

Redevelopment Sub Committee Report for SGM

At the outset, I would like to thank the General Body of the TCHS and its Managing Committee for giving us this opportunity to Endeavour to present before this august body, this long awaited Report, on the viability and way forward for our Society to take an informed view on going in for Redevelopment of our much cherished homes.

We have looked into all possible sentiments like, the emotional aspect, the economic aspect and the Need Vs. Want aspect, to take into consideration from the founder's view to the next Generation and its future needs and aspirations. The journey was anything but smooth, due to several point of views, debates and serious deliberations, along with the suggestions, from our members, the project management consultants, architects, civil engineers and all in the know and eager to support our herculean endeavour to find a viable and lasting solution.

Unfortunately, some time was lost, as were inhibited, by COVID-19, but the strong resolve of our Sub Committee members and timely co-operation from the Managing Committee as well as the General Body of TCHS, we got the Lease of life, to extend our tenure till date, and by GOD's Grace we are here today to present the same before you for your informed and worthy verdict.

We had approximately 50 off-record short meetings with different entities, who were prepared to help us, conditional, as well as unconditional help. We had 20 on record, convened sub committee meetings lasting several hours, sometimes online, during COVID-19 times and offline in person at other times. We wish to state, what we have, learnt and unlearnt thru deliberations with all concerned stakeholders. In the process we had meetings with 13 PMCs/DMCs, whom we identified as prospects, during the course of our deliberations and procured all the Official Documents needed.

1. We are Governed and Regulated by the DCPR 2034 Guidelines. Hence, we need to follow them in letter and spirit.
2. We need to first study the Viability/Feasibility of our endeavour to Redevelop
3. We need to call a SGM to seek the approval and consent as per the Guidelines.
4. We need to Appoint a PMC (Project Management Consultant) / Developer / DMC (Development Management Consultant) (a third option, other than the two known to all of Us)
5. We created a **Scope of Work** (SOW) document, and shared it with our prospective PMCs / Developers / DMCs, citing the complex structure of Talmakiwadi, Housing, KSA, BVES and also the tenants of Building No. 16 and the Shops, having series of in person and telephonic conversations to apprise them and get them to understand our need well.
6. The SOW document lists our Wishes, Needs, Wants and Aspirations. With all the inputs and numbers that we wish to have in the Feasibility Reports presented by them and what we wish as a probable Design Concept.

To summarize our learnings and cut the long story short -----

Regulation 33 of the DCPR 2034 guidelines deals with additional FSI in certain categories

33 (5) – Applicable for MHADA buildings – **Not applicable for TCHS Redevelopment**

33 (7) – For cessed category buildings – *We have only one cessed building in our compound viz. Bldg no.16.*

New regulations added in 2018 under DCPR 2034 guidelines

33 (7) (A) - For non cessed tenanted buildings in dilapidated condition – **Not applicable for TCHS Redevelopment since none of the buildings are in dilapidated condition**

33 (7) (B) - Additional incentive FSI for *Redevelopment of co-operative society more than 30 years old (No requirement for building being Dilapidated)*

Till the DCPR 2034 guidelines were issued in 2018 additional FSI was provided only for cessed buildings. However under the new guidelines the additional FSI provision has been extended to include buildings which are more than 30 years old excluding buildings covered under 33(7) & 33(7)(A).

33 (9) – Cluster Development Scheme – Involving 2 or more plots – Min 4000 sq. m.
(Talmakiwadi Plot CTS No. 311 & 1/312 = 7174.8 Sq.Mts.)

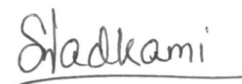
33(9)(5)a – Min area to residential tenement increased from 27.88 sq.m to 35 sq.m minimum in cluster development

We finally zeroed down to 33(7B) and 33(9) as the ones Relevant for Talmakiwadi Redevelopment. This was also recommended by Most of the PMC / DMCs that we had met.

The major difference between the two options is FSI Admissible under 33(7B) is 3.3x approx. (FSI Premium has to be paid for)

And under 33(9) is 4x approx. (FSI Premium is Waived, subject to FREE of Cost Building in lieu of the premium, is to be handed over to MCGM for PAPs (Project Affected Persons))

Of the 13 PMCs shortlisted as prospects, 5 were selected, based on their offerings. We have enclosed the Summary of each of the 5 offerings for your informed decision.

Chairman, TCHS Redevelopment Sub Committee Secretary, TCHS Redevelopment Sub Committee

List of short Listed PMCs / DMCs

1. Sumedha Gore
2. Nikhil Vaidya & Prasad Mullerpatan
3. Mukesh Mehta
4. Verite
5. Toughcons

The Feasibility Report Summary presented by each of above, is attached herewith.

Note : The Full Feasibility Reports are available at TCHS Office, ONLY for visual inspection.

Between 5:30 pm to 7:30 pm on Monday to Saturdays

No Pictures / Photos / Scans are permitted to be circulated as per the Provisions of 79A of MCS Act Guidelines.

COMPARISON: DEVELOPER REDEVELOPMENT VS SELF-REDEVELOPMENT

Builder Led Redevelopment -PROS & CONS for the Society

CONS

1. Members get an additional area but not as good as what they would get in self-development.
2. In the case if any members want to buy extra areas apart from the standard allotments, they shall have to buy it from the builder at prevailing market rates or slightly discounted rate.
3. The society will have no control over the space planning of the flats.
4. The society will have no control of the process, hence the deadlines and milestones are as decided by the builder
5. In case of any disputes with the builder, the builder may stop the work.
6. If the society wants to terminate/change the developer, it involves a time-consuming legal process along with huge expenses.
7. Development rights must be given to the developer, hence the control over the land remains with the developer until the end.
8. The Developer makes huge profits from the project and a minimal share in the form of corpus offered to the members.
9. The Developer works with an intention of making maximum profit out of the project, to make maximum profit, the developer may compromise on the quality of the construction, amenities.
10. In the event of a market crash, the Developer may not be able to complete the project and the members may suffer in the rented flats for a limitless longer period.
11. The control of sale flats totally lies with the Developer, hence the society cannot decide and control which new members to sell flats to.
12. The entire control and management over the professional technical consultants remain with the builder.
13. There is an expense of stamp duty on a Development Agreement

PROS

1. Tried and tested model if members follow the process per guidelines for Redevelopment given in 79A while conducting SGM's, selecting PMC's, Legal, CA, Builder (**only "A" Grade builders**), Preparing proper Tender Documents, Proper execution of documents like Development Agreement (DA), Individual Agreements (IA) and vacating the premises only after execution of DA and IA.
2. Arranging for Funding, appointing liaison Architect, sale of flats is builders responsibility.
3. Involvement of General body or Managing committee is bare minimum once the DA and IA is signed.
4. Tender document made with the help of PMC and agreed upon by the builder while bidding for the project must be accepted by the builder in full without which the builder shouldn't be onboarded.
5. The main role of the General body is to select the right kind of PMC / Legal / Chartered accountant so that the builder cannot deviate from what is mentioned in the Tender document which becomes a part of Development Agreement (DA) signed between the Builder and the Society.
6. Any issue or any kind of litigation will be managed by the builder through his legal team.

7. As TCHS is the owner of the land, the society can bargain hard by mentioning their requirements in the Tender document. The Tender document would be the most important document where TCHS can mention about Restricted membership, Quality of amenities to be on par with the saleable component etc.
8. RERA would hold the builder responsible if the project is not completed within the stipulated time.

Self-Redevelopment

PROS

1. Members can get an additional area, more than the area that may be promised by the Builder.
2. In the case if any members want to buy extra areas apart from the standard allotments, they can buy it on a cost + minimal profit basis (Heavily discounted) (Rate shall be decided by the committee)
3. Since the society is the builder, they have full control on the design
4. The society has full control of the process, hence deadlines or milestones shall be achieved within society's control.
5. Since the society is the developer, there is minimal chance of any dispute.
6. Since a developer is not involved, there is no question of termination
7. Land of the society remains under the control of the society
8. The total project profit remains with the members. This surplus can be used as maintenance cost for the building for future.
9. The intention of the society will be to construct a future ready building, hence they shall follow the best quality procedures.
10. Since the project profit stays in the society account, the change in market conditions will not affect the project.
11. The control of selling the flats to the new members remains with the society. Hence this can be restricted to a certain category of buyers. Price can be decided from time to time.
12. The entire control over all the consultants remains with the society. Any non performing consultant can be replaced after settling their dues.
13. The society will never deviate and will only follow the original approved plans, hence availing Occupancy Certificate will be easier.
14. The parking spaces allotment to the existing members shall be decided internally by the members.

CONS

1. 100% mandate from members is required for seeking loan from Banks / NBFC's (as at present)
2. Involvement of Managing committee (at least 4-5 members) is a necessary for appointing and pursuing the PMC / DM contractors/ vendors / Legal / CA etc. It's as good as a full time job for the elected 4-5 members.
3. Huge money involved as the project cost runs in Hundreds of crores of rupees. Trust factor is very important as members would have no option but to go with the discretion of the MC members.

4. Members doing this job are doing it on an honorary basis hence any kind of mis trust or allegations made against the members may hamper the entire project.
5. Sale of flats is also the responsibility of the society. If there is delay in selling the flats, the society may not be able to service the loan leading to delay in the project and increase in the cost of borrowing, which may reduce the profits or even wipe out the profits.
6. If few flats are sold and project is delayed for some reason, then RERA will hold the society responsible only after, Original Resident Members are Rehabilitated in their permanent Accommodation.
7. Delay in taking decisions / infighting between the members / Resolving legal issues of members would lead to delay in project. PMC / Builders can manage such issues through their legal teams due to their experience.
8. Self-Redevelopment is a new concept and very few societies have managed to implement and they are smaller societies where the number of members is very small.

Redevelopment through a Development Manager (DM)

This is fairly a new concept which is being offered by some of the companies who claim to be experts in understanding and implementing this model. They have a team which includes Arranging Finance for the project, for ease of availing large corpus upfront, in addition to the services provided by a PMC.

Here DM's offer you End-to-End services which means they would help the society in

1. Providing Feasibility report through their PMC
2. Drafting legal agreements
3. Identifying Vendors / contractors for constructing your buildings
4. Arranging Funding
5. Liaisoning officers to deal with Government authorities
6. Managing Funds through an Escrow account dedicated for redevelopment
7. Monitoring the quality and progress of the project and completing the same on time.
8. Getting necessary approvals and helping the members to get back into their new flats

PROS

1. No involvement of any builder. The DM would be co-ordinating with the Managing committee in selection of vendors / legal / CA.
2. Best of both, the developer model and Self-development can be seen in this, where the expertise of builder is provided by the DM and development as per societies expectation and requirement can be implemented.
3. Can expect better areas and better corpus as you may get in Self-Redevelopment (in our TCHS case is a Compromise, between affordability due to maintenance cost / Viable Corpus by Selling Surplus).
4. Society does not have to deal with Government authorities as the liaisoning officer of DM would deal with them.
5. Similarly, funding would be arranged by the DM

CONS

1. Totally new concept and yet to be implemented by DM's for any large project.
2. Fee charged by the DM is very high 6 to 12% of the Sale Proceeds.
3. Trust factor very important as members need to trust the Managing committee who coordinate and sign off cheques/RTGS on behalf of the society.
4. TCHS would be the first Society with a huge plot area to adopt DM model.