevelopment. Members can go and meet managing committee members of societies who have successfully



completed or undertaken self-redevelopment of their buildings to know as to how they implemented it, problems faced and methods they used to resolve it. They can also visit various professionals, office of Mumbai Co-operative Housing Societies Federation, and managers of Mumbai District Co-operative Bank Ltd to obtain all the information regarding carrying out Self-redevelopment of building of the society, which should be shared amongst members. Managing Committee also can arrange presentations, meetings, and discussions with professionals in the Society premises wherein not only members but also their families be invited to know the subject well and create awareness regarding self-redevelopment benefits which ultimately cause members to come together and resolve for going ahead with Self-Redevelopment of their building.

B. Appoint PROJECT MANAGEMENT CONSULTANT

Members of Managing Committee as well as society obtains profiles of various Project Management Consultants (PMC), calls them for making presentations, scrutinises

their scope and quotations received, and interviews them to finalise their ability to do their job well. It assigns the job and responsibility of self-redevelopment of their building as per the terms and conditions agreed for hiring their services.

C. Feasibility Study and Analysis of Self-Redevelopment Project

The appointed PMC obtains all the required technical data for society like Property card, City Survey Plan, D.P. Remarks, road widening, approved plans and documents of existing building, carryout total station survey of property, obtain permissible height or number of floors for new building by Airport Authority, determine carpet area of each flat as per approved plans, permissibility of Commercial premises in new building, rates for rent of alternate accommodation, sale of flats or shops, etc. Based on the gathered data and technical knowledge, PMC prepares its Techno-Financial Report consisting of two parts; (1) Technical Area Calculation showing area of plots, permissible FSI based on DCPR 2034 as per abutting road width, maximum Built-up Area allowed and Construction areas, existing carpet area

of all members and balance sale carpet area after accommodation of members by giving additional area over & above their existing carpet area and (2) Financial Calculations showing detailed cost of construction, cost of alternate accommodation, cost towards TDR, Govt FSI, Fungible FSI, Staircase premium, Open Space Deficiency premium, Development Charges, Redevelopment Cess and various Municipal & Government charges, Stamp Duty, LUC Tax, GST, Professional Fees, cost towards administration, sales & marketing etc. PMC gives a detailed report with a proper presentation to make each and every member know in detail the cost analysis of their self-redevelopment project. Members understand the Techno-financial working to take appropriate and wise decisions for finalisation of additional carpet area which can be obtained for them.

Here the decision taken is wise and accurate as compared to the case of Developer's redevelopment where members are in greed to extract more and more carpet area from developer whereas here members know the exact cost working and are aware of the extent they can

avail maximum carpet area as they themselves are the developers of their project and so cannot over commit to that which is not possible to deliver. Generally in Self-redevelopment proposals members receive about double additional carpet area and two to three times more Corpus than what is offered by Builders and Developers.

D. Obtain DEEMED CONVEYANCE to get clear title in favor of Society

First and foremost, the Society should secure their land title in name of society by executing Deemed Conveyance, which is always a safe means of obtaining title. Most of the developers in early times did development based on Power of Attorneys from Land Owners who might not be alive today and execution of Conveyance on those Power of Attorneys which have become void after their deaths can be legally challenged, so safe mode of obtaining title is by way of Deemed conveyance by making an application to office of District Deputy Registrar, Co-operative Societies. After registration of Deemed or Unilateral Conveyance name of society should also be incorporated in land revenue records i.e. Property Card

by approaching City Survey Office. This will make a clear title in favour of the society and this is important in self-redevelopment for availing loan land title which has to be mortgaged to Bank. Further, it is also necessary for sales of premises.

E. To carry out Planning and Designing of Project

After finalization of the carpet areas to be offered to the members the next step is to get the plan made for new building. The planning consists of designing of individual flats of members and proposed sale units, preparing floor plans and entire scheme to the liking of members. Members go through various options and alternative plans, discuss them to finalise the best of it which suits their requirements. Here the members don't get second hand treatment as they select the best location which they want as they are not allotted flats only on lower floors or rear side with compromise as it is done in case of redevelopment by developers.

F. Obtain Approvals of project:

Society begin their approval process by making application for Loan in case needed as many societies are also

generating finance on their own by way of contribution from members against purchase of additional area or extra flat at reasonable rates very much lesser than market value. Further, Members can also be given interest on amount contributed by them to society at rate of interest fixed and approved by General Body of Society.

Society through their consultant (PMC / Architect) submit their proposal to authorities to obtain each and every approval, i.e. plans are sanctioned with full potential loading TDR, availing Government FSI, Fungible etc., all NOCs, remarks and clearance are obtained. Thereafter Permanent Alternate Accommodation (PAAA) of members' units are registered and handed over to members before obtaining vacant possession of their premises by giving rent to them.

G. Preparation of Bill of Quantities (BOQ), project cost working, and tender for appointment of contractor:

Simultaneously while the approvals are obtained, society with help of an Architect, PMC, Structural Engineer, MEP Consultants etc. prepare detailed working drawings, detailed BOQ

of quantities of materials and works item-wise with precision, technical specification to be inserted in Tender to be issued for appointment of Contractor. Society invites quotations from reputed Contractors, PMC scrutinizes them, interviews are taken, sites are visited, and Contractors are appointed by General Body which it feel best and appropriate.

H. RERA Registration of Project

After vacating and obtaining Commencement Certificate, RERA registration is immediately done. This is vital, because as soon as RERA number is obtained society can begin sales proceeding, marketing and collection of money from purchasers. Registration of project under RERA is public disclosure of project on RERA's site. This is a great way of highlighting the society's project publicly which can pull customers directly to society and increase sales.

I. To obtain Execution Drawings & Designs of Project

All the Technical designs, drawings, and specifications are finalized to minute

details and obtained from all respective consultants to be handed over to contractors. This is a very important activity and involvement of members is a must with consultants and contractors as all the requirement of amenities of members are finalized and entire building is approved, planned on paper and ready for execution. There shall be no revisions in proposed plans as constant changes will lead to wastage of crucial time and eventually increase in costs.

J. Engineering Supervision by Project Management Consultant (PMC) & Engineers:

Construction activity is planned well by PMC using modern tools of construction management like BAR CHART, PERT, NETWORK techniques in coordination with appointed contractors, Site Engineers, Structural and MEP Consultants. The quality and workmanship of entire work is checked by PMC by checking all materials received on site, taking cube samples of concrete used in structural works etc. Responsibility of co-ordination, supervision, execution to the best standards lies with PMC and small errors can lead to big mistakes and loss in

money. Timely updates are submitted online on RERA portal for disclosing progress of project.

K. To Obtain final NOCs, Occupation Certificate (OC) of building and Handover reconstructed home to members

When the projects near completion, steps are taken to check the completed work and begin process for obtaining final NOCs, from various departments like Chief Fire Office, PWD License for Passenger and Car Lifts, Completion certificate from all agencies, consultants and department of authorities to ultimate obtain Occupation Certificate from the planning authority. Architect / PMC should be asked to submit area certificate for each and every flat of members as well as Sale mentioning both the useable (MOFA) carpet area and RERA carpet area.

Possession should be given of completed premises to members and flat purchasers along with an Area Certificate of the respective premises, Warranty/Guarantee Certificates of fitting and fixtures used in flat, Receipts of Deposit paid towards Electric/ Gas Meters etc. for the respective flats and list of do's and don'ts

Sales Strategy:

An important question is generally raised by members, specially by those who are not in favour of Self-redevelopment, that what will happen if society takes loan from Bank, sells few flats, appoint various contractors to do work and thereafter Sales proceeds is not happening. This is really a serious question. The answer to this question comes after knowing the sale rates in their respective area, e.g. if the sale of residential flats in their locality is Rs. 20,000/- PSF working out feasibility and sales of flats with same rates could be tough but if the sales of residential flats are worked out and proposed at Rs. 15,000/- PSF and progressive as per progress and maximum to Rs. 18,000/- PSF on completion,

this will immediately change the scenarios of sale, by boosting the sales. Now question here is, if society is working out feasibility with such lesser costs who must the first buyer be? Yes, of course members, their family members, their relatives and friends. Other question is that if every member decided that he or she will bring at least one flat purchaser then how long it will take society to complete sales? Yes, of course in no time sales will happen as the sale flats are almost of the same numbers as the members of society.

Conclusion:

Society members should set aside their egos, disputes, enmity,

personal differences to join hand in cooperative culture for their own benefit for first, which is almost double than what is being offered by developers and thereafter for Society in all, and decide to go for Self-redevelopment by following the right, correct, transparent process without any self-interest for understanding the working, appointment of good consultants, contractors and agencies to execute and complete the self-redevelopment work of their own building with higher quality standards and make redevelopment a memorable happening and event.



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