

Contract Re - development Initiative REX - GSS

Expected Contract Re-development guidelines under MCS act by 2015

Guidelines / Process to avoid disputes / corruption / complications among members.

Guidelines / Process / plan to arrange finance & manage project thus generate better / more benefits to each members of society.

Problem: - Since last 10 years, it has been observed by the entire housing industry that under redevelopment projects a builder approaches to a society, assures everything (heaven) but after appointment & during process take them for a ride of hell. Out of approx. 6000 society buildings where redevelopment is feasible more than 70% are stuck due to various reasons but builders are blamed directly. To avoid this typical problem following system is advised.

For Contract / Self Redevelopment.

REX CON COR / GRUHA SANKALP SANSTHA – Initiative.

A NGO with group of persons like Architect + Structural engineer + Advocate + chartered Accountant + Civil engineers & various other highly qualified individuals .

Solution -

Under this we provide all technical – legal – liaisoning services to society for self OR Contract redevelopment, wherein society members can get better benefits without extra work load.

We provide all technical services - Architectural (Design + Elevation + Liaison at BMC & various dept.) , Structural design + Techno legal support & assistance + financial advisor + valuer + site supervision + site management as PMC.

We guide society and conduct or manage the system from concept to completion.

1. Concept promotion.
2. Project structuring & building planning.
3. Members management.
4. Financial planning & management.
5. Contractors management.
6. Construction management.

As a result of this society & its members stand to get at least 50% more benefits than builders offered percentage.

How to do it ?

Step - 1

Appoint PMC to do project feasibility report on

General Redevelopment - Entire responsibility with builder.

Contract Redevelopment - Only Construction responsibility with builder.

Step – 2

(options)

Arrangement of finance: - Under Contract Redevelopment.

Society needs to arrange fund only for planning & passing / approval.

- a. Each member to contribute a fund of Rs. **5 / 10 lacs** but proportionate to their existing area. Say **Rs. 500 - 1000/-** Per sq.ft.

OR Any **2/4** members may come forward and contribute towards initial planning / passing cost up to IOD. Against purchase of additional area in advance at discounted price.

OR Society may invite an outside investor (relatives of existing members) & offer only one flat for sale at discounted price against payment of fund.

OR Member may take bank loan of small amount on personal guarantee.

OR Any other suitable option as per case.

Step – 3

PMC / Architect to do all other technical works & planning & passing from up to IOD.

Step - 4

1. Tender process to appoint Contractor / developer for actual construction.

Format of tender – The developer to be asked the cost of total construction as per design / plan, already put up for passing.

2. Cost & benefit recovery by developers will be by offering proportionate salable area in exchange of investment & profit.

Step – 5

Cost for transit accommodation & corpus – **1 - 2 unit / flat** may be offered by Society for sale After IOD & appointment of developer / contractor.

Step – 6

Society to vacate the building and allow the Developer to do construction and also the controlled sale of his part of area only but **@ 75%** of the investment made by developer till that stage.

Step – 7

Entire balance area / unit / flats will belong to society, which will result in 50% more living area on builder's percentage.

Step – 8

As soon as the construction is completed the role developer is over & he may not remain involved with POA / DA.

Example:-

Feasibility report (Financial results) of a society at Santacruz–(w), Mumbai.

1. Financial gain under general redevelopment – entire work responsibility with builder.

Rs. Sixty four crore and Ninety nine lacs Equal in kind as **50% ±** free carpet area + Nil usable area + Rs. **2,500/-** per sq ft. on existing carpet area as corpus amount + Rs. **100/-** approx. per sq. ft. on carpet area per month (**24 month**) transit amount + Rs. **20,000/-** transportation charges + stamp duty & registration of individual agreement other benefits to each member shall be provided/ offered.

2. Financial gain under Contract Re-development – Planning & approval to be done by society by PMC / Architect .

Further Construction & related responsibility with builder under barter (exchange) system.

Rs. Ninety two Crore fifty eight lacs Equal in kind as **75% ±** free carpet area + nil usable area + Rs. 3,000/- per sq ft. on existing carpet area as Corpus amount + Rs. 100/- approx. per sq. ft. on carpet area per month (24 month) transit amount + Rs. 20,000/- transportation charges + stamp duty & registration of individual agreement other benefits to each member shall be provided/ offered. (Under Average & standard working system)

Two case study.

A Contract Re - Development case study of Aditya Society - Juhu.

for Book / website / presentation.

A Mhada society of **40 members of middle class at JVPD**, wanted to redevelop their dilapidated building. In 2003, they invited various developers to quote financial offer for the project, after verifying all relevant title documents & plot area / carpet area, many builders came forward. They offered 25-30% extra carpet area within 2.4 FSI, after visualizing that the redevelopment can happen only once in lifetime, for more possibilities, society invited PMC through newspaper notice, out 37 responses, society appointed REX CON COR CONSULTANT PVT.LTD and asked us to explore for more technical support / options.

In 2004 we advised them Contract development, which took them more than 6 month's to understand, finally two member from society took initiative and confirmed to invest required investment. As per project feasibility, the members – developer agreed to purchase salable area at market rate plus 15 % profit. Accordingly carpet area equivalent to the total project cost with profit was made agreed to be provided to the developer member & balance belonged to each member of society.

As a result each member got 66% carpet area extra. (400 old to new 676 sq ft.)

Aditya B, building got completed by In 2007 , Aditya - A, got completed by 2009, Aditya - C got completed by 2011.

Conclusion :- this is an **example of contract development** , wherein **basic funding is done by 2 members** only, who were practicing CA & investor, now they are good reputed builder in the area. they also agreed for each & all technical advice of PMC - Rex, thus the buildings constructed as per zone iv that is 50% better strength quality & 80 years of life.

Attn. person – Mr. Dholakiya. (Society member)

A Contract Re-Development case study of Priti Sangam- Borivali – (w).

(for Book / website / presentation.)

A society of **76 members of at Sai baba nagar** , wanted to redevelop their dilapidated building. The plot area is 2000 Sq.mtr & existing carpet area was 3000Sq.mtr. (approx) In 2008, they invited various developers to quote financial offer for the project. after verifying all relevant title documents & plot area / carpet area, very few Builders came forward. They offered 10% extra area in form of flower bed , to be enclosed after OC , but no extra carpet within FSI, also wanted society **members to pay for construction cost.**, after visualizing no possibilities, society turned to PMC & contacted us for technical guidance.

In 2009 - we floated tender through newspaper, out of 18 developers shown interest , only two remained in race but under terms of **no extra area & no payment** from members. this also fizzled out.

In 2012 - 5 developers / contractors were invited as per interest shown, under terms - that society member must **purchase at least 100 sq ft carpet** in lieu of corpus / rent / no extra carpet area this worked. After various ground clearing discussion / meetings **67 out of 76 member agreed to purchase** additional carpet area @ 12,000/- per sq ft.

In 2012 after approval of new DCR the fungible area benefit also came into effect , **Members got 25% extra carpet area free out of this fungible area.**

Conclusion :- this is an **example of contract development** , wherein **basic funding is done by members** Themselves and the project has moved forward - On 18 July **IOD - received** , flat allotment has been done , **all of members have vacated without dispute** , the demolition of old building & construction of five floors is already done by 01 / 11 / 2014.

Contact person – **Mr. Bhandare / Mr. Rajapure (Society members)**

Project Management Consultants