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Developers' Strategies for Housing Regeneration in London

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of Science in Built Environment from the University of London**

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Abstract:

Land is a rare commodity in the city of Mumbai. Rapid modernisation, population growth and the linear geography of the city has led the city to grow northwards further pushing the residential locations away from the main city centre. Land regulations and policies have restricted the supply of land available in the inner parts of Mumbai. This has led to a crisis in the housing supply within the city. The state government has adopted the 'enabling' approach to housing provision. In this context, the government has facilitated Housing redevelopment schemes which enables the private developer to reconstruct an already existing multi-tenement co-operative housing society (C.H.S) to re-house the existing owner-occupiers and use the additional F.S.I to construct new apartments in the same building to be sold in the free market.

The research focus of the paper is to examine various aspects of Housing Redevelopment from the perspective of the private developer. The study further investigated various strategies employed by the private developer in the face of high levels of competition in a highly potent market. The research paper adopts the 'qualitative method' of research analysis. The analysis suggests that the main concern of the developers is to 'establish and demarcate a local market'.

Key Words: Housing redevelopment, private developer, strategies, local market.

Word count: 11,000 words.

1.0 Introduction:

Mumbai, formerly known as Bombay, is the capital of the Indian state of Maharashtra. With an estimated population of 16 million (Census, 2001), it is the largest metropolis in India and one of the most populous cities in the world. Mumbai also being the financial capital of the country has historically witnessed great economic boom and subsequently sizeable influx of migrant population into the city. Due to the linear shape of the city and its various land use policies, the centres of gravities of job locations and residential locations do not match. This lop-sided development has led to an increase in property prices of approximately 300 per cent during the past decade (Tiwari et al, 1991). With aim of decongesting the city, government has introduced land policies and regulations that has restricted the supply of land available within the city. This coupled with an increase in urban population has led to a severe crisis in housing supply in the city.

In this context, the state government has adopted the 'enabling' approach to housing provision (Maharashtra State Housing Policy, 2006). There are several housing schemes like the Slum Rehabilitation Scheme¹, Reconstruction of Cessed Building²; which enables private developers to construct affordable housing units and use the additional Floor Space Index (F.S.I)³ to construct saleable floor area for sale in the open market. Another such scheme that facilitates the private developers to construct on an already occupied land is the Housing Redevelopment Schemes. In this scheme, the private developer reconstructs an already existing multi-tenement co-operative housing society (C.H.S) to re-house the existing owner-occupiers and use the additional F.S.I to construct new apartments in the same building to be sold in the free market. In this case, the C.H.S/ developer has to prove that the building is old and not in a structurally sound condition and therefore needs to be redeveloped. The main difference between this scheme and the earlier two schemes is that, this scheme does not require the private developer to build affordable housing.

This paper focuses on the latter type of Co-operative housing redevelopment. The aim of this paper is to examine various aspects of Housing Re-development from the perspective of the private developer. The study is especially germane in the present context when international agencies are emphasizing an 'enabling' approach to housing. In order to develop a deeper understanding of the redevelopment market it is essential to outline the various structural and institutional frameworks within which the redevelopment process takes place.

1.1 Land regulations and urban policies in the city:

Over the last few decades, Mumbai has transformed from a mega city into a 'global city'. The historical review of the policies is selective with the purpose of identifying relevant institutional conditions that have affected the recent housing redevelopment market. The most important policy changes to be introduced were the Rent Control Act (1939)⁴ and the Urban Land Ceiling Act (1976)⁵.

The government introduced Urban Land Ceiling Act to reduce land speculation and inequity in urban land ownership. It imposed ceiling on the amount of vacant land that any individual could own. The excess land was to be acquired by the government and redistributed to the urban poor. However, the act effectively froze the urban land market as property as owners locked up their excess land in litigation. According to the World Bank, India's Urban Land Ceiling (and regulation) Act of 1976 (ULCA) was a paradigmatic case of bad practice that hindered the market (Mukhija, 2004). The ULCA subsequently restricted the supply of land available in the city of Mumbai.

On the other hand, the Rent Control Act froze rents in the city of Mumbai and reduced the incentive for landlords to maintain their property. Rent control resulted in reduction of new rental housing stock and led to an upsurge in homeownership (Tiwari et al, 1999; Tiwari & Hasegawa, 2000 as cited in Ganapati, 2008). Rent control indirectly facilitated the growth of co-operative housing societies (C.H.S) by creating incentives for apartment ownership as it offered an alternative to landlord-tenant relationship through joint ownership. Co-operatives housing societies became organisational mechanisms to repair housing that had become dilapidated due to rent control (Ganapati, 2008).

1.2 Institutional framework of the Co-operative Housing Society:

One the main reasons that housing redevelopment schemes are taking place in such large numbers in Mumbai is because of the institutional structure and model of housing co-operatives. In Mumbai, housing has been historically in the form of multi-family housing and ownership of houses through co-operative housing societies is embedded within the culture. By 1997, there were 11000 registered Tenure Co-operative housing societies in Mumbai (Ganapati, 2001).

Housing co-operatives in Mumbai have been principally Tenure co-operatives (i.e. for collective ownership and management). In Mumbai city, Tenure co-operatives were called Co-operative housing societies where, the co-operative owns both land and building; members own shares in the co-operative and have occupancy rights to their unit (Ganapati, 2008). Tenure cooperative Housing Societies are most stable since member's investments are highly asset specific due to perpetual co-ownership of property. The C.H.S is collective organisational form to internalise externalities due to common spaces in multi-family building typology. The Maharashtra Ownership Flats Act (1963) enabled the adoption of Tenure Co-operative in the private sector and required the developers to form a co-operative or a company of prospective buyers of apartments before transferring ownership (Ganapati, 2008).

In a housing redevelopment scheme, the C.H.S aids households in terms of pooling of resources, achieving community action (collective self-help) and increasing credit worthiness. The collective actions helps lowering the transaction cost and enable the co-operatives to respond to the market demand (Ganapati, 2001). The land belongs to the C.H.S; hence a private developer can have access to a large plot of land through redevelopment projects. Thus the housing redevelopment scheme benefits both the owner occupiers of the existing C.H.S and the developer.

1.3 Demand for Housing Redevelopment:

Due to the restricted supply of land available for construction, the state government have over the past decade introduced various housing redevelopment schemes through private developers, in order to meet the shortage of housing supply in the city. As a result, there is a huge demand for housing redevelopment, especially in the areas of high real estate values.

With the aim of decongesting the inner city, government has adopted policies that restricted development in terms of housing construction in the island city. The land owners in the island city can sell their development rights in the form of Transfer of Development rights certificate (TDR)⁶. Transfer of Development Rights un-bundles the development potential of a land parcel from site-specific context and allows property owners to transfer the development potential from an 'origin-site' to a 'receiving-site' (Sanyal & Mukhija, 2001). These rights could be translated in the form of extra Floor Space Index for a particular plot.

The existing F.S.I is 1.33 in the inner city and 1.0 in the suburbs and extended suburbs. In the context of housing redevelopment, the developer developing in suburbs is allowed to

consume up to 2.00 F.S.I. The developer constructs a new building to house the existing owner-occupiers and use the extra F.S.I to build new apartments to be sold in the free market. Therefore, the main driver in a redevelopment project is the real estate values in the location of the existing C.H.S. Also since Mumbai has witnessed a linear growth, most old development will be found closer to the business centre of the city and thus have high real estate values.

This scheme has also gained popularity amongst the residents of the city particularly those living in old buildings (almost 40 year old). This scheme enables a C.H.S to upgrade their property at minimal cost and also avail of new facilities after redevelopment. As a consequence, there are large numbers of C.H.S entering into a redevelopment contract as well as a large number of developers undertaking redevelopment projects.

1.4 Research Focus:

This paper focuses on housing redevelopment of co-operative housing societies especially in areas of high real estate value. As outlined above, there is a huge shortage housing units within the city and housing redevelopment schemes are introduced to meet this shortage. The co-operative housing societies are keen on undergoing redevelopment in order to appreciate the value of their existing property. The high real estate values in Mumbai, makes this scheme lucrative from the perspective of the private developers. Therefore, there is large numbers of small scale private developers involved in housing redevelopment schemes. In this highly competitive market, it is important to understand the strategies adopted by the developers for redevelopment projects.

1.5 Research Objectives:

The main aim of this paper is to identify explicit strategies adopted by the private developers for housing redevelopment projects. The report would achieve through the following:

- i. To generate an overall understanding of the 'housing redevelopment' market from the perspective of the private developers. This would involve understanding of strategic decisions taken by the developers during the entire span of the project and there after.
- ii. Identify key actors and agencies within the redevelopment process and the significance of their roles. This would help in understanding 'power relations' between the actors and agencies since negotiation forms an important part of decision making in the entire project.
- iii. To identify strategies adopted by the private developers to combat competition and therefore create a local market.

2.0 Research Methods:

The research method adopted in this paper is rooted within the 'Grounded theory approach'. 'Grounded theory pays attention to developing theory and explanation from examining facts and events on the ground, and the strategies and behaviours of players or agents within the research situation under investigation' (Page, 2007). The main aim of this paper is to investigate the strategies adopted by private developers for 'housing redevelopment' in the city of Mumbai. The primary agents in this investigation are the private developers and the Co-operative housing societies and the research situation is the market for housing redevelopment in Mumbai city. Based on 'grounded theory', the methodology can be sequenced into the following steps.

2.1 Understanding 'research situation':

One of the important features of the 'grounded theory' approach is developing a conceptual framework for investigation and analysis (Page, 2007). The understanding of structural context assists in gaining valuable insights into the interaction between the actors and agents. The background research was developed through study of international research papers focussing on housing redevelopment in the city of Mumbai. The research carried out by Vinit Mukhija (2004, 2006), particularly in the area of affordable housing in India was helpful in forming an overall understanding of the housing redevelopment market. The research papers authored by Sukumar Ganapati were critical in highlighting the institutional potential of the co-operative housing societies in Mumbai. This paper focuses on Mumbai as the research ground for two main reasons.

Firstly, land is a rare commodity in the city of Mumbai. The city's constrained linear geography, modernisation and rapid increase in population have resulted in dense housing conditions. This coupled with high real estate prices has lead to a severe crisis in the housing supply within the city. In this context, the Housing redevelopment scheme plays an important role for housing delivery in the city. Herein, the private developer reconstructs an already existing multi-tenement co-operative housing society (C.H.S) to re-house the existing owner-occupiers and use the additional F.S.I to construct new apartments in the same building to be sold in the free market.

Secondly, the model of Co-operative housing society is characteristic of city of Mumbai. In Mumbai, Co-operative housing societies own both land and building and the members own shares in the co-operative and have occupancy rights to their unit. This form of tenure co-operative has been the most popular form of housing organisation in Mumbai since 1900's (Ganapati, 2008). Other metropolitan cities in India like Delhi and Kolkatta, either have land owned and allocated by the local government or have individually owned houses on their own plot of land (Ganapati, 2008). The model of C.H.S allows formulating a 'collective' of individual aspirations of owner occupiers to upgrade the value of their property. Also, it enables the private developers to engage with an established organisation to enter into a redevelopment project.

The research restricts itself to study of only redevelopment of C.H.S for middle or high income housing and does not examine any slum rehabilitation or other redevelopment schemes that provides for affordable housing. The reason for this being, there is minimal government intervention in redevelopment of a middle class or high class C.H.S and therefore the developer has considerable freedom to develop strategies for these kinds of projects. The real estate value of property in the locality of the C.H.S plays an important role in developing the scheme. Schemes for redevelopment of slums or dilapidated

buildings are governed by special laws and policies restricting the role of the private developer in the project.

2.2 Selecting players:

The research focus of the paper is to examine various aspects of Housing Re-development from the perspective of the private developer. The type of developers chosen to be interviewed in this study was small scale developers. Small scale developers operate with low capital than medium or large scale developers. Since there is no investment in land in a Housing redevelopment project, little capital is required as compared any new development scheme. Also as redevelopment schemes are potentially low risk ventures they offer lower profits than any new built project. On the other hand, typical large scale developers invest sizeable capital in procurement and development of land and operate with high profit margins. As a result, a redevelopment project would attract more small scale developers than large scale developers.

In Mumbai, housing redevelopment projects are primarily initiated by small scale developers and one would find them in large numbers operating in any given locality. There exists a high level of competition within them to bag redevelopment projects. The study of small scale developers therefore would help in providing insights into strategies evolved to counter local competition and establish a local market.

2.3 Literature Review:

Grounded theory can be pragmatic and eclectic as it permits the use of theoretical insights from a number of theoretical traditions as forms of explanation for the evidence assembled (Page, 2007). The primary literature used for this paper focuses on different models of development processes (Healey, 1991) and their capacity to explain these processes. The models were studied for their ability to 'penetrate the details of the agency relationships' at the same time linking these behavioural patterns to broader structural framework. The models used to explain different aspects of a typical redevelopment project (Healey, 1991) were:

- i. Event-sequence Model
- ii. Agency Model
- iii. Structure Model
- iv. Institutional Model

In this paper, the literature review was used a tool to construct various layers of the redevelopment process and subsequently overlapping the layers to get a broader picture.

2.4 Collecting Evidence:

The next step in the research methodology is collection of evidence to test against the theoretical framework developed in the earlier steps. A small group of Small scale private developers involved with redevelopment projects were interviewed individually. The main aims of the interview questionnaire were to gain a broader understanding of the housing redevelopment market and to get an insight into the strategies adopted by the developers.

The interview design therefore contained both mix of set of focus questions at the same have a loose structure with a consistent line of enquiry. A sample of the interview design is presented in the Appendix. The interview design is split into three columns. The first column shows focussed questions in each section. These questions help to generate an overall picture of its respective section. The interview begins with questions regarding the background of the company and the projects the company is involved in. The later sections are sequenced in relation to the events that occur in a typical housing

redevelopment project. With this design and depending upon the enthusiasm of the interviewee, an average interview lasted for about 90 minutes.

The type of private developers chosen for this study is small scale developers. These developers were contacted through personal sources and references. This helped in establishing a certain level of trust even before the interview. The interviews were of an 'open ended nature'. This enabled the conversations to be more fluid and provided insights into the subject matter. Also most developers interviewed also acted as an 'informant' suggesting other developers that could be interviewed (Yin, 2003).

Conversely, since most of the interviewees were not comfortable with voice-recording, the evidence gathered heavily relies on interview notes taken during the conversation. These notes can be found in the Appendix. Also this form of evidence collection has inherent problems of bias and poor articulation (Yin, 2003). The evidence collected is hence supported secondary resources (Bell, 1999) to eliminate these problems.

The report thus adopts a 'qualitative method' of research analysis where the focus lies in firstly developing an understanding of the redevelopment process and then exploring the underlying strategies adopted by the private developers.

0 3

3.0 Understanding Re-development Process and Literature Review:

This section attempts to use the literature review in understanding the actual processes in a typical housing redevelopment project. The literature review constructs a theoretical framework within which the redevelopment process is studied and explained. The primary literature used in this section focuses on different models of development processes (Healey, 1991) and their capacity to explain these processes. Patsy Healy (1991) in the research paper, reviews different models of development processes, for their ability to 'penetrate the details of the agency relationships' at the same time linking these behavioural patterns to broader structural framework. In a subsequent research paper, a new model is proposed which is analytically useful and capable of application to all circumstances in which development projects are accomplished. This is known as the 'institutional model'. Four different models are used to explain different aspects of a typical redevelopment project (Healey, 1991):

- a) Event-sequence Model
- b) Agency Model
- c) Structure Model
- d) Institutional Model

The first two models develop analysis of actors and institutions operating in markets structured by the demand and supply of commodities. The third and the fourth approaches are based in theorizations of the structure and dynamics of commodity production and exchange (Healey, 1991). In this section, each model is used to conceptualise and identify certain key elements in the redevelopment process, forming a layer of networks. Finally, these layers are superimposed to present a complete picture of the redevelopment process.

3.1 Event- Sequence Models:

A typical Co-operative housing society redevelopment project can be described in a series of key events. An event- sequence model primarily focuses on the management of stages in the development process. It allows the unpacking of the development process into its constituent events (Healey, 1991). According to Goodchild and Munton (1985) (as cited in Healey, 1991),

'the development process begins when a parcel of land, considered suitable for a different or more intensive use, and is completed when the necessary changes have taken place and land re-occupied.'

The following figure shows the relationship between the key events in the housing redevelopment process with the processes listed in the Goodchild and Munton (1985) version.

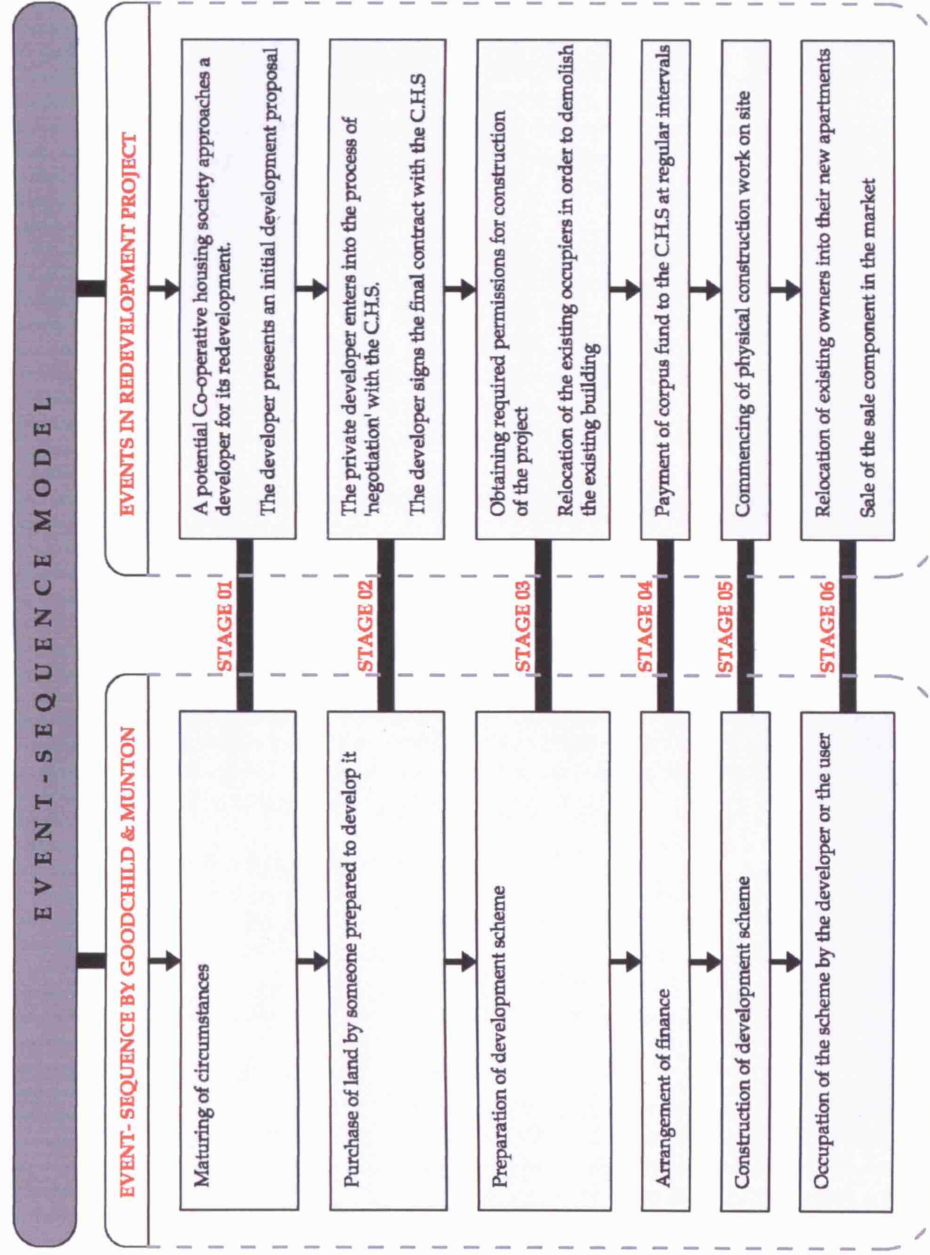


Figure: 3.1 Event-Sequence Model for Housing redevelopment. Source: Thyagarajan, S (2008)

3.1.1 Stage 01: 'Maturing of circumstances'

According to the diagram, a typical housing redevelopment process commences when all the members in a co-operative housing society are in agreement to undergo a redevelopment process and approach potential developers for the project. In some cases, private developers may approach the C.H.S with a proposal for redevelopment. The C.H.S has to ensure that all the members are in agreement and all the legalities are in place like the title clearance, conveyance etc. The C.H.S forms a Managing Committee comprising of the members of C.H.S to manage the proceedings of the redevelopment project. This stage can be termed as 'maturing of circumstances' (Goodchild & Munton, 1985) for the development process to commence.

The Managing committee is responsible for the process of redevelopment and hold regular meetings with all the members to update them on the developments of the project. As a general practice, the managing committee invite a few known developers to give a presentation of proposal to the members of C.H.S for the redevelopment scheme. After reviewing the initial presentation the C.H.S decides on one developer to begin the process of 'negotiation'.

3.1.2 Stage 02: Negotiation

This is the most important stage in the process of redevelopment. In a redevelopment project, there is no purchasing of land since the land belongs to the C.H.S. The developer in this case buys the right to redevelop the existing property and transfers the rights back to the C.H.S within two years of completion of the project. The redevelopment scheme enables the developer to build extra saleable floor area in the same building to sell in the free market. In return the developer has to rebuild and re-house the existing owner occupiers in the newly built property.

A typical redevelopment proposal package offered by the developer to the C.H.S comprises of the following:

a) Extra floor space per flat/ apartment:

In most cases, the members of the C.H.S demand for extra floor space per unit instead of monetary compensation. This would depend on the consumption of existing F.S.I by the C.H.S. The developer is allowed to build up to 2.0 F.S.I in a redevelopment project. If the C.H.S has not consumed their existing F.S.I limit then it is mandatory for the developer to assign the available extra floor area to the members of C.H.S. In addition to that, the developer may decide to give extra floor area to each of the existing apartments in the society.

b) Corpus fund per flat/ apartment:

The newly built project may have extra facilities and amenities like lifts, club house, garden, children's play area etc. This amounts to additional maintenance costs to members of C.H.S. The developer in order to offset this additional expense provides a corpus fund. The corpus fund is given to the C.H.S which compensates for the additional maintenance costs due to the redevelopment in future.

c) Rental compensation:

In a C.H.S redevelopment project, the developer demolishes the existing building and constructs a new building. This involves the relocation of the existing owner-occupiers during the period of construction. The developer offers to pay rents to the members for the duration of construction. The rental compensation is typically decided based on the existing rents in the same locality as the C.H.S.

d) Relocation charges:

The developer may decide to offer one-time relocation charges for the movement of goods and people per existing flat. This is paid as a lump sum amount that compensates for the costs incurred to move into a new rental house by the members.

e) Any other extra amenities/ facilities:

The developer may choose to construct additional amenities in the society like a club house, new green areas, additional parking spaces, jogging tracks etc depending upon the demands and requirements of the members of the C.H.S.

Although the normal redevelopment proposal package includes most of the above listed items, 'how much' of each item to be provided, is decided during the period of negotiation. This is an important key event which decides the outcome of the project. Generally, the members of C.H.S are well aware of the proposals offered by the developers in similar redevelopment schemes in their particular area and thus have a similar set of demands. It is only when all the members are in agreement of the negotiated proposal that a MOU (Memorandum of Understanding) is signed between the developer and the C.H.S.

3.1.3 Stage 03: Planning process

After signing of the MOU, the developer applies for planning permissions to the local authority. The local authority confirms that the new design is in compliance with the building bye-laws and there is no violation of rules in the project. The developer deposits the first instalment of corpus fund to the C.H.S and hands out post-dated cheques for the rents to the individual members. This enables the members to relocate while the developer demolishes the building to begin construction. In cases where there are more than a few buildings in a C.H.S, depending upon the new design, not all the members are required to relocate at the same time.

3.1.4 Stage 04: Financing of the project

In a redevelopment project, there is no investment of capital in land. The developer needs to organise for mainly the construction cost of the project in addition to corpus fund and the rental compensation. The redevelopment project is either completely financed by the developer or there are investors in the project.

3.1.5 Stage 05: Construction phase

This stage comprises of the actual physical construction work on site. The time taken for construction is usually pre-decided and agreed both by the developer and the C.H.S. If the project overruns the stipulated time period, there are provisions for compensation in the MOU.

3.1.6 Stage 06: Final completion

This is the final stage of the process. After completion of the project, the existing members of the C.H.S relocate into their new housing units. The additional units built are for sale in the free market. The developer may decide to either sell the new apartments/ commercial space immediately after completion of the project or may retain some as real estate investments.

The event-sequence model assists in understanding stage by stage process in a typical housing redevelopment project. This model illustrates the important key events in a project time period and thus helps in identifying the potential 'blockages' that could occur in the process (Healey, 1991). This is a useful model from the perspective of project management and is beneficial in timely delivery of the project. However this model does

not take in to account the various 'actors and agencies' involved in the process. The influence of certain actors and agencies alter the course of development and lead to different forms. Also this model assumes that the project environment is stable and does not affect the process of development. Although in housing redevelopment, the project usually follows the above mentioned sequence, certain actors within the project play an important role in the process. This can be further understood in the next model.

3.2 Agency Model:

The agency model focuses on the 'actors' within the development process. Every actor performs a significant role and adopts certain key strategies during the process. For Craven (1969), Kaiser and Weiss (1970) and Drewett (1973) (as cited in Healy, 1991),

'The developer is the key co-ordinator and catalyst for development. Activated by perceptions of potential yields, the developer assembles the inputs to production, organizes the production process and markets the product'.

In a housing redevelopment project, the developer is not necessarily the 'initiator' of the project; however the developer plays an important role of the key co-ordinator in the entire process. The two main actors identified in the redevelopment projects are: the private developers and the C.H.S's. The core transactions occur between these two primary actors. The secondary actors that plug- in into the development process is: the real estate brokers/agents, TDR agents and lawyers. The municipality ward-office or the local authority in this case is inevitably a part of the development process. The project cannot commence without relevant permissions sanctioned by the local authority. The various actors and agencies engaged in a redevelopment projects and their capacity to influence the sequence of events is illustrated in the following diagram (Figure 3.1).

The agency model opens up the complexity of development activity (Healey, 1991). In the redevelopment model, through their activities the actors either aid in expediting certain events in the event-sequence model or become a significant player in the process (e.g. local authority).

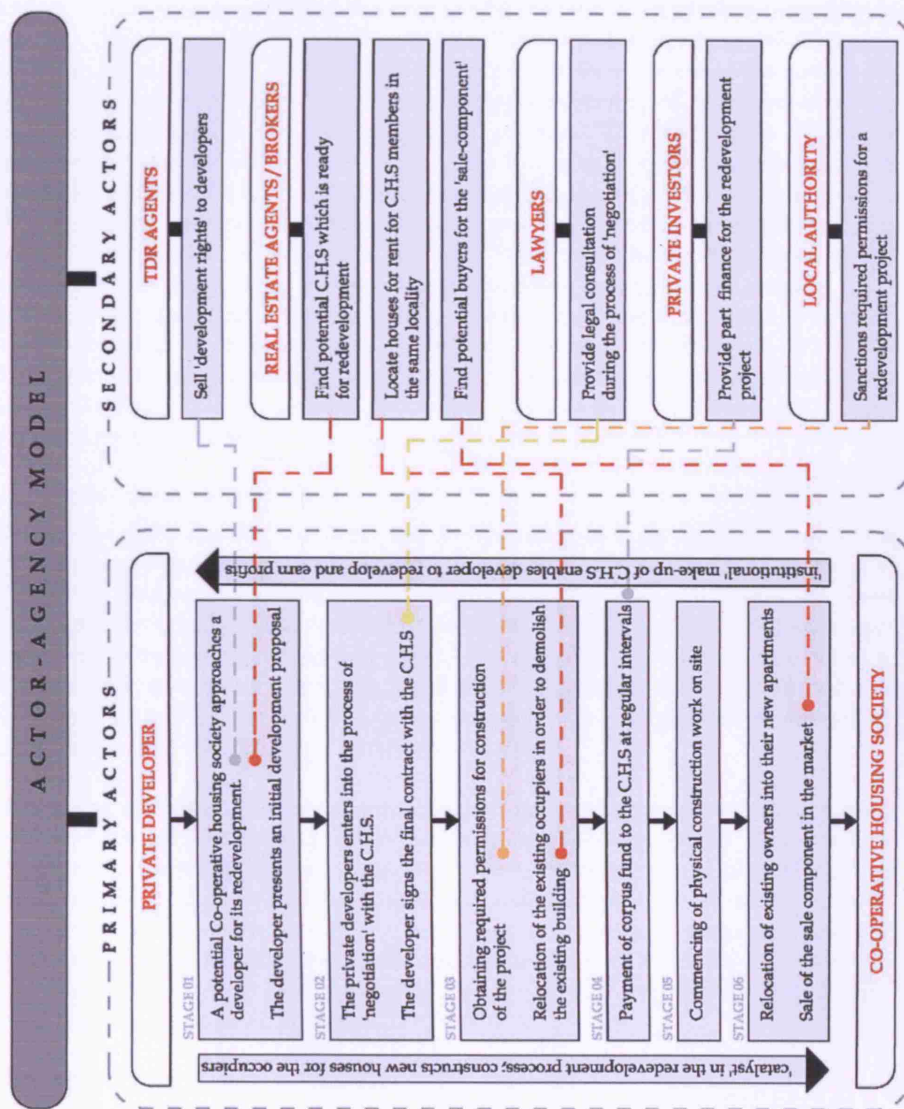


Figure: 3.2 Actor-Agency Model for Housing redevelopment. Source: Thyagarajan, S (2008).

In order to evaluate the extent of influence these actors have on the course of development, it is imperative to understand the roles they play in the development process.

3.2.1 The private developer:

In the process of housing redevelopment, the private developer is one of the most important primary actors. In a redevelopment scheme, the private developer 'facilitates' the reconstruction of old dilapidated buildings and thus helps in upgrading the built forms into the city. The scheme enables the developer to construct more housing units and therefore aid in the provision of housing delivery within the city. Thus in the context of the city, the developer performs a substantial role in housing provision especially in these times of severe housing crisis in the Mumbai.

In the actual process of redevelopment, from inception to the completion of project, the developer performs the function of the 'key co-ordinator'. The private developer carries out an array of functions in the redevelopment process. To begin with, the developer is the 'initiator' of the project. In some cases, the developer approaches a potential C.H.S with a redevelopment proposal and persuades the members to undergo the redevelopment process. Thereafter, the developer assumes the role of the 'negotiator' with the aim of accommodating most of the demands made by the C.H.S. Most redevelopment projects are largely financed by the developers themselves; therein the developer also becomes the 'financier'. It is the developer's responsibility to 'liaise' with the local authority to seek necessary permissions for the project. The most important task however is to provide good quality living conditions to the existing members of the C.H.S and guarantee timely completion of the project. Transiting through the multiple roles, the developer also has to ensure that the project remains commercially viable and helps in building up the company reputation. Therefore, without the inclination of the developer, a redevelopment project would fail to materialise.

3.2.2 Co-operative Housing Societies (C.H.S):

One of the main reasons that Mumbai is witnessing a large number of housing redevelopment projects is because of the form and model of the C.H.S existing in the city. As discussed in the earlier chapter, institutional conditions: the local housing market, local housing policies, role of state government and co-operative institutional support structures have enabled the co-operative housing societies to flourish and have substantially reduced their transaction costs (operational and formation). Through the C.H.S, it is possible to access a large portion of land for construction activity which is otherwise unavailable.

In the context of Mumbai, because of high real estate values, most owner-occupiers are attracted to the option of upgrading their living spaces and in turn appreciating the value of their property. This is collectively possible through an organisation like C.H.S. This helps in accelerating the process of redevelopment. Also since it is a well established form of home ownership, various procedural routines are well instituted. As a consequence, it becomes easier for the developer to undertake a redevelopment project with a form like C.H.S rather than dealing with individual owner-occupiers.

3.2.3 Real Estate Agents/ Brokers:

In the context of Mumbai, the real estate agents operating in the housing redevelopment market are small entrepreneurial practices. They require no legal registration or examination in order to act as estate agents. One of the most important roles performed by the agents is to bring together buyers and sellers of

property in an efficient way. In housing redevelopment projects, the developer has no control over the location of the housing project. The local real estate agents in that case have more local knowledge and information networks within that locality. Therefore the existence of estate agents in housing market reduces the amount of resources spent on search by buyers and sellers and making searching far more worthwhile in absence of an information network (Ball, 2006). The agents work on a fixed percentage fee structure.

In the process of housing redevelopment, the estate agents assist in three important events. Firstly, the estate agents help to bring together a potential C.H.S which is ready for redevelopment with a potential private developer ready to undertake such a project. The developer- agent relationship in most situations is based on trust and longevity of their business relationship. Therefore, the estate agents in this situation also act as screening agents and only bring in projects which have seem to have minimum risk of internal disputes within C.H.S members or any other potential problems. Secondly the estate agents assist in finding homes for rent during relocation of the existing C.H.S members. This helps the developer to begin work on site faster. Thirdly, the agents help in selling of the sale component in the local market. This enables the developer to recover the profits from the project faster. Thus, the estate agents support in accelerating the entire process of redevelopment especially when operating in markets with no information networks.

3.2.4 TDR Agents:

In a typical redevelopment project, the developer needs to buy Transfer of Development Rights (TDR) certificate. There exists a well informed network of agents who buy and sell development rights in the open market. These agents have knowledge and information about plots that have excess development rights that they cannot utilise and would like to sell. The agents in this case facilitate the selling of excess development rights to potential developers who need it for redevelopment projects. The developers are always on a look out for agents that sell TDR certificates at a price that would enable the developer to maximise his profits in a project.

3.2.5 Lawyers/ Solicitors:

The lawyers play a significant role as the guardian of trust/ contract during the process of development. The presence of these agents, make it easier for the two parties involved to have faith in the contract and believe that no party can breach the terms of the contract. The existence of these actors may completely depend on the trust factor between the developer and the C.H.S involved.

3.2.6 Private Investors:

In Mumbai city, banks do not give loans for any work carried out in the speculative market. Therefore, the developers have to rely either on their own capital to fund the projects or have a trusted group of private investors to finance the projects. The private investors help the small scale developers who do not have enough liquidity to self finance the project. Therefore, the private investors indirectly help in making sure that the small developers stay in the competition and do not get monopolised by big developers.

3.2.7 The Local Authority:

The local authority is a mandatory player in the entire process of redevelopment. However the role played by the local authority is important in the context, as there is maximum uncertainty in terms of time taken by the local authorities to sanction permission for the project.

Thus as illustrated above, the agency model highlights the way different agents cluster around different sets of activities in the development process (Healey, 1991). With this model, it is now possible to develop strategies to either reinforce or diminish the affects of the agents in the entire process of redevelopment. However, this model has no time dimension. Also, this model fails to explain the dynamic conception of the forces that 'drive' the development process (Healy, 1991).

3.3 Structure Model:

Structure model focuses on the forces which organize the relationships of the development process and drives its dynamics. These are grounded in urban political economy. It relates the power relations of the development process to the wider power relations of the economy and society (Healey, 1991).

The three main forces that affect housing redevelopment in Mumbai are

- (i) Land regulations and urban policies in the city
- (ii) Institutional framework of the Co-operative Housing Society
- (iii) Demand for Housing Redevelopment

The structural context for housing redevelopment is explained in detail in Chapter 01 Introduction. The following diagram (*Figure 3.3*) will illustrate the main driving forces that shape the redevelopment process in the city of Mumbai.

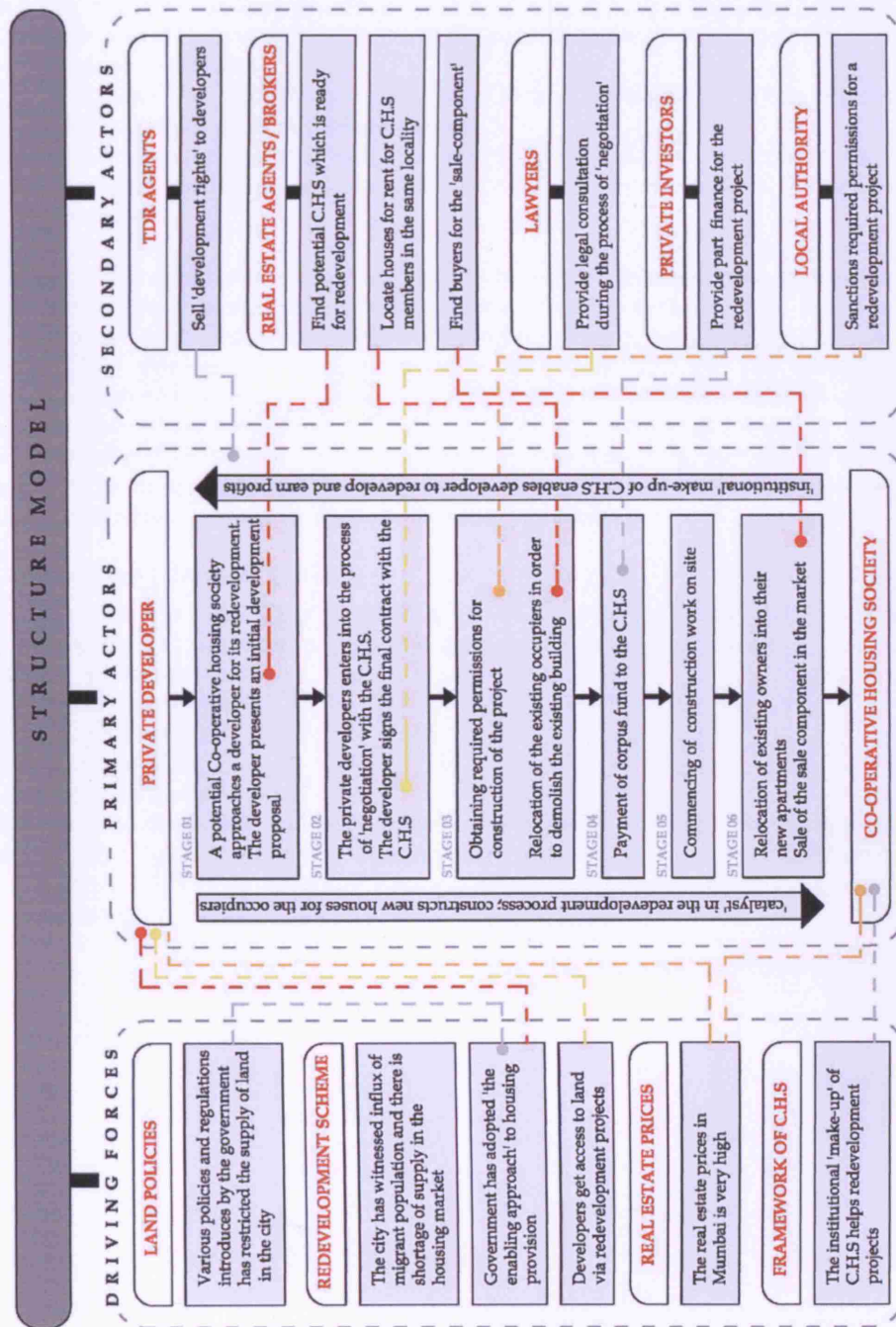


Figure: 3.3 Structure Model for Housing redevelopment. Source: Thyagarajan, S (2008).

The Structure model offers ways to relate the events and the agency behaviour to the broader dimensions of economics and market relations. This model offer ways of linking events and agency behaviour to the dynamics. However, they penetrate into the finer aspects of the events of the development process and the network of agency relationships which might surround each (Healey, 1991). The attempt to investigate the finer details is proposed in the following model.

3.4 Institutional Model:

The Institutional model of development process is important in understanding the complexity of events and the intricacy of network of actors and agencies involved in the process occurring under different conditions (Healey, 1992). The model develops this understanding at four levels (Healey, 1992):

- (i) a detailed sequence of the events in the process and the actors/ agencies that participate in them,
- (ii) describing the significance of the roles played by the actors in the process and the power relations between them,
- (iii) an investigation of underlying strategies and interests that define their roles
- (iv) the relation between these resources, rules and ideas and broader contextual framework.

In the context of this study, the research required to investigate the development process using the 'Institutional' model is quite demanding. The research involves rigorous documentation and interview work, *'using the historian's skills in cross-checking facts and interpretations, and sensitive often ethnographic work with agents who are often skilled in concealing their business strategies and interests'* (Healey, 1992). It is especially difficult in the context of Mumbai, where redevelopment projects are largely unregulated and thus does not have any official recordings or documentation. However, it is this model is an important tool to understand the different forms of development activities that are shaped by varied dynamic forces in the broader economic context.

3.5 Summary of Literature Review:

The literature review in this study is used as a tool to unravel various layers in the housing redevelopment process using different models of development process.

Four different models used are:

- a) Event-sequence Model
- b) Agency Model
- c) Structure Model
- d) Institutional Model

Each model is used to identify and explain the key aspects in a housing redevelopment process forming a layer of networks. The superimposition of these individual layers (Figure 3.3) helps in forming a holistic understanding of the housing redevelopment process in Mumbai.

0 4

4.0 Research Analysis:

The method adopted for analysis in this study is 'qualitative research analyses'. The research aims to gather the understanding of developer behaviour and the reasons that govern that behaviour in the context of housing redevelopment. The critical task here is to understand the external driving forces that shape the way developers determine their strategies and conduct their relationships as they deal with specific projects and issue (Healey & Barrett, 1990).

In this section, the research analysis adopts a two level investigation into understanding developer's behaviour in a housing redevelopment market. Firstly, the analysis outlines the way developers perceive the housing redevelopment market in the city of Mumbai. This is carried out using simple SWOT (Strengths Weakness Opportunities Threats) analysis which highlights certain key aspects of the redevelopment process from the developer's view point. The SWOT analysis is primarily based on the feedback received from the developers during the interviews and linking these to the broad understanding of the redevelopment process as explained in the earlier chapters. Second step in the analysis attempts to delineate various strategies adopted by developers either to reinforce the strengths of the redevelopment process or to deal with the weaknesses of the system.

4.1 Developer's perception of housing redevelopment market:

In Mumbai, housing redevelopment projects are taking place in large numbers and at a fast pace. In the last few years, large numbers of small scale developers have entered the redevelopment market making the competition stiffer. In this context, it is imperative for developers to evolve strategies that help them get ahead of the competition. In order to comprehend the strategies implemented by developers, it is essential to understand the approach adopted towards the 'redevelopment market'.

The redevelopment market is assessed using SWOT analysis. SWOT Analysis is a strategic planning method used to evaluate the Strengths, Weaknesses, Opportunities, and Threats involved in a project or in a business venture. The following aspects of the redevelopment projects can be inferred from the interviews conducted. The following diagram (Figure 4.1) illustrates the various features of the housing redevelopment market.

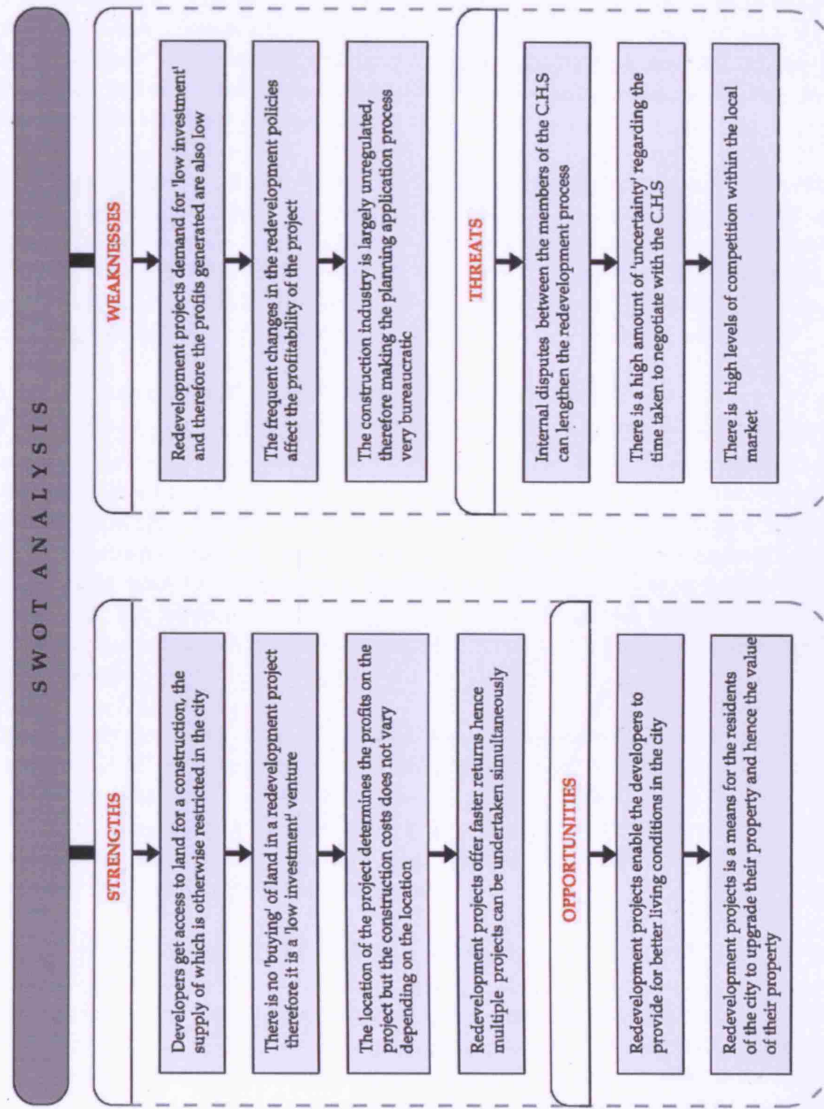


Figure: 4.1 SWOT Analysis for Housing redevelopment. Source: Thyagarajan, S (2008).

4.1.1 Strengths of the Housing Redevelopment Market:

In Mumbai, as explained earlier, there is restricted supply of land available for construction. The land available is generally procured by large scale developers for new development projects. Also, costs incurred on many previously developed urban sites, potential of legal difficulties of site assembly, market demand and planning obligation requirements, make it difficult for the small scale developers to speculate in the land market.

However, in a redevelopment project, the land belongs to the C.H.S and the members of the C.H.S possess occupancy rights to their flats/ apartments. Through this scheme, private developers get access to large plots of land for development activity which is otherwise restricted in the city. Also there is no investment of capital in land in a redevelopment project, which makes the project 'low investment' venture. This enables the small scale private developers to undertake the redevelopment projects with a small capital at minimum risk. There is a huge demand for housing units in the city, which enables the selling the sale component faster and thus the developers get faster returns on the project as compared to any new development project.

The location of the project is the main driving force behind any redevelopment project. In Mumbai, cost of construction does not vary much depending upon the geographical location of the project. The developers can therefore target C.H.S located in areas of high real estate values and maximise their returns on the project. Since the building already exists, the developer can take advantage of the existing infrastructure on site like water, services, electricity, roads etc.

4.1.2 Weaknesses of the Housing Redevelopment Market:

One of the major concerns regarding the construction industry as a whole in India is that it is not a recognised industry. This makes the industry unregulated and therefore is subjected to policy changes with change in government rule. This makes it difficult for the developers to develop long term strategies with regards to their future stream of projects. Frequent changes to policies regarding property transaction tend to affect the profitability of the project. There is also uncertainty regarding the amount of time taken to obtain required sanctions to begin the construction work in a project. The process tends to be time-consuming and highly bureaucratic.

Most redevelopment projects require low investment of capital and hence offer minimal risk. As a result, the profits generated in a redevelopment projects is lower as compared to any new development project. Also, the profits on a redevelopment projects depend primarily on the location of the project. This could be a major disadvantage to the developer if the developer cannot undertake projects in areas of high real estate values.

4.1.3 Opportunities in the Housing Redevelopment Market:

In the context of the city of Mumbai, redevelopment projects enable the developers to provide better living spaces to the residents in the city. Most co-operative housing societies in older parts of the city are structurally unsound or incur heavy expenses for maintenance and repair. Also the sizes of the units are smaller compared to the growing sizes of the families. The redevelopment schemes allow the developers to construct larger habitable units and also provide for better living conditions than before. In a redevelopment project, the developer also provides newer facilities and amenities to the C.H.S. The residents also get an opportunity to upgrade their property and therefore the real estate value of their units.

Housing redevelopment projects also present the developers with the opportunity to enter the local market and develop a network within the locality.

4.1.4 Threats in the Housing Redevelopment Market:

From the interviews, the only major threat/ risk perceived in the redevelopment project is the process of 'negotiation' between the C.H.S and the developer. There is a great amount of uncertainty regarding the total time taken for the negotiation process in the redevelopment project. In the present situation, most C.H.S would have a fairly clear idea of their demands from the developer during the negotiation process. But there are invariably some trouble makers during such transactions. In most cases, few members from the C.H.S pose resistance to the development process in the hope that the developer will 'buy them out'. From the interviews, it is clear that the developers always opt to pay some amount to the trouble makers during the redevelopment process. Thus the period of negotiation, largely depends on the negotiation skills of the developer and the strength of the resistances posed by the trouble makers in the C.H.S. In some cases, internal disputes amongst the members of the C.H.S also lengthen the process of development.

Another major threat in a redevelopment project is the competition within the market. Since redevelopment project are potentially risk free and demand for a low capital, a large number of small scale developers have entered the market. This has led to stiffer competition within the redevelopment market.

4.2 Strategies adopted by the developers:

The various strategies adopted by the developers either helps to strengthen the existing opportunities within the redevelopment market and to overcome the potential threats within the market. The evidence collected during the interviews enable to sketch out the various concerns of the developers for the redevelopment projects (Refer to Interview Notes in Appendix). The strategies can be categorised into the following headings.

4.2.1 Project Strategies:

In most redevelopment projects, the C.H.S approach potential developers for redevelopment of their property. Project strategies are 'explicit' set of strategies which set the criteria for considering a project for redevelopment.

4.2.1.1 Location of the project:

From the interviews, it is evident, that one of the most important criteria for choosing a project for redevelopment is the location of the project. In a redevelopment project, the developer will make maximum profits if there is a large difference between the construction cost per unit area and the sale price per unit area of the sale component. In Mumbai, construction costs do not vary much depending upon the location of the project. But the real estate value of property varies greatly depending upon its proximity to the island city of Mumbai. Therefore, for the same construction costs, a developer will make much larger profits in an area close to the city centre rather than in an area further away in the suburbs. Therefore, location of the project becomes the first criteria for undertaking any redevelopment projects. However, this does not mean that all developers have access to redevelopment projects in areas of high real estate. The competition to enter the local market is so severe, that every developer has to develop strategies to enter and create a strong hold within a particular local market. The developers also prefer the C.H.S to be in the vicinity of the office of the developer. One reason for this is it makes the supervision of construction work easier. The reputation of the developer in the area around the office helps in getting redevelopment projects.

4.2.1.2 Size of the project:

It is apartment from the interview that developers chose to work with small size of projects. The developers try and restrict the number of units to be developed within a range of 25-50 apartments. The lower the number of units, the faster it takes to arrive at a consensus during the process of 'negotiation'. One of the major threats identified in a redevelopment project is the time taken for the process for negotiation. The potential for a collective action problem to arise is less when the numbers are less. Restricting the numbers of apartments to redevelop, makes it easier for the developer to negotiate and therefore begin the redevelopment project faster.

4.2.1.3 Type of C.H.S:

Although Mumbai is a largely cosmopolitan city, there are distinct geographical pockets of people from the same community living together. Most often there exists a certain level of homogeneity amongst the members of C.H.S in either their culture or in their income levels. Homogenous C.H.S helps the developer in the 'negotiation' process. It is easier to negotiate with members having a similar background and mind set. Thus developers often chose to target C.H.S with some homogeneity.

4.2.1.4 Sale Component:

In most redevelopment projects, the developer does not pre-sell any of part of the 'sale-component'. This is a strategy to maximise profits. There is almost a difference of 20% in the value of the unit in the construction phase and after it is completed. In addition to that, the developer does not sell the entire 'sale component' after completion of the project. The withholding of developed reduces the supply and tends to increase the prices, making for a thinner market and greater potential for volatility (Gillen & Fisher, 2002). Also the sale component is used as collateral for personal loans from the banks.

4.2.2 Strategies for building local networks:

In any development project, it is important to form a sufficiently well formed network of actors and agencies. One of the main requisites to gain access to local market is 'knowledge and information' about the local market. It is known that there is asymmetry of information exists in any market and it is the 'knowledge keeper' that has the maximum power to operate within the local market. The developer in this case, engages primarily with two actors to develop a network within the local market i.e. real estate agents and the C.H.S.

4.2.2.1 Networking with local real estate agents:

The real estate agents add value to the redevelopment process by enabling the transactors (in this case the C.H.S and the developers) to complete transactions at the desired rate and generate benefits by reducing search and information costs, by enhancing the ability of transactors to discover prices for assets and by reducing the time consumed in the transacting process (Crockett, 1982). Most redevelopment projects are brought to the developer through these intermediate agents. The real estate agents have clearer knowledge of the local market and therefore are able to bring together potential buyers and sellers. A well developed set of local estate agents helps the developer gather 'local information' which is essential to develop strategies to create a local market. The following diagrams show examples of the local networks in a redevelopment project as inferred from the interviews. (Figure 4.2.2 (a), 4.2.2 (b) and 4.2.2 (c))

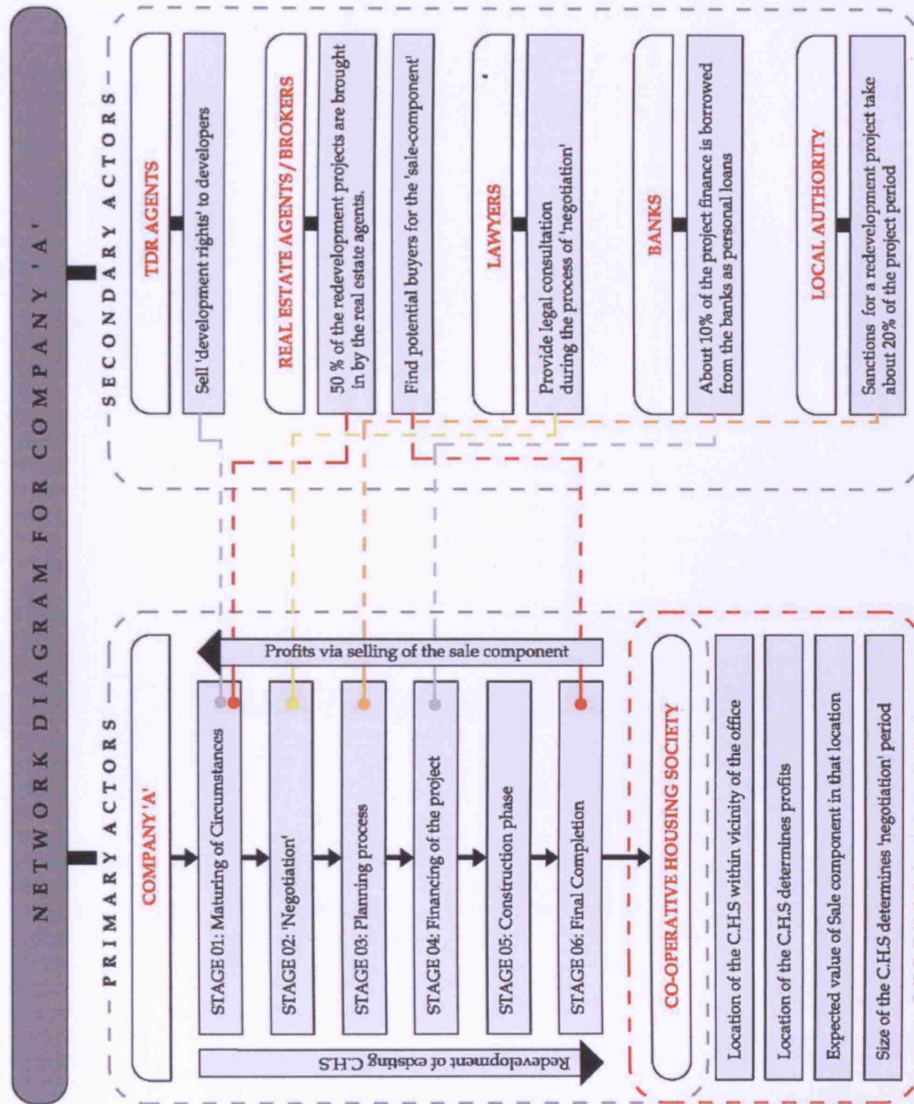


Figure: 4.2.2(a) Network Diagram for Company 'A'. Source: Thyagarajan, S (2008).

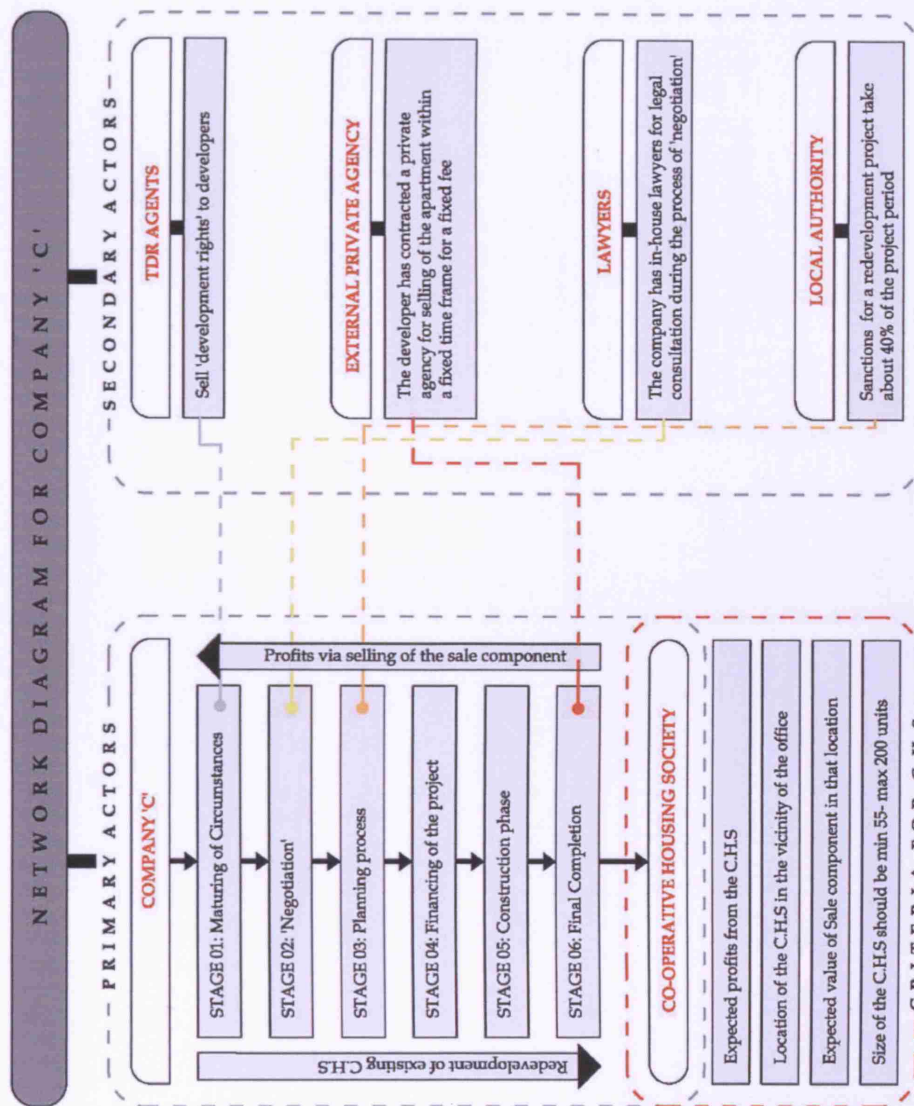


Figure: 4.2.2(b) Network Diagram for Company 'C'. Source: Thyagarajan, S (2008).

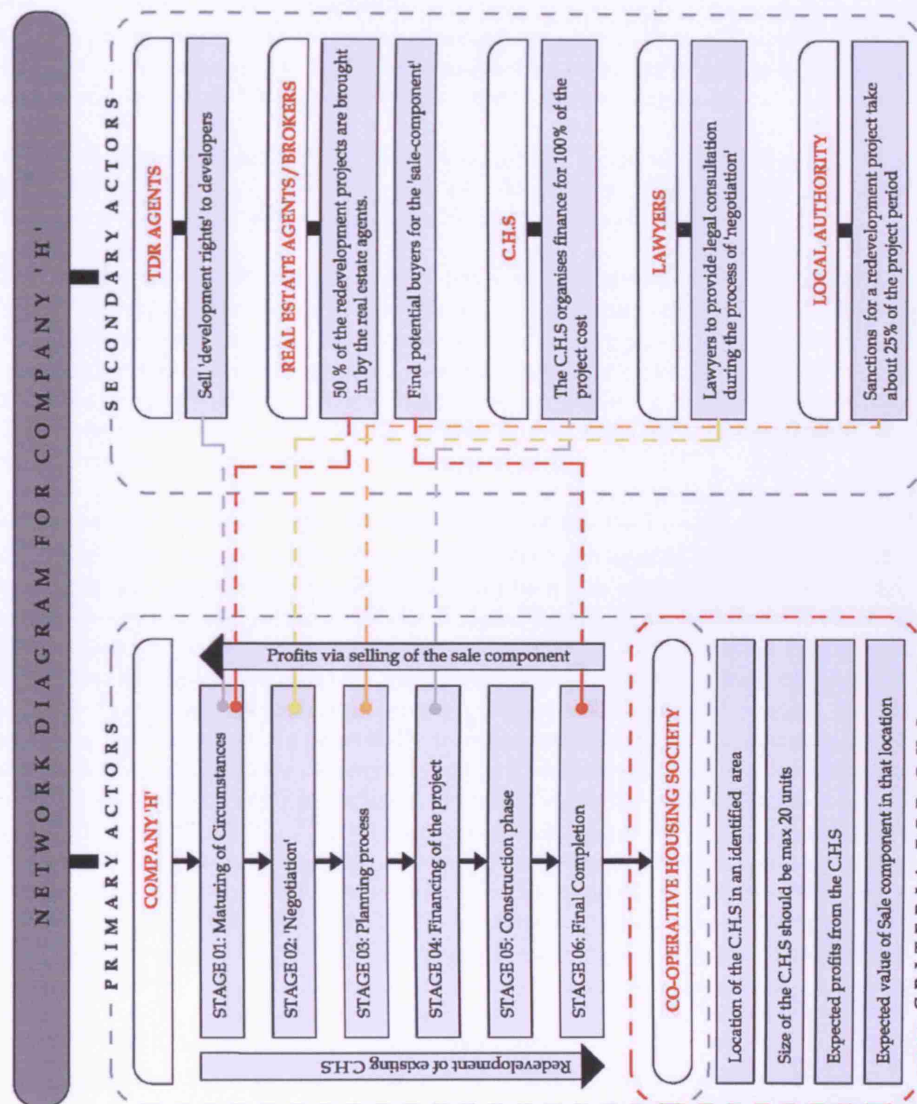


Figure: 4.2.2(c) Network Diagram for Company 'H'. Source: Thyagarajan, S (2008)

4.2.3 Social networking in Co-operative Housing Societies:

In any redevelopment project, there is interaction between the developer and the members of the C.H.S. Some of the members tend to be influential people with a strong social/political network in that particular local area. The developers have over the years realised this potential of a redevelopment project. For the sale of the newly built sale component, the developers offer incentives to the members of C.H.S who bring in potential buyers to the developers. In this case, the developer is able to extend his local network through the members of the C.H.S. Also the developer is in a way assured of the credibility of the buyer since he/ she is referred by one of the members. Forming of a local network through members of C.H.S also facilitates informal word of mouth marketing of the developer's reputation.

4.2.4 Strategies for building Trust:

Trust is an important factor existing amongst the players in any housing market. Trust in a market can help to increase market stability, whereas its absence can lead to market failure (Dasgupta, 1988 as cited in Smyth, 2006).

'Trust is a disposition and attitude, giving rise to belief, concerning the willingness to be vulnerable in relation to another party or circumstance of contractual and social obligations, with the potential for collaboration (Edkins & Smyth, 2006).'

The developers, in all the interviews have emphasised that they deal with a 'trusted' group of agents for procurement of TDR certificates and for dealing in real estate through agents. The developers have recognised the importance of building trust as an asset especially in a market where information is not readily available and searching for information is a time- consuming and expensive affair. The developers have strategically targeted two important actors within the redevelopment process to develop trust.

4.2.4.1 Building 'trust' relationships with local agents:

The relationship between the developer and the local agents is inherent with the 'principal agent problem'. The developer may be a new entrant into a local market and therefore not fully informed of the demand and supply conditions in the local market. Agents on the other hand are well informed of the market conditions. Therefore, the developers have to most often rely and trust the local information provided by the agents in order to strategise the redevelopment process. In this situation, building trust can potentially increase maximum pay-off inducing a win-win situation (Smyth, 2006). Trust adds value through incentives and increases the value of personal or corporate relation and adds value through all forms of scarce knowledge (Smyth, 2006). The developers build a strong network of local agents in a redevelopment market. Some developers only entertain potential clients of if they have come through a known agent. The local agents in this case work on a commission basis. It is seen that, the fixed-percentage commission system is the most effective of these three in overcoming the principal-agent problem inherent in the relationship between the agent and the developer (Arnold, 1992).

4.2.4.2 Building 'trust' relationships with the C.H.S:

As stated earlier, building trust relationship adds value to the transaction between two agencies. In a redevelopment projects, the primary actors are the developers and the C.H.S. It is essential for the developer to develop trust amongst the members of the C.H.S firstly to ensure the smooth running of the project and secondly to build a good social network within the local area. The developers have

adopted a wide range of strategies to build trust in the C.H.S. Some of the strategies are listed below:

- (i) Developers during the process of 'negotiation' are open to the presence of lawyers and solicitors. Sometimes, the developers also offer to pay fees for the lawyers on behalf of the C.H.S. This helps in establishing that the developer will not use any means to break the contract.
- (ii) Developers also often recommend architects and other consultants for the redevelopment project to the C.H.S.
- (iii) In the case of financial transactions, developers offer to show a bank guarantee equivalent to the construction cost of redeveloping the existing building to the C.H.S. This helps in ensuring that the developer has enough liquidity to undertake the project. Developers also offer to open an ESRCROW⁷ account with solicitors acting as the third neutral party.
- (iv) Some developers hand out cheques for corpus fund to individual owner occupiers instead of the C.H.S.
- (v) Developers have also started adopting the 'joint-venture' model for housing redevelopment for transparency of financial transactions, where there is profit sharing between the C.H.S and the developer. (Refer Interview 08)

The strategies adopted show the transparency of financial stability of the developer to undertake any redevelopment project.

4.2.5 Strategies for Marketing:

The housing redevelopment market is witnessing severe competition especially amongst the smaller developers. Although working on a low capital, the developers have recently recognised the need to evolve certain explicit marketing strategies to reinforce their presence in the local market. The two main agencies targeted are the C.H.S and the local area of interest.

4.2.5.1 Marketing strategies for the members of C.H.S:

Marketing in redevelopment projects is essentially done through word of mouth. Residents of a redeveloped C.H.S often recommend their developer to undertake other similar projects in the vicinity. Most developers have now started handing out a 'building manual' to the owner occupiers after the completion of redevelopment project. The manual contain important information regarding the newly constructed building as well as a portfolio of projects undertaken by the developer. The manual is also easy to circulate within the local network, as a result market the reputation of the developer.

4.2.5.2 Marketing strategies for the local community:

Developers have to increasing target the local community for marketing their projects. Projects completed in one area, invariably generates more projects in the same area. Hence reinforcing the presence is an important marketing strategy for the developers. In this context, developers have started undertaking some form of community work to spread 'goodwill' amongst the local community. In case of Company 'C', the developer has undertaken the work of beautification of roads and gardens in the vicinity of their office. This indirectly helps in establishing the presence of the developer in that locality and also aids in spreading of 'goodwill'.

From the strategies explained above, it can be inferred that the main concern of the developers is to 'establish and demarcate a local market'. Competition in the local market is severe. Hence once the developer establishes a reputation within the 'local area' there would be an automatic 'barrier to entry' to the new competitors trying to enter the local market. The strategies adopted by the developers can be summarised in the following diagram. (Figure 4.2).

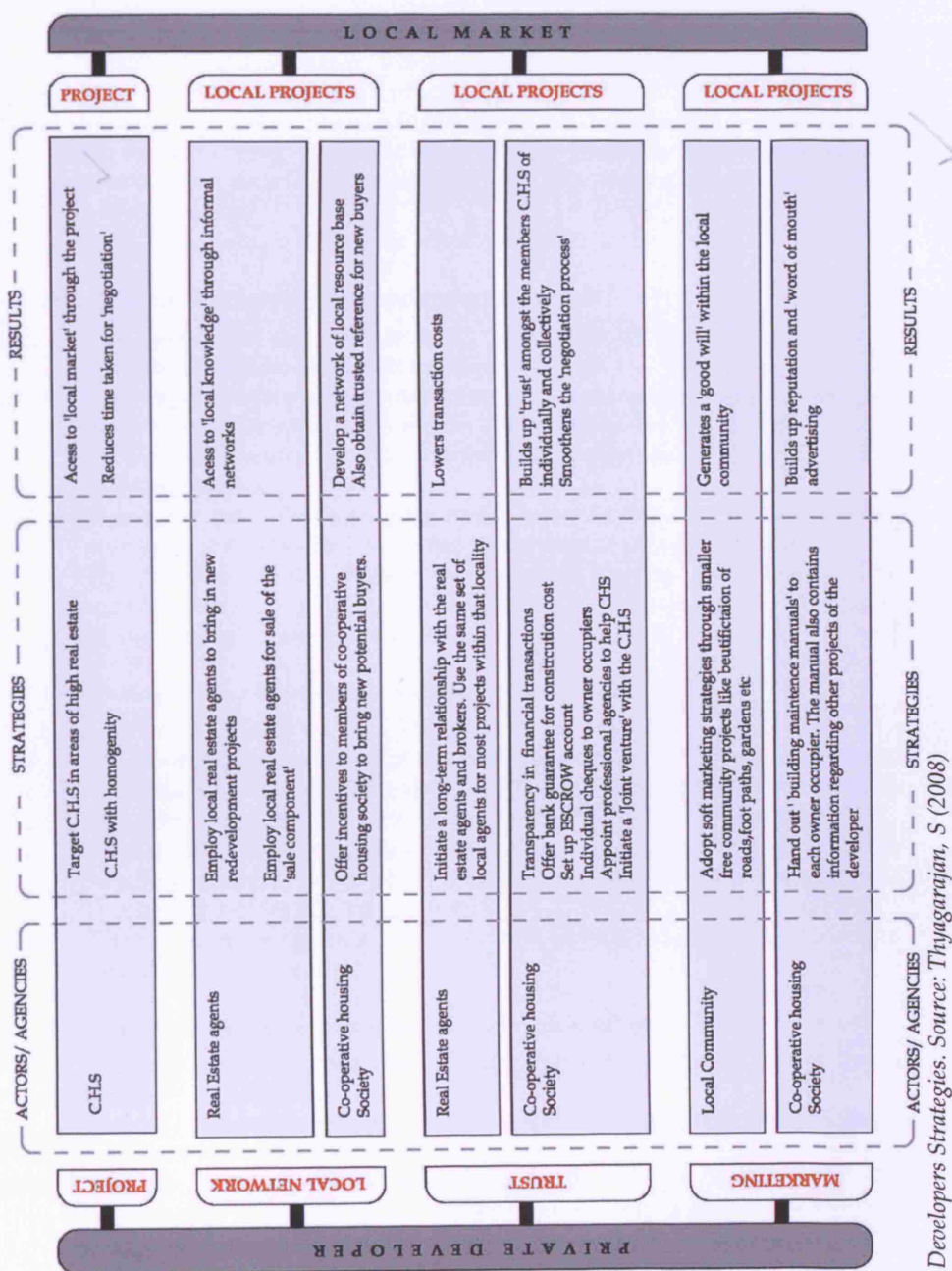


Figure: 4.2 Developers Strategies. Source: Thyagarajan, S (2008)

5.0 Conclusion:

Land is a rare commodity in the city of Mumbai. Rapid modernisation, population growth and the linear geography of the city has led the city to grow northwards further pushing the residential locations away from the main city centre. Land regulations and policies have restricted the supply of land available in the inner parts of Mumbai. This has led to a crisis in the housing supply within the city. In this context, the government has adopted the 'enabling' approach to housing provision. The research focus of the paper is to examine various aspects of Housing Re-development from the perspective of the private developer. The study further investigated various strategies employed by the private developer in the face of high levels of competition in a highly potent market.

The analysis was undertaken at two levels; firstly SWOT analysis method was adopted to outline the features of housing redevelopment market from the view point of the developer. Secondly there was an investigation into the strategies evolved by the developers in the local market.

The findings of SWOT analysis can be summarised as below:

A. Strengths of the Housing Redevelopment Market:

- (i) The developers can get access to large plots of land for construction activity through housing redevelopment project.
- (ii) Housing redevelopment scheme require 'low capital' and makes the project 'low investment' venture. This enables the small scale private developers to under take the redevelopment projects with a small capital at minimum risk.
- (iii) There is a huge demand for housing units in the city, therefore faster returns on the project as compared to any new development project.
- (iv) The location of the project is the main driving force behind any redevelopment project. The developers can therefore target C.H.S located in areas of high real estate values.

B. Weaknesses of the Housing Redevelopment Market:

- (i) The construction industry is not a recognised industry and therefore is unregulated and subjected to policy changes. Frequent changes to policies regarding property transaction affect the profitability of the project.
- (ii) There is uncertainty regarding the amount of time taken to obtain required sanctions to begin the construction work in a project. The process is time-consuming and highly bureaucratic.
- (iii) The profits generated in a redevelopment projects is lower as compared to any new development project.

C. Opportunities in the Housing Redevelopment Market:

- (i) Redevelopment projects enable the developers to provide better living spaces to the residents in the city.
- (ii) In a redevelopment project, the developer also provides newer facilities and amenities to the C.H.S.
- (iii) Housing redevelopment projects present the developers with the opportunity to enter the local market and develop a network within the local area.

D. Threats in the Housing Redevelopment Market:

- (i) There is a great amount of uncertainty regarding the total time taken for the negotiation process in the redevelopment project.

- (ii) Redevelopment projects are potentially risk free a large number of small scale developers have entered the market leading to a stiff competition within the redevelopment market.

5.1 Summary of 'Explicit Strategies' adopted by the private developers:

As discussed in earlier chapters, due to conditions within the local housing market, there is a huge demand for housing. The C.H.S are in favour of the redevelopment schemes and help in initiating projects. At the same time due to the 'minimum risk and low investment' nature of redevelopment schemes, there are large number of small scale developers competing in the market. Thus the most important strategy for any developer is to 'conquer a local market' and avoid entry of new competitors within that area. The strategies employed by the private developers can be studied in conjunction with the SWOT analysis as discussed above. Each of the strategies can either be seen as a strategy to further strengthen the existing opportunities or as a measure to minimise risk in a redevelopment scheme.

The strategies adopted to 'delineate a local area' can be categorised into four main headings: Project Strategies, Strategies for Local networks; Trust strategies and Marketing strategies. Explained below are the findings:

A. Social networking in Co-operative Housing Societies:

In redevelopment projects, there is interaction between the developer and the members of the C.H.S. The developers offer incentives to the members of C.H.S who bring in potential buyers of the sale component. This strategy enables the developer to extend his local network through the members of the C.H.S and be assured of the credibility of the potential client.

B. Strategies for building Trust:

Trust is an important factor existing amongst the players in any housing market. The developers have strategically targeted two important actors within the redevelopment process to develop trust.

- (i) Building 'trust' relationships with local agents through incentive based fee structure. Developers entertain potential clients if they have come through a known agent.
- (ii) Building 'trust' relationships with the C.H.S: This is achieved through various ways. The developers often pay for professional services employed by the C.H.S. The developers also try appearing transparent during financial transactions by either providing for bank guarantee equivalent to the construction cost of redeveloping or setting up an ESCROW account. Developers have also started adopting the 'joint-venture' model for housing redevelopment.

C. Strategies for Marketing:

The developers have adopted certain explicit marketing strategies to reinforce their presence in the local market by targeting two main agencies: the C.H.S and the local area of interest.

- (i) Marketing strategies for the members of C.H.S: developers have now started handing out a 'building manual' to the owner occupiers after the completion of redevelopment project which contains important information regarding the newly constructed building as well as a portfolio of projects undertaken by the developer.
- (ii) Marketing strategies for the local community: Developers have started undertaking some form of community work to spread 'goodwill' amongst the local community for e.g. beautification of roads and gardens in the

vicinity of their office. This indirectly helps in establishing the presence of the developer in that locality and also aids in spreading of 'goodwill'.

The strategies evolved and implemented by the private developers is primarily to gain entry into a local market and further demarcate their area of operation within that local area. This would create a barrier to entry for other competitors trying to enter that local area.

5.2 Future of Housing redevelopment:

From the interviews, it is apparent that the private developers are hopeful that the redevelopment market will continue with the government likely to increase the permissible F.S.I for housing redevelopment projects. As mentioned earlier, redevelopment projects present an opportunity to the developers to provide for better living conditions within the city. However, as the developers do not play in the land market, range of alternative strategies could be evolved involving technical innovation and improvement in product quality (Barlow, 1993). This could lead to speedy constructions of the redeveloped buildings and therefore maximise profits in the project.

Although the C.H.S are pro-redevelopment and there is huge shortage of housing supply within the city, redevelopment schemes are widely criticised by urban researchers. Redevelopment projects enable the developer to gain profits out of increasing the density on an exiting plot. Unfortunately, the civic authorities have not been able to keep up with the pace of redevelopment projects in the city. This has led to an increased load on the already existing infrastructure of the city. This has led to shortage of water supply in certain dense areas, traffic congestion and other problems related to health and safety.

Some developers have started the new trend of redevelopment projects where there is a complete buy out of all the apartments and the land is either used for residential construction or for commercial use. This trend has enabled the construction of large malls and office spaces within residential areas, once again pressurising the infrastructure of the city. The local historians are concerned that redevelopment projects are increasing erasing the local history of the city. Older built forms of the city are getting replaced by tall high density buildings leading to subsequent changes in living cultures.

The new trend of complete 'buy-out' redevelopment projects is displacing the local population from their areas into the extended suburbs. This is leading to gentrification. Soon only affluent people will be living in the inner city displacing people from the lower economic groups away from the city. Therefore, redevelopment projects have to look at critically in the larger context of the city. Subsequent research can be carried out in this area of redevelopment in Mumbai.

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Notes:

¹ The Slum rehabilitation Scheme was formulated in 1990's by the state government. Slums could be redeveloped and, as an incentive to those doing the redevelopment, permission could be granted for extra building space. By providing the developer with extra building space that could be sold on the open market, accommodation for slum dwellers would be cross-subsidized. The private housing and construction industry was expected to contribute much to this programme. Guidelines spelt out the limit on profit (25 per cent) and the extent of the incentive (Sanyal, B. & Mukhija, V, 2001).

² DCR 33 (7) was introduced in 1991 to facilitate redevelopment of cessed (dilapidated) buildings. It was amended in 1999 to offer developers unlimited FSI but now is amended and capped at FSI 4.0.

³ "Floor space index (FSI)" means the quotient of the ratio of the combined gross floor area of all floors to the total area of the plot:

$$\text{Floor Space Index (FSI)} = \frac{\text{Total covered area on all floors}}{\text{Plot area}}$$

⁴ Rent Control Act

⁵ The Urban Land (Ceiling and Regulation) Act came into force on February 17, 1976. The Act was repealed through an Ordinance on January 11, 1999, which was followed by Urban Land (Ceiling and Regulation) Repeal Act, 1999. The Act emphasises the need for imposition of vacant land tax on the land likely to be made available after the repeal of the Act and also provide for Economically Weaker Section Houses while sanctioning housing process (from Government Document).

⁶ ATDR is made available in the form of a certificate issued by the municipal corporation, and its owner can use it either for actual construction or can sell it on the open market. The only restriction is that it can only be used north of the plot where it was granted, so that southern areas of Mumbai do not get further congested. The price of a TDR fluctuates according to market conditions.

⁷ Escrow is a legal arrangement in which an asset (such as cash, real property or other tangible assets) is deposited into safekeeping (e.g., a bank account) under the trust of a neutral third party (escrow agent) pending satisfaction of contractual contingency or condition. Once the condition has been met, the escrow agent will deliver the asset to the party prescribed by the contract.

Appendix:

List of Figures:

Figure: 3.1 Event- Sequence Model for Housing redevelopment

Figure: 3.2 Actor- Agency Model for Housing redevelopment

Figure: 3.3 Structure Model for Housing redevelopment

Figure: 4.1 SWOT Analysis for Housing redevelopment

Figure: 4.2.2(a) Network Diagram for Company 'A'

Figure: 4.2.2(b) Network Diagram for Company 'C'

Figure: 4.2.2(c) Network Diagram for Company 'H'

Figure: 4.2 Developers Strategies

01 Interview Design :

MAIN LINE OF ENQUIRY

FOCUSED QUESTIONNAIRE

NOTES FOR RESEARCH

A. COMPANY PROFILE

Developer's background and type of practise

1. Company name:
2. Address:
3. Name of the interviewee:
4. Job Profile:
5. Brief company history
6. Number of employees working in the company:

B. REDEVELOPMENT PROJECTS

SWOT analysis for housing redevelopment

7. How long has the company been involved with housing redevelopment project?
8. Why did the company decide to venture into housing redevelopment?
9. In housing redevelopment what the company perceives as:
 - a) Major advantages/ opportunities?
 - b) Risks involved in the project?
 - c) Strengths/ Potential for growth
 - d) Weakness/ failure of the system

C. PROJECT PROFILE

Driving force in redevelopment projects

10. What are the most important criteria in choosing a redevelopment project (in order of importance)?
 - a) Location of the project:
 - b) Size of the project (in terms of number of flats):
 - c) Profit maximisation:
 - d) Sale Component:

11.	e) Others:		
	How do most of the projects get initiated? (State percentage distribution)		Demand for housing redevelopment in Mumbai
12.	a) Company approaches potential Co-operative housing societies (C.H.S):		
	b) C.H.S's approaches the company:		
13.	c) Real estate agents are involved in getting the projects:		
	Where are most redevelopment projects within the company located?		Creation of a local market
14.	Is there a specific reason for choosing the location of the projects?		
	Do you deal with real estate agent?		Actors- agency network
15.	Are these agents from the local area of the project?		
	Where does the company buy TDR from? Do they have reliable agents? Are these agents local?		
17.	What is typically offered to the C.H.S in the redevelopment proposal?		
	a) Extra floor space (in percentage):		
18.	b) Corpus fund per flat (per sq.ft):		
	c) Relocation charges (per sq.ft):		
19.	d) Rental compensation (per sq.ft):		
	e) Any other extra amenities/ facilities:		Competitive Edge
20.	What does the company offer to the C.H.S that the competitor developers do not offer?		
	How long do the negotiations take (as a percentage of the total project time)?		'Negotiation' in decision making process
21.	What are the strategies adopted to tackle resistances during negotiations?		
	Are there any agents like lawyers/ arbitrators/ mediators involved during the process of negotiation? If yes, are these agents local?		Actor-agency network Trust building strategies

D. PROJECT STRATEGY:

22.	What strategies are adopted by the company to gain the trust of the members of C.H.S?	Role of local authority
23.	Does the company offer any Bank Guarantee/ ESCROW account to the C.H.S? How often does the C.H.S demand for such a guarantee?	
24.	How long does the permission for planning application take as a percentage of the total project time)?	
25.	Are there are agents involved to expedite the planning application process? If yes, are these agents local?	
26.	Where does the company see as major risks in a redevelopment project (Elaborate)?	
27.	How are projects typically financed?	Strategies to minimise risk
28.	Does the company avail of any bank loans?	
29.	Do they have investors to invest into the project? Who are these investors? Are they local?	
30.	What are the strategies adopted by the company to for sale of its Sale component?	
31.	What are the marketing strategies adopted by the company?	
32.	Are there agents involved in selling of the new flats? Are these agents local?	Reputation in Local Market Actor- agency network Housing supply
33.	Does the company pre-sell any part of the sale component?	
34.	Does the company withhold (does not sell) any part of the sale component? Why and for how long?	
35.	Do investors in the project get a part of the sale component as returns?	

E. FINANCE STRATEGY:

F. SALE STRATEGY

G. FUTURE OF REDEVELOPMENT
PROJECTS

36.

What do you think is the future of redevelopment?
37.

Will the government increase FSI for redevelopment projects?
38.

What are the future strategies of the company in terms of housing redevelopment?

Developer's sentiments
about redevelopment project

02 Interview Notes :
Interview Number: 01

MAIN LINE OF ENQUIRY

A. COMPANY PROFILE

FOCUSSED QUESTIONNAIRE

1. **Company name:** Company A
2. **Address:**Ghatkopar, Mumbai
3. **Job Profile:** Director
4. **Brief Company History:** Developers with professional background. Main partner is an architect with practising in the field of construction since 1959. Son is a civil engineer and now heads the company. The company undertakes primarily residential housing projects both new build and housing redevelopment projects. The company operates from a small office of 50 sq.m and undertakes a maximum of 3 redevelopment projects at a time.
5. **Number of employees working in the company:** 2 permanent employees. The rest of the professionals are hired on contract basis from project to project.

B. REDEVELOPMENT PROJECTS

6. **How long has the company been involved with housing redevelopment project?**
Past 7 years
7. **Why did the company decide to venture into housing redevelopment?**
There is no land available in Mumbai for new development. Redevelopment projects are the only way that small scale developers can have consistent amount of work.
8. **In housing redevelopment what the company perceives as:**
a) **Major advantages/ Strengths:**
C.H.S's are pro-redevelopment. Hence it's an opportunity to make easy profits.

NOTES FOR RESEARCH

The developer has formal training in architecture and hence concerns of the practise are towards better space design.

Land supply in the city

C. PROJECT PROFILE

- b) Threats/ Risks involved in the project**
In terms of capital involved, redevelopment projects are low risks. Uncertainty regarding the time taken for 'negotiation'. Some times a project can stall at the negotiation stage.
- c) Opportunities/ Potential for growth**
This scheme can be looked as an opportunity to provide for better living spaces to people and change their living standards. Also new built forms can be explored.
- d) Weakness/ failure of the system**
The construction industry is highly unregulated which makes the planning permissions a long process. Also redevelopment projects operate on low profits as there is low investment.
9. **What are the most important criteria in choosing a redevelopment project (in order of importance)?**
- Location of the project:** 1
 - Size of the project (in terms of number of flats):** 4
 - Profit maximisation:** 2
- Commercial viability of project. Calculated on basis thumb-rule calculation of estimated profits (about 15%-20% of the estimated project cost).
- Sale Component:** 3
 - Others:** 5
- Prefer projects that allow for commercial sale component but not a necessity.
- Geographical location to have adequate infrastructure like good roads, services like BMC (Brihanmumbai Municipal Corporation) electricity and water supply. C.H.S having members with certain homogeneity e.g belonging to the income bracket or belonging to the same community. This makes it easier to communicate and negotiate.
10. **How do most of the projects get initiated? (State percentage distribution)**
- Company approaches potential Co-operative housing societies (C.H.S):** 0%
 - C.H.S's approaches the company:** 50%
 - Real estate agents are involved in getting the projects:** 50%
11. **Where are most redevelopment projects within the company located?**
- C.H.S located in areas with high real estate prices. Most redevelopment projects are located
- Location and real estate prices are the driving force in redevelopment projects
- Demand for housing redevelopment in Mumbai
- Creation of a local market

	the areas around the office.	
12.	<p>Is there a specific reason for choosing the location of the projects?</p> <p>Projects preferred in the vicinity of the office as it makes it easier for personal supervision. Also completed projects build up reputation that attracts future potential projects.</p> <p>Do you deal with real estate agent?</p> <p>Yes.</p> <p>Are these agents from the local area of the project?</p> <p>Mostly but not necessarily. They have been working for the company for a long time and are trusted sources.</p> <p>Where does the company buy TDR from? Do they have reliable agents? Are these agents local?</p> <p>TDR is brought from trusted agents. They are not local.</p>	Actors- agency network
13.		
14.		
15.		
16.	<p>What is typically offered to the C.H.S in the redevelopment proposal?</p> <p>a) Extra floor space (in percentage): Extra area per flat – between 16%- 20% of the existing carpet area. Most residents prefer extra area to monetary compensation</p> <p>b) Corpus fund per flat (per sq.ft): Corpus fund per flat- amount as per negotiation.</p> <p>c) Relocation charges (per sq.ft): No relocation fund provided</p> <p>d) Rental compensation (per sq.ft):</p> <p>e) Rental compensation for the period of construction- roughly Rs 40/- per sq.ft of existing carpet area.</p> <p>f) Any other extra amenities/ facilities: As per negotiation</p>	
17.	<p>What does the company offer to the C.H.S that the competitor developers do not offer?</p> <p>Trying to achieve and provide better architectural living spaces.</p>	Architectural background
18.	<p>How long do the negotiations take (as a percentage of the total project time)? Every project differs in the amount of time taken for negotiations.</p>	'Negotiation' in decision making process
19.	<p>What are the strategies adopted to tackle resistances during negotiations? First strategy- try and buy out all the possible problem makers in the project. If not- then negotiate.</p>	

D. PROJECT STRATEGY:

20.	Are there any agents like lawyers/ arbitrators/ mediators involved during the process of negotiation? If yes, are these agents local? There are lawyers involved in most projects and solicitors involved when the company opens an ESCROW account.	Actor-agency network
21.	What strategies are adopted by the company to gain the trust of the members of C.H.S? Setting up an ESCROW account showing deposit sum equal to the projected reconstruction cost. Handing out stage payments to individual house owners instead of the C.H.S. Recommend Architects for the design of the new building to the members of C.H.S. Pay to hire a lawyer/ solicitor for the C.H.S	Trust building strategies
22.	Does the company offer any Bank Guarantee/ ESCROW account to the C.H.S? How often does the C.H.S demand for such a guarantee? Most often the C.H.S asks for Bank guarantee equal to the amount required for reconstruction of the existing building.	
23.	How long does the permission for planning application take as a percentage of the total project time)? About 20% of the project time, but would depend on the project.	Role of local authority
24.	Are there are agents involved to expedite the planning application process? If yes, are these agents local? Not agents but architects that do liaisoning work help in expediting the process.	

E. FINANCE STRATEGY:

25.	Where does the company see as major risks in a redevelopment project (Elaborate)? There is minimum financial risk in a typical redevelopment project since there is no investment in land.	Strategies to minimise risk
26.	How are projects typically financed? 90% of the project cost is self-financed.	
27.	Does the company avail of any bank loans? Rest 10% is either borrowed as loan from the market or as personal loan from banks.	
28.	Do they have investors to invest into the project? Who are these investors? Are they local? No. There are no investors.	

F. SALE STRATEGY

29. **What are the strategies adopted by the company to for sale of its Sale component?**
There are no specific strategies used but now with heavy competition one would have to develop explicit strategies for marketing.
30. **What are the marketing strategies adopted by the company?**
Marketing is mainly by word-of-mouth. Reputation of the company plays a big role in marketing. However, newer techniques are used like; Provide a user manual with detailed finishes used in the apartments to individual apartment owners after project completion.
31. **Are there agents involved in selling of the new flats? Are these agents local?**
Real estate agents help in selling of new apartments. In this situation. Local agents provide maximum help.
32. **Does the company pre-sell any part of the sale component?**
There is no pre-selling of apartments.
33. **Does the company withhold (does not sell) any part of the sale component? Why and for how long?**
Yes, not all apartments are sold at once. Some are held back for investment sake till their value appreciates considerably.
34. **Do investors in the project get a part of the sale component as returns?**
No.

Reputation in Local Market

Actor- agency network

Housing supply

G. FUTURE OF REDEVELOPMENT PROJECTS

35. **What do you think is the future of redevelopment?**
The redevelopment market has just started and it has a long way to go.
36. **Will the government increase FSI for redevelopment projects?**
Yes. Due to lack of land in Mumbai, government will encourage redevelopment of older buildings. The government will increase F.S.I but this will have to be done very carefully keeping in mind the load on existing infrastructure of the city.
37. **What are the future strategies of the company in terms of housing redevelopment?**
The strategies would be mainly targeted to eliminate competition in the market.

Developer's sentiments about redevelopment project seem positive.

02 Interview Notes :
Interview Number: 02

MAIN LINE OF ENQUIRY

FOCUSSED QUESTIONNAIRE

NOTES FOR RESEARCH

A. COMPANY PROFILE

1. **Company name:** Company B
2. **Address:** Vile Parle, Mumbai
3. **Job Profile:** Developer
4. **Brief Company History:** The main developer is a professional civil engineer. The company began as a small construction company undertaking contracts for building repairs for the last 13 years. The company undertakes a maximum of 2 redevelopment projects at a time.
5. **Number of employees working in the company:** The company has 6 permanent members of staff and 6 professional working in the company.

The developer has a professional background.

B. REDEVELOPMENT PROJECTS

6. **How long has the company been involved with housing redevelopment project?**
Past 5 years
7. **Why did the company decide to venture into housing redevelopment?**
Most land in Mumbai is bought by large developers and construction companies. Redevelopment projects do not require land investment and hence can be taken up by small developers.
8. **In housing redevelopment what the company perceives as:**
a) **Major advantages/ Strengths:**
Redevelopment projects require low capital and hence can be undertaken easily. The construction cost does not vary according to the location of the project, but the profits are high in locations of high real estate values.

Restricted land supply in the city

b) Threats/Risks involved in the project

Redevelopment projects are low risks.

c) Opportunities/ Potential for growth

This scheme can be looked as an opportunity to provide for better living spaces to people and change their living standards. Also new built forms can be explored.

d) Weakness/ failure of the system

Redevelopment projects generate lower profits than the other new development projects. There is also a lot of competition in the local market.

C. PROJECT PROFILE

9.	<p>What are the most important criteria in choosing a redevelopment project (in order of importance)?</p> <p>a) Location of the project: 1 The location should preferably be in areas of high real estate value.</p> <p>b) Size of the project (in terms of number of flats): 4 There is no restriction in the size of project or number of flats in a C.H.S.</p> <p>c) Profit maximisation: 2 The project should be commercially viable</p> <p>d) Sale Component: 3 Prefer projects that allow for commercial sale component but not a necessity.</p> <p>e) Others: 5</p>	Location and real estate prices are the driving force in redevelopment projects
10.	<p>How do most of the projects get initiated? (State percentage distribution)</p> <p>a) Company approaches potential Co-operative housing societies (C.H.S): 30 %</p> <p>b) C.H.S's approaches the company: 30%</p> <p>c) Real estate agents are involved in getting the projects:40%</p> <p>Where are most redevelopment projects within the company located?</p> <p>C.H.S located in the western suburbs of Mumbai. Specifically targeting C.H.S from Vile Parle to Borivali in areas of high real estate value.</p>	Demand for housing redevelopment in Mumbai
11.	<p>Is there a specific reason for choosing the location of the projects?</p> <p>The areas targeted are not too far from the office and now is a developing suburb hence has high real estate values.</p>	Creation of a local market
12.		

13. **Do you deal with real estate agent?**
Yes.
14. **Are these agents from the local area of the project?**
They may/ may not be local but they are trusted agents.
15. **Where does the company buy TDR from? Do they have reliable agents? Are these agents local?**
TDR is brought from trusted agents. They are not local.

D. PROJECT STRATEGY:

16. **What is typically offered to the C.H.S in the redevelopment proposal?**
 - a) **Extra floor space (in percentage):** Extra area per flat – between 15%- 30% of the existing carpet area. Most residents prefer extra area to monetary compensation.
 - b) **Corpus fund per flat (per sq.ft):** Corpus fund per flat- amount as per negotiation.
 - c) **Relocation charges (per sq.ft):** Relocation fund provided per apartment as per negotiations.
 - d) **Rental compensation (per sq.ft):**
 - e) Rental compensation for the period of construction- depending upon the location of the C.H.S.
 - f) **Any other extra amenities/ facilities:** Try and provide better amenities like a club house, parking facilities, society office etc, as per negotiation.

17. **What does the company offer to the C.H.S that the competitor developers do not offer?**
No such feature identified.
18. **How long do the negotiations take (as a percentage of the total project time)?**
Negotiations take about 20% of the total time of projects.
19. **What are the strategies adopted to tackle resistances during negotiations? During negotiations try and buy-out resistances from the C.H.S.**

No strategy to develop
a competitive edge

‘Negotiation’ in
decision making
process

20.	Are there any agents like lawyers/ arbitrators/ mediators involved during the process of negotiation? If yes, are these agents local? There are lawyers involved in some projects depending upon the C.H.S.'s demands.	Actor-agency network
21.	What strategies are adopted by the company to gain the trust of the members of C.H.S? Completed projects add to the reputation of the company. Hence there are no other strategies to gain trust.	Trust building strategies
22.	Does the company offer any Bank Guarantee/ ESCROW account to the C.H.S? How often does the C.H.S demand for such a guarantee? There is so far never been a demand to show the liquidity to the C.H.S.	
23.	How long does the permission for planning application take as a percentage of the total project time)? About 25% of the project time or less if there is already a good relationship established with the local authorities.	Role of local authority
24.	Are there are agents involved to expedite the planning application process? If yes, are these agents local? No agents are involved.	
25.	Where does the company see as major risks in a redevelopment project (Elaborate)? There is minimum financial risk in a typical redevelopment project since there is no investment in land.	Strategies to minimise risk
26.	How are projects typically financed? Almost 60% of the project cost is financed by private investors. Investors are promised a percentage of profits in return. The rest of the project is self-financed.	
27.	Does the company avail of any bank loans? No.	
28.	Do they have investors to invest into the project? Who are these investors? Are they local? Yes. These investors are brought in by agents.	

E. FINANCE STRATEGY:

F. SALE STRATEGY

- | | | |
|-----|---|--|
| 29. | What are the strategies adopted by the company to for sale of its Sale component?
Due to heavy competition the company is trying to develop explicit strategies for marketing. | Reputation in Local Market |
| 30. | What are the marketing strategies adopted by the company?
There is a dedicated marketing department within the company. The marketing department helps in packaging the company profile to attract private investors for future projects. | |
| 31. | Are there agents involved in selling of the new flats? Are these agents local?
Real estate agents help in selling of the sale component for a commission of up to 2% of the value of the real estate sold. It is always beneficial to have agents that have a good local knowledge. | Local knowledge/ asymmetry of information in local markets |
| 32. | Does the company pre-sell any part of the sale component?
There is no pre-selling of apartments. | Housing supply |
| 33. | Does the company withhold (does not sell) any part of the sale component? Why and for how long?
Yes, not all apartments are sold at once. Some are held back for investment sake till their value appreciates considerably. | |
| 34. | Do investors in the project get a part of the sale component as returns?
No. | |

G. FUTURE OF REDEVELOPMENT PROJECTS

- | | | |
|-----|--|---|
| 35. | What do you think is the future of redevelopment?
The redevelopment schemes have just begun. | Developer's sentiments about redevelopment project seem positive. |
| 36. | Will the government increase FSI for redevelopment projects?
Yes. Mumbai will probably reach F.S.I levels of Manhattan. | |
| 37. | What are the future strategies of the company in terms of housing redevelopment?
Since the redevelopment projects are low investment there are a lot of new players that have entered the market. The strategies of the company will be to generate a strong hold on the local market. | |

MAIN LINE OF ENQUIRY

FOCUSSED QUESTIONNAIRE

NOTES FOR RESEARCH

A. COMPANY PROFILE

1. **Company name:** Company C
2. **Address:** Bandra (E), Mumbai
3. **Job Profile:** Managing Director

4. **Brief Company History:** The company has been working purely in the field of housing redevelopment. It has undertaken large contracts for housing redevelopment of slums and squatters in the area of Bandra E. The company has only recently ventured into redevelopment of C.H.S in the western suburbs of Mumbai. The company operates from a large modern 120 sq.m office in a new office block in Bandra E. Currently the company is undergoing substantial restructuring in order to encompass other areas of development. The company is equipped to undertake a fairly large number 10-15 projects at a time. This company can be classified as a medium sized developer firm.

5. **Number of employees working in the company:** The company has 55 permanent employees working on both SRA and other redevelopment projects

The firm specialises in housing redevelopment projects and has concentrated all its efforts to create a niche for itself in that market.

B. REDEVELOPMENT PROJECTS

6. **How long has the company been involved with housing redevelopment project?**
Past 7 years

7. **Why did the company decide to venture into housing redevelopment?**
The firm has been involved with Slum rehabilitation scheme and has built up a reputation in housing redevelopment projects. The company decided to then initiate projects which

8. are more commercially viable than the slum rehabilitation schemes.

In housing redevelopment what the company perceives as:

a) **Major advantages/ Strengths:**

Housing redevelopment projects enable the developer to have access to a large piece of land for development which is otherwise not easily available in the city.

b) **Threats/ Risks involved in the project**

There is no potential risk in a redevelopment project.

c) **Opportunities/ Potential for growth**

The scheme can be used as tool for provision of better housing to the residents of the city.

d) **Weakness/ failure of the system**

The construction industry is not a recognised industry, hence the rules regarding property transactions change frequently which could affect the profitability of the project.

C. PROJECT PROFILE

9.

What are the most important criteria in choosing a redevelopment project (in order of importance)?

a) **Location of the project:** 2

The company is looking at C.H.S in the vicinity of the office. But there is no restriction on locality of the C.H.S.

b) **Size of the project (in terms of number of flats):** 4

C.H.S should have a minimum of 55-75 flats and a maximum of 200 flats.

c) **Profit maximisation:** 1

Project should be commercially viable as well as be of a certain size to fall within the overall company framework.

d) **Sale Component:** 3

Prefer projects that allows for commercial sale component but not a necessity.

e) **Others:** 5

Geographical location to have adequate infrastructure like good roads, services like BMC (Brihanmumbai Municipal Corporation) electricity and water supply. C.H.S having members with certain homogeneity e.g belonging to the income bracket or belonging to the same community. This makes it easier to communicate and negotiate.

Location and real estate prices are the driving force in redevelopment projects

10.	<p>How do most of the projects get initiated? (State percentage distribution)</p> <p>a) Company approaches potential Co-operative housing societies (C.H.S): 20%</p> <p>b) C.H.S's approaches the company:70%</p> <p>Enquiry strictly encouraged only through members of C.H.S or old acquaintances. No agents involved in getting in a project.</p> <p>c) Real estate agents are involved in getting the projects:</p> <p>Where are most redevelopment projects within the company located?</p> <p>C.H.S located in areas with high real estate prices. Most redevelopment projects are located the areas around the office.</p>	Demand for housing redevelopment in Mumbai
11.	<p>Is there a specific reason for choosing the location of the projects?</p> <p>Projects preferred in the vicinity of the office as completed projects build up reputation that attracts future potential projects.</p> <p>Do you deal with real estate agent?</p> <p>No.</p>	Creation of a local market
12.	<p>Are these agents from the local area of the project?</p>	Actors- agency network
13.	<p>Where does the company buy TDR from? Do they have reliable agents? Are these agents local?</p> <p>TDR is brought from trusted agents. They are not local.</p>	
14.	<p>What is typically offered to the C.H.S in the redevelopment proposal?</p> <p>a) Extra floor space (in percentage): Area offered anything between 15%- 25% of the existing carpet area. No monetary compensation offered to any owner instead of area.</p> <p>b) Corpus fund per flat (per sq.ft): Corpus fund per flat- amount as per negotiation.</p> <p>c) Relocation charges (per sq.ft): Relocation fund provided per apartment as per negotiations.</p> <p>d) Rental compensation (per sq.ft): Rental compensation for the period of construction- depending upon the location of the C.H.S.</p> <p>e) Any other extra amenities/ facilities: As per negotiation</p>	

D. PROJECT STRATEGY:

17.	What does the company offer to the C.H.S that the competitor developers do not offer? The company offers a guarantee for timely completion of projects. All the projects undertaken by the company have been completed well before stipulated time. This has immensely added to the reputation of the company.	Reputation building as a competitive strategy
18.	How long do the negotiations take (as a percentage of the total project time)? Negotiations take about 10% of the total project period.	'Negotiation' in decision making process
19.	What are the strategies adopted to tackle resistances during negotiations? The company prefers to settle all conflicts and do encourage to buy out problems. As buying out could lead to other members demanding money or members asking for more money during critical phases of the project.	
20.	Are there any agents like lawyers/ arbitrators/ mediators involved during the process of negotiation? If yes, are these agents local? The company has in-house lawyers who offer legal support even to the C.H.S.	Actor-agency network
21.	What strategies are adopted by the company to gain the trust of the members of C.H.S? The company relies on its reputation to gain trust of the members of C.H.S.	Trust building strategies
22.	Does the company offer any Bank Guarantee/ ESCROW account to the C.H.S? How often does the C.H.S demand for such a guarantee? The company hands out a Bank Guarantee to the C.H.S equivalent to the cost of reconstruction of the building.	
23.	How long does the permission for planning application take as a percentage of the total project time)? About 40% of the project time could be engaged in getting sanctions for the project from the local authorities.	Role of local authority
24.	Are there are agents involved to expedite the planning application process? If yes, are these agents local? No.	

E. FINANCE STRATEGY:

Strategies to minimise risk

25. **Where does the company see as major risks in a redevelopment project (Elaborate)?**
There is minimum financial risk in a typical redevelopment project since there is no investment in land.
26. **How are projects typically financed?**
100% of the project is self-financed.
27. **Does the company avail of any bank loans?**
No the company does not avail of any loans.
28. **Do they have investors to invest into the project? Who are these investors? Are they local?**
No. There are no investors.

F. SALE STRATEGY

29. **What are the strategies adopted by the company to for sale of its Sale component?**
There are no specific strategies used but now with heavy competition one would have to develop explicit strategies for marketing.

30. **What are the marketing strategies adopted by the company?**

Marketing is mainly by word-of-mouth. Reputation of the company plays a big role in marketing. The company has taken up the responsibility of beautification of roads and side-walks in and around the vicinity of the company office. This is also the area the company is targeting for future redevelopment projects. This is a strategy for the company to establish its presence in the locality and thus in turn advertise itself through a social cause.

Reputation in Local Market

Actor- agency network

31. **Are there agents involved in selling of the new flats? Are these agents local?**
No. The company has contracted the selling of the sale component to an external private agency (JLL). This agency ensures the sale of the new flats within a pre-agreed time frame for a pre-determined fee.

32. **Does the company pre-sell any part of the sale component?**
There is no pre-selling of apartments.

Housing supply

33. Does the company withhold (does not sell) any part of the sale component? Why and for how long?

Yes, not all apartments are sold at once. Some are held back for investment sake till their value appreciates considerably.

34. Do investors in the project get a part of the sale component as returns?
No.

G. FUTURE OF REDEVELOPMENT PROJECTS

35. What do you think is the future of redevelopment?

Redevelopment in Mumbai is a new and fresh market. Construction projects add to the economy of the city. Hence redevelopment schemes will continue in the city.

36. Will the government increase FSI for redevelopment projects?

The government will increase F.S.I to keep up the construction industry in operation within the city.

37. What are the future strategies of the company in terms of housing redevelopment?

The strategies would be mainly targeted to create a local market and thus 'barrier to entry'.

Developer's sentiments about redevelopment project seem positive.

MAIN LINE OF ENQUIRY

FOCUSSED QUESTIONNAIRE

NOTES FOR RESEARCH

A. COMPANY PROFILE

1. **Company name:** Company D
2. **Address:** Andheri , Mumbai
3. **Job Profile:** Director
4. **Brief Company History:** Developers with professional background. The construction firm has been in the field of construction for the past 10 years. The main proprietor is a mechanical engineer. The company undertakes primarily residential housing projects both new build and housing redevelopment projects. The company operates from a small office of 100 sq.m. The company undertakes a maximum of 2 redevelopment projects at a time. The company is only recently ventured into housing redevelopment in the prime real estate area in Mumbai.
5. **Number of employees working in the company:** The company has 5 permanent employees. The rest of the professionals are hired on contract basis from project to project.

The firm is new in housing redevelopment projects.

B. REDEVELOPMENT PROJECTS

6. **How long has the company been involved with housing redevelopment project?**
Past 3 years
7. **Why did the company decide to venture into housing redevelopment?**
The firm has been involved with new build projects for the last ten years. It was not a conscious choice to enter into a redevelopment project. The projects have always been initiated by reliable acquaintances and hence the company decided to undertake these

projects.

8. **In housing redevelopment what the company perceives as:**

a) Major advantages/ strengths:

Housing redevelopment projects enable the developer to have access to a large piece of land for development which is otherwise not easily available in the city.

b) Threats/ Risks involved in the project

Uncertainty regarding 'negotiation' with the members of C.H.S. The company has had a few projects stalled at this stage of the project.

c) Opportunities/ Potential for growth

This scheme has the potential to change the living conditions within the city of Mumbai. But the scheme is constrained with a lot of regulations.

d) Weakness/ failure of the system

The construction industry is not a recognised industry, hence the rules regarding property transactions change frequently which could affect the profitability of the project.

C. PROJECT PROFILE

9.

What are the most important criteria in choosing a redevelopment project (in order of importance)?

a) Location of the project: 2

The company is looking at C.H.S in the vicinity of the office. But there is no restriction on locality of the C.H.S. Geographical location to have adequate infrastructural facilities like good roads and services.

b) Size of the project (in terms of number of flats): 1

C.H.S with not more than 20 flats. Only complete buy-out projects.

c) Profit maximisation: 3

Commercial viability of project. Calculated on basis thumb-rule calculation of estimated profits (about 15%-20% of the estimated project cost).

d) Sale Component: 4

Prefer projects that allow for only residential sale component. The company does not want to undertake mixed development.

Location and real estate prices are the driving force in redevelopment projects

17.	What does the company offer to the C.H.S that the competitor developers do not offer? New apartment building has high standards of finishing material and luxurious fittings. The common areas like lobby spaces and corridors are well designed and generously finished.	Reputation building as a competitive strategy.
18.	How long do the negotiations take (as a percentage of the total project time)? Negotiations take about 10% of the total project period. These kinds of projects take lesser time for negotiation than the re-housing projects. The C.H.S approaches the developers only when all the members have already arrived at a consensus to move out of the property.	'Negotiation' in decision making process
19.	What are the strategies adopted to tackle resistances during negotiations? The company prefers to buy-out all the problems during negotiation process.	
20.	Are there any agents like lawyers/arbitrators/mediators involved during the process of negotiation? If yes, are these agents local? Yes. There are lawyers involved since these are complete buy-out projects.	Actor-agency network
21.	What strategies are adopted by the company to gain the trust of the members of C.H.S? The company relies on its reputation to gain trust of the members of C.H.S. All the flats are bought in one stage with one time payment to the flats. There is no stage payment in this case.	Trust building strategies
22.	Does the company offer any Bank Guarantee/ESCROW account to the C.H.S? How often does the C.H.S demand for such a guarantee? Not applicable.	
23.	How long does the permission for planning application take as a percentage of the total project time)? About 25% of the project time could be engaged in getting sanctions for the project from the local authorities.	Role of local authority
24.	Are there are agents involved to expedite the planning application process? If yes, are these agents local? No.	

- e) Others: 5
C.H.S having members ready to move out of the property in exchange for a monetary compensation.
10. How do most of the projects get initiated? (State percentage distribution)
 a) Company approaches potential Co-operative housing societies (C.H.S): 0%
 b) C.H.S's approaches the company: 80%. Initial enquiry entertained only through reliable acquaintances or through known members of C.H.S.
 c) Real estate agents are involved in getting the projects: 20% but only through trusted agents.
11. Where are most redevelopment projects within the company located?
C.H.S located in areas with high real estate prices.
12. Is there a specific reason for choosing the location of the projects?
No.
13. Do you deal with real estate agent?
Yes. But with only trusted agents
14. Are these agents from the local area of the project?
Yes. Mostly since projects are concentrated in a particular area.
15. Where does the company buy TDR from? Do they have reliable agents? Are these agents local?
TDR is brought from trusted agents. They are not local.

Demand for housing redevelopment in Mumbai

Creation of a local market

Actors- agency network

D. PROJECT STRATEGY:

16. What is typically offered to the C.H.S in the redevelopment proposal?
 a) Extra floor space (in percentage): The project is a complete buyout project. Monetary compensation given to per flat owner equivalent to or more than the real estate value of the flat.
 b) Corpus fund per flat (per sq.ft): No corpus fund provided.
 c) Relocation charges (per sq.ft): Relocation fund provided per apartment only if demanded by the C.H.S.
 d) Rental compensation (per sq.ft): No rental compensation.
 e) Any other extra amenities/ facilities: -

17.	What does the company offer to the C.H.S that the competitor developers do not offer? New apartment building has high standards of finishing material and luxurious fittings. The common areas like lobby spaces and corridors are well designed and generously finished.	Reputation building as a competitive strategy
18.	How long do the negotiations take (as a percentage of the total project time)? Negotiations take about 10% of the total project period. These kinds of projects take lesser time for negotiation than the re-housing projects. The C.H.S approaches the developers only when all the members have already arrived at a consensus to move out of the property.	'Negotiation' in decision making process
19.	What are the strategies adopted to tackle resistances during negotiations? The company prefers to buy-out all the problems during negotiation process.	
20.	Are there any agents like lawyers/ arbitrators/ mediators involved during the process of negotiation? If yes, are these agents local? Yes. There are lawyers involved since these are complete buy-out projects.	Actor-agency network
21.	What strategies are adopted by the company to gain the trust of the members of C.H.S? The company relies on its reputation to gain trust of the members of C.H.S. All the flats are bought in one stage with one time payment to the flats. There is no stage payment in this case.	Trust building strategies
22.	Does the company offer any Bank Guarantee/ ESCROW account to the C.H.S? How often does the C.H.S demand for such a guarantee? Not applicable.	
23.	How long does the permission for planning application take as a percentage of the total project time)? About 25% of the project time could be engaged in getting sanctions for the project from the local authorities.	Role of local authority
24.	Are there are agents involved to expedite the planning application process? If yes, are these agents local? No.	

E. FINANCE STRATEGY:

25.	Where does the company see as major risks in a redevelopment project (Elaborate)? There is minimum financial risk in a typical redevelopment project since there is no investment in land.	Strategies to minimise risk
26.	How are projects typically financed? 100% of the project is self-financed.	
27.	Does the company avail of any bank loans? No the company does not avail of any loans.	
28.	Do they have investors to invest into the project? Who are these investors? Are they local? No. There are no investors.	

F. SALE STRATEGY

29.	What are the strategies adopted by the company to for sale of its Sale component? There are no specific strategies used but now with heavy competition one would have to develop explicit strategies for marketing.	Reputation in Local Market
30.	What are the marketing strategies adopted by the company? Marketing is mainly by word-of-mouth. Reputation of the company plays a big role in marketing.	Actor- agency network
31.	Are there agents involved in selling of the new flats? Are these agents local? Yes. Agents are involved in selling of the apartments. They work on a 2%-5% commission basis.	Housing supply
32.	Does the company pre-sell any part of the sale component? There is no pre-selling of apartments.	
33.	Does the company withhold (does not sell) any part of the sale component? Why and for how long? Yes, not all apartments are sold at once. Some are held back for investment sake till their value appreciates considerably.	
34.	Do investors in the project get a part of the sale component as returns? No.	

G. FUTURE OF REDEVELOPMENT PROJECTS

35. **What do you think is the future of redevelopment?**
Redevelopment projects are adding to the economy of the city. Hence it will be encouraged by the government.
36. **Will the government increase FSI for redevelopment projects?**
The government will increase F.S.I to keep up the construction industry in operation within the city.
37. **What are the future strategies of the company in terms of housing redevelopment?**
The company will only get into redevelopment projects if there is a complete 'buy-out' of the apartments. Hence there are no specific strategies for these projects.
- Developer's sentiments about redevelopment project seem positive.

MAIN LINE OF ENQUIRY

FOCUSSED QUESTIONNAIRE

NOTES FOR RESEARCH

A. COMPANY PROFILE

1. **Company name:** Company E
2. **Address:** Sion, Mumbai
3. **Job Profile:** Developer
4. **Brief Company History:** The company has been in the field of construction for the last 10 years. The company has undertaken projects of slum rehabilitation schemes, C.H.S redevelopment and recently ventured into road building works.
5. **Number of employees working in the company:** The company has 6 permanent members of staff and 6 professional working in the company.

The developers has formal training in Interior designing.

B. REDEVELOPMENT PROJECTS

6. **How long has the company been involved with housing redevelopment project?**
Past 3 years
7. **Why did the company decide to venture into housing redevelopment?**
There is no land available in Mumbai for new development. Redevelopment projects offer an opportunity to build without investment in land.
8. **In housing redevelopment what the company perceives as:**
 - a) **Major advantages/ Strengths:**
Redevelopment projects allow access to large plots of land for development.
 - b) **Threats/Risks involved in the project**
In terms of capital involved, redevelopment projects are low risks.
 - c) **Opportunities/ Potential for growth**
This scheme can be looked as an opportunity to provide for better living spaces to people

Land supply in the city

who are presently living in unstable buildings.

d) Weakness/ failure of the system

Redevelopment projects operate on low profits as there is low investment.

C. PROJECT PROFILE

9.	<p>What are the most important criteria in choosing a redevelopment project (in order of importance)?</p> <p>a) Location of the project: 1 The redevelopment projects are mostly located in the vicinity of the office. C.H.S in Sion locality does tend to have a certain level of homogeneity. This makes things easier during negotiation.</p> <p>b) Size of the project (in terms of number of flats): 4 C.H.S with a minimum of 20 flats and a maximum of 40 flats.</p> <p>c) Profit maximisation: 2 Profit generated through project. The main aim is redevelopment and regeneration of Sion area.</p> <p>d) Sale Component: 3 Prefer projects that allow for commercial sale component but not a necessity.</p> <p>e) Others: 5</p>	Location and real estate prices are the driving force in redevelopment projects
10.	<p>How do most of the projects get initiated? (State percentage distribution)</p> <p>a) Company approaches potential Co-operative housing societies (C.H.S): 20% Enquiry through members of C.H.S only or other known sources.</p> <p>b) C.H.S's approaches the company: 75% The company also keeps a close eye on potential properties for redevelopment and approach the members if need be.</p> <p>c) Real estate agents are involved in getting the projects: 5% Agents are not encouraged.</p>	Demand for housing redevelopment in Mumbai
11.	<p>Where are most redevelopment projects within the company located? Most redevelopment projects are located the areas around the office.</p>	Creation of a local market
12.	<p>Is there a specific reason for choosing the location of the projects? The proprietor has been born and brought up in that area and has special affinity to that</p>	

area. Also the area is fairly underdeveloped in terms of housing and infrastructure.
Do you deal with real estate agent?
 Yes. But they are kept to the minimum.

Actors- agency network

13. **Are these agents from the local area of the project?**
 Mostly but not necessarily. They have been working for the company for a long time and are trusted sources.

14. **Where does the company buy TDR from? Do they have reliable agents? Are these agents local?**
 TDR is brought from trusted agents. They are not local.

D. PROJECT STRATEGY:

15. **What is typically offered to the C.H.S in the redevelopment proposal?**
 a) **Extra floor space (in percentage):** Extra area per flat - between 10%- 15% of the existing carpet area. Most residents prefer extra area to monetary compensation.
 b) **Corpus fund per flat (per sq.ft):** Corpus fund per flat-amount as per negotiation.
 c) **Relocation charges (per sq.ft):** No relocation fund provided
 d) **Rental compensation (per sq.ft):** Rental compensation for the period of construction- depending upon the location of the C.H.S.
 e) **Any other extra amenities/ facilities:** Try and provide better amenities like a club house, parking facilities, society office etc.

16. **What does the company offer to the C.H.S that the competitor developers do not offer?**
 The company has built-up a fairly good reputation in the locality. This makes it difficult for the competitors to enter their market.

17. **How long do the negotiations take (as a percentage of the total project time)?**
 Negotiations take about 0.5% of the total time of projects.

18. **What are the strategies adopted to tackle resistances during negotiations? During negotiations try and buy-out resistances from the C.H.S.**

19. **Are there any agents like lawyers/ arbitrators/ mediators involved during the process of negotiation? If yes, are these agents local?**
 Not always.

'Negotiation' in decision making process

Actor-agency network

21.	What strategies are adopted by the company to gain the trust of the members of C.H.S? Completed projects add to the reputation of the company. Hence there are no other strategies to gain trust.	Trust building strategies
22.	Does the company offer any Bank Guarantee/ ESCROW account to the C.H.S? How often does the C.H.S demand for such a guarantee? There is so far never been a demand to show the liquidity to the C.H.S.	
23.	How long does the permission for planning application take as a percentage of the total project time)? About 20% of the project time, but would depend on the project.	Role of local authority
24.	Are there are agents involved to expedite the planning application process? If yes, are these agents local? Not agents but architects that do liaisoning work help in expediting the process.	
E. FINANCE STRATEGY:		
25.	Where does the company see as major risks in a redevelopment project (Elaborate)? Housing redevelopment is seen as the low risk and low investment venture as there is no cost of land involved.	Strategies to minimise risk
26.	How are projects typically financed? 100% of the project cost is financed by the company.	
27.	Does the company avail of any bank loans? No.	
28.	Do they have investors to invest into the project? Who are these investors? Are they local? There are no investors.	
F. SALE STRATEGY		
29.	What are the strategies adopted by the company to for sale of its Sale component? There are no specific strategies used but now with heavy competition one would have to develop explicit strategies for marketing.	

30.	What are the marketing strategies adopted by the company? Marketing is mainly by word-of-mouth. Reputation of the company plays a big role in marketing.	Reputation in Local Market
31.	Are there agents involved in selling of the new flats? Are these agents local? There are no agents involved. The company only entertain buyers coming through older clients or acquaintances. This ensures the reliability of the potential buyers.	Actor- agency network
32.	Does the company pre-sell any part of the sale component? There is no pre-selling of apartments.	Housing supply
33.	Does the company withhold (does not sell) any part of the sale component? Why and for how long? Almost 25%-50% of the sale component is held back (not sold) and sold only after the completion of project. Some of it is held back for the purpose of investment.	
34.	Do investors in the project get a part of the sale component as returns? No.	
35.	What do you think is the future of redevelopment? The redevelopment market has just started and it has a long way to go.	Developer's sentiments about redevelopment project seem positive.
36.	Will the government increase FSI for redevelopment projects? Yes. 'Redevelopment is certainly the future. However the city officials should also ensure that the infrastructure of the city keeps up with the increase in population'.	
37.	What are the future strategies of the company in terms of housing redevelopment? The strategies would be mainly targeted to create a local market.	

G. FUTURE OF REDEVELOPMENT PROJECTS

02 Interview Notes :
Interview Number: 06

**MAIN LINE OF
ENQUIRY**

FOCUSSED QUESTIONNAIRE

**NOTES FOR
RESEARCH**

**A. COMPANY
PROFILE**

1. **Company name:** Company F
2. **Address:** Andheri East, Mumbai
3. **Job Profile:** Developer
4. **Brief Company History:** The Company has been incorporated in 2005 and presently engaged in implementation of one society redevelopment and one slum rehabilitation scheme.
5. **Number of employees working in the company:** The company has 25 permanent employees working in the company.

**B. REDEVELOPMENT
PROJECTS**

6. **How long has the company been involved with housing redevelopment project?**
Past 1 year
 7. **Why did the company decide to venture into housing redevelopment?**
In city of Mumbai, acquiring green field projects is becoming difficult in view of higher valuation of the land parcels available. Whatever land parcels are available, have some or the other title defects. In contrast, while doing housing redevelopment projects, the Developer is assured of clear and marketable title as also upfront investment is considerably less as compared to any green field project.
- Restricted land supply
in the city

8. In housing redevelopment what the company perceives as:

a) **Major advantages/ strengths:**

Redevelopment projects offer low risk, medium returns and fast turn-over.

b) **Threats/ Risks involved in the project**

Internal dispute of the existing members which can sometimes delay the project.

c) **Opportunities/ Potential for growth**

Time taken for negotiation and arrangement of the resources for green field project is far more than housing redevelopment projects. As such, the Developer can take up more housing redevelopment projects in one go to be able to grow faster.

d) **Weakness/ failure of the system**

Comparatively lower margins.

C. PROJECT PROFILE

9.	<p>What are the most important criteria in choosing a redevelopment project (in order of importance)?</p> <p>a) Location of the project: 3</p> <p>b) Size of the project (in terms of number of flats): 2</p> <p>c) Profit maximisation: 4</p> <p>d) Sale Component: 1</p> <p>e) Others: 5</p>	Location and real estate prices are the driving force in redevelopment projects
10.	<p>How do most of the projects get initiated? (State percentage distribution)</p> <p>a) Company approaches potential Co-operative housing societies (C.H.S): 50 %</p> <p>b) C.H.S's approaches the company: 35%</p> <p>c) Real estate agents are involved in getting the projects:15%</p>	Demand for housing redevelopment in Mumbai
11.	<p>Where are most redevelopment projects within the company located?</p> <p>The projects are located in Vile Parle (West), Mumbai.</p>	Creation of a local market
12.	<p>Is there a specific reason for choosing the location of the projects?</p> <p>While choosing any housing redevelopment project, the company looks at only</p>	

commercial viability.

Actors- agency
network

13. **Do you deal with real estate agent?**
Yes.
14. **Are these agents from the local area of the project?**
These agents, normally, operate through their own network. Any Developer, typically, has his own network of agents with whom he may have worked over a period of time, thus, building up trustworthy relationship.
15. **Where does the company buy TDR from? Do they have reliable agents? Are these agents local?**
TDR is purchased through local, reliable agents.

16. **What is typically offered to the C.H.S in the redevelopment proposal?**
Offer, normally, varies from project to project and in most of the cases, it is specified by the Co-operative Housing Society concerned as to what are their expectations: In any case, if the Developer can afford to pay Rs. 'X' as a premium for being permitted to redevelop the society premises and sell the sale component in the open market, an amount of Rs. 'X' will be divided into extra floor space, corpus fund, relocation charges, rental compensation and any other extra amenities/facilities depending upon the requirement of the concerned Co-operative Housing Society.

- a) Extra floor space (in percentage):
- b) Corpus fund per flat (per sq.ft):
- c) Relocation charges (per sq.ft):
- d) Rental compensation (per sq.ft):
- e) Any other extra amenities/ facilities:

D. PROJECT STRATEGY:

17.	What does the company offer to the C.H.S that the competitor developers do not offer? No such feature identified.	No strategy to develop a competitive edge
18.	How long do the negotiations take (as a percentage of the total project time)? Negotiations take about typically 25% to 30%.of the total time of projects.	'Negotiation' in decision making process
19.	What are the strategies adopted to tackle resistances during negotiations? Strategies have to be evolved on case to case basis.	
20.	Are there any agents like lawyers/ arbitrators/ mediators involved during the process of negotiation? If yes, are these agents local? No.	Actor-agency network
21.	What strategies are adopted by the company to gain the trust of the members of C.H.S? The company is always transparent & honest in their offer which helps to garner the trust of the members of the Co-operative Housing Society.	Trust building strategies
22.	Does the company offer any Bank Guarantee/ ESCROW account to the C.H.S? How often does the C.H.S demand for such a guarantee? Whenever Co-operative Housing Society demands bank guarantee, the company gives the same for the amount of the cost of construction of the area to be given back to the existing society members.	
23.	How long does the permission for planning application take as a percentage of the total project time)? About 10% of the project time or less if there is already a good relationship established with the local authorities.	Role of local authority
24.	Are there are agents involved to expedite the planning application process? If yes, are these agents local? No agents are involved.	
25.	Where does the company see as major risks in a redevelopment project (Elaborate)? Major risk in redeveloping the project is only to the extent of internal dispute and	Strategies to minimise risk

E. FINANCE STRATEGY:

differences amongst the existing members of the society, due to which they can either delay or stall the redevelopment project altogether.

26. **How are projects typically financed?**
Almost 100% of the project cost is financed by the company.
27. **Does the company avail of any bank loans?**
No.
28. **Do they have investors to invest into the project? Who are these investors? Are they local?**
Sometimes a regular group of investors, if interested, in a particular location, invest in redevelopment project. These investors are not necessarily locals.

F. SALE STRATEGY

29. **What are the strategies adopted by the company to for sale of its Sale component?**
For sell of sale component, strategies have to be location specific and the main marketing strategy stresses on the location for a particular project.
30. **What are the marketing strategies adopted by the company?**
As far as marketing strategies are concerned, the company relies upon the brand name, image/goodwill and past track record for marketing the product.
31. **Are there agents involved in selling of the new flats? Are these agents local?**
Sometimes agents are involved in selling of the new flats. However, these agents need not be from the local area.
32. **Does the company pre-sell any part of the sale component?**
Yes. There is pre-selling of apartments.
33. **Does the company withhold (does not sell) any part of the sale component? Why and for how long? No.**
34. **Do investors in the project get a part of the sale component as returns? No.**

Reputation in Local Market

Local knowledge/ asymmetry of information in local markets
Housing supply

G. FUTURE OF
REDEVELOPMENT
PROJECTS

- | | | |
|-----|--|---|
| 35. | What do you think is the future of redevelopment?
The future of housing redevelopment projects, as far as city of Mumbai is concerned, is very bright as no fresh stock of vacant land is available. Most of the development, which has happened 20 to 25 years back, is already due either for major structural repairs and/or for redevelopment. | Developer's sentiments about redevelopment project seem positive. |
| 36. | Will the government increase FSI for redevelopment projects?
For highly congested area like island city, Government may increase FSI for redevelopment project. However, in suburbs, government might not increase FSI. | |
| 37. | What are the future strategies of the company in terms of housing redevelopment?
The company is working towards creating a separate branding for all their housing redevelopment projects whereby societies can look forward to reliable, trustworthy Developers who can complete projects in promised time frame. | |

MAIN LINE OF ENQUIRY

FOCUSED QUESTIONNAIRE

NOTES FOR RESEARCH

A. COMPANY PROFILE

1. **Company name:** Company G
2. **Address:** Andheri , Mumbai
3. **Job Profile:** Director
4. **Brief Company History:** The firm has been in the field of construction since 1991.
5. **Number of employees working in the company:** The company has 10 permanent employees.

The firm is new in housing redevelopment projects.

B. REDEVELOPMENT PROJECTS

6. **How long has the company been involved with housing redevelopment project?**
Past 10 years
7. **Why did the company decide to venture into housing redevelopment?**
To maximise on the opportunity available to make profit.
8. **In housing redevelopment what the company perceives as:**
 - a) **Major advantages/ Strenghts:**
Fast returns on projects
 - b) **Threats/ Risks involved in the project**
Uncertainty regarding 'negotiation' with the members of C.H.S.
 - c) **Opportunities/ Potential for growth**
Location is greatest strength, sale takes place even in bearish market
 - d) **Weakness/ failure of the system**
Hurdles such as PIL & Govt. policies sometimes delay the project.

C. PROJECT PROFILE

9. **What are the most important criteria in choosing a redevelopment project (in order of importance)?**
 - a) **Location of the project:** 1
Location of project is the most important criteria. Bad locations are the first to get affected in bearish market.
 - b) **Size of the project (in terms of number of flats):** 2
C.H.S with at least 25000 sq.ft.
 - c) **Profit maximisation:** 2
Commercial viability of project. Calculated on basis thumb-rule calculation of estimated profits (about 20%-25% of the estimated project cost).
 - d) **Sale Component:** 4
 - e) **Others:** 5
C.H.S having members ready to move out of the property in exchange for a monetary compensation.
10. **How do most of the projects get initiated? (State percentage distribution)**
 - a) **Company approaches potential Co-operative housing societies (C.H.S):** 0%
 - b) **C.H.S's approaches the company:** 33%.
 - c) **Real estate agents are involved in getting the projects:** 66 %
11. **Where are most redevelopment projects within the company located?**
C.H.S located in areas with high real estate prices.
12. **Is there a specific reason for choosing the location of the projects?**
No.
13. **Do you deal with real estate agent?**
Yes and they have network of agents.
14. **Are these agents from the local area of the project?**
Yes. Mostly since projects are concentrated in a particular area.
15. **Where does the company buy TDR from? Do they have reliable agents? Are these agents local?**
TDR is brought from trusted agents. They are not local.

Location and real estate prices are the driving force in redevelopment projects

Demand for housing redevelopment in Mumbai

Creation of a local market

Actors- agency network

D. PROJECT STRATEGY:

16. **What is typically offered to the C.H.S in the redevelopment proposal?**
 - a) Extra floor space (in percentage): 10% to 20% depending upon location
 - b) Corpus fund per flat (per sq.ft): None to 2500/3000 per sq. ft. (Depending upon location)
 - c) Relocation charges (per sq.ft): Rs.5000/- to 15,000/-
 - d) Rental compensation (per sq.ft): Rs.25/- to Rs.100/-
 - e) Any other extra amenities/ facilities: Same as provided in sale flats
17. **What does the company offer to the C.H.S that the competitor developers do not offer?**
Better & Sound construction
Reputation building as a competitive strategy
18. **How long do the negotiations take (as a percentage of the total project time)?**
Negotiations take about 6 months to 12 months, depending upon size of project & members in case of redevelopment
'Negotiation' in decision making process
19. **What are the strategies adopted to tackle resistances during negotiations?**
-
20. **Are there any agents like lawyers/ arbitrators/ mediators involved during the process of negotiation? If yes, are these agents local?**
No
Actor-agency network
21. **What strategies are adopted by the company to gain the trust of the members of C.H.S?**
22. **Does the company offer any Bank Guarantee/ ESCROW account to the C.H.S? How often does the C.H.S demand for such a guarantee?**
No
Trust building strategies
23. **How long does the permission for planning application take as a percentage of the total project time)?**
About 15%-20% of the project time could be engaged in getting sanctions for the project from the local authorities.
Role of local authority

24. Are there agents involved to expedite the planning application process? If yes, are these agents local?
No.

E. FINANCE STRATEGY:

25. Where does the company see as major risks in a redevelopment project (Elaborate)?
There is minimum financial risk in a typical redevelopment project since there is no investment in land.

26. How are projects typically financed?
100% of the project is self-financed.

27. Does the company avail of any bank loans?
No the company does not avail of any loans.

28. Do they have investors to invest into the project? Who are these investors? Are they local?
Yes. They are local.

Strategies to minimise risk

F. SALE STRATEGY

29. What are the strategies adopted by the company to for sale of its Sale component?
Good construction with better amenities and service after sales.

30. What are the marketing strategies adopted by the company?
Same as above.

31. Are there agents involved in selling of the new flats? Are these agents local?
Yes. Agents are involved in selling of the apartments. They work on a 2%-5% commission basis.

32. Does the company pre-sell any part of the sale component?
There is no pre-selling of apartments.

33. Does the company withhold (does not sell) any part of the sale component? Why and for how long?
No.

34. Do investors in the project get a part of the sale component as returns?
No.

Reputation in Local Market
Actor- agency network

Housing supply

G. FUTURE OF
REDEVELOPMENT
PROJECTS

35. **What do you think is the future of redevelopment?**
Good – In Bombay only redevelopment is possible as there is hardly any open space.
36. **Will the government increase FSI for redevelopment projects?**
Yes, government will increase F.S.I.
37. **What are the future strategies of the company in terms of housing redevelopment?**
Concentrating in Mumbai & other two tier cities.

Developer's sentiments
about redevelopment
project seem positive.

MAIN LINE OF ENQUIRY

FOCUSED QUESTIONNAIRE

NOTES FOR RESEARCH

A. COMPANY PROFILE

1. **Company name:** Company H
2. **Address:** Borivili, Mumbai
3. **Job Profile:** Director
4. **Brief Company History:** The company was established in 2007 and developed its first project in the extended suburbs of Mumbai. The proprietor of the firm is an experienced professional project manager. The developer started with developing his family property in Mumbai. The company has recently ventured into housing redevelopment projects. The company operates from a small office of 50 sq.m and undertakes a maximum of 1 redevelopment projects at a time.
5. **Number of employees working in the company:** The company has 2 permanent employees. The rest of the professionals are hired on contract basis from project to project.

The developers has formal training in architecture and hence concerns of the practise is towards better space design.

B. REDEVELOPMENT PROJECTS

6. **How long has the company been involved with housing redevelopment project?**

Past 1 years

7. **Why did the company decide to venture into housing redevelopment?**

There is very little land available in Mumbai for new development. Redevelopment projects are the only way that small scale and new developers can enter into the construction market.

8. **In housing redevelopment what the company perceives as:**

a) **Major advantages/ Strengths:**

C.H.S's are pro-redevelopment. The redevelopment projects offer faster returns.

Land supply in the city

b) Threats/ Risks involved in the project

In terms of capital involved, redevelopment projects are low risks. Uncertainty regarding the time taken for 'negotiation'.

c) Opportunities/ Potential for growth

This scheme can be looked as an opportunity to provide for better living spaces to people and change their living standards.

d) Weakness/ failure of the system

There is a lot of mistrust regarding the developer community, so although the C.H.S are pro-redevelopment, trust becomes a huge issue.

C. PROJECT PROFILE

9	What are the most important criteria in choosing a redevelopment project (in order of importance)? a) Location of the project: 1 b) Size of the project (in terms of number of flats): 2. A maximum of 20-30 flats. c) Profit maximisation: 3. Commercial viability of project. d) Sale Component: 4. Prefer projects that allow only for residential sale component. e) Others: 5. The C.H.S should have members which belong to a homogenous category.	Location and real estate prices are the driving force in redevelopment projects
10.	How do most of the projects get initiated? (State percentage distribution) a) Company approaches potential Co-operative housing societies (C.H.S): 40% b) C.H.S's approaches the company: 50% c) Real estate agents are involved in getting the projects: 10% Where are most redevelopment projects within the company located? C.H.S located in areas of Borivali in Mumbai.	Demand for housing redevelopment in Mumbai
11.		
12.	Is there a specific reason for choosing the location of the projects? Most buildings in this area were constructed prior to 1960's and therefore are due for redevelopment..	Creation of a local market
13.	Do you deal with real estate agent? Yes.	Actors- agency network
14.	Are these agents from the local area of the project? Yes.	

15. **Where does the company buy TDR from? Do they have reliable agents? Are these agents local?**
TDR is brought from trusted agents. They are not local.
16. **What is typically offered to the C.H.S in the redevelopment proposal?**
a) **Extra floor space (in percentage):** Extra area per flat -15%- 20% of the existing carpet area.
b) **Corpus fund per flat (per sq.ft):** Corpus fund per flat- amount as per negotiation.
c) **Relocation charges (per sq.ft):** No relocation fund provided
d) **Rental compensation (per sq.ft):**
e) Rental compensation for the period of construction- roughly Rs 15000/- per apartment.
f) **Any other extra amenities/ facilities:** As per negotiation
17. **What does the company offer to the C.H.S that the competitor developers do not offer?**
Trying to achieve complete Transparency in the entire process. Also offer project management services. Architectural background
18. **How long do the negotiations take (as a percentage of the total project time)?** Every project differs in the amount of time taken for negotiations. 'Negotiation' in decision making process
19. **What are the strategies adopted to tackle resistances during negotiations?** Transparency helps build trust which is helpful in negotiation resistances.
20. **Are there any agents like lawyers/ arbitrators/ mediators involved during the process of negotiation? If yes, are these agents local?**
There are lawyers involved in most projects. Actor-agency network
21. **What strategies are adopted by the company to gain the trust of the members of C.H.S?**
The developer is trying to experiment with a transparent joint-venture format for redevelopment projects. Here the project profit is shared between the C.H.S and the developer. Trust building strategies
22. **Does the company offer any Bank Guarantee/ ESCROW account to the C.H.S? How often does the C.H.S demand for such a guarantee?**

D. PROJECT STRATEGY:

23.	No since the project is financed by the C.H.S. How long does the permission for planning application take as a percentage of the total project time)? About 25% of the project time, but would depend on the project. Are there are agents involved to expedite the planning application process? If yes, are these agents local? No.	Role of local authority
24.		
25.	Where does the company see as major risks in a redevelopment project (Elaborate)? There is minimum financial risk in a typical redevelopment project. In this case there is no risk for the developer since he is not investing any money in the project. How are projects typically financed? The C.H.S arranges for finances from investors. Does the company avail of any bank loans? No. Do they have investors to invest into the project? Who are these investors? Are they local? Yes. They are local.	Strategies to minimise risk
26.		
27.		
28.		
29.	What are the strategies adopted by the company to for sale of its Sale component? There are no specific strategies used but now with heavy competition one would have to develop explicit strategies for marketing.	Reputation in Local Market
30.	What are the marketing strategies adopted by the company? Marketing is mainly by word-of-mouth. Reputation of the company plays a big role in marketing. However, newer techniques are used like; provision of after sales service etc.	Actor- agency network
31.	Are there agents involved in selling of the new flats? Are these agents local? Real estate agents help in selling of new apartments. In this situation. Local agents provide maximum help.	

E. FINANCE STRATEGY:

F. SALE STRATEGY

32.	Does the company pre-sell any part of the sale component? There is no pre-selling of apartments.	Housing supply
33.	Does the company withhold (does not sell) any part of the sale component? Why and for how long? No. The C.H.S is also shares profits hence no apartments are withheld.	
34.	Do investors in the project get a part of the sale component as returns? No.	
35.	What do you think is the future of redevelopment? The redevelopment market has just started and it has a long way to go.	Developer's sentiments about redevelopment project seem positive.
36.	Will the government increase FSI for redevelopment projects? Yes. Due to lack of land in Mumbai, government will encourage redevelopment of older buildings.	
37.	What are the future strategies of the company in terms of housing redevelopment? The strategies would be mainly targeted to create a niche in the market for 'joint-venture' redevelopment projects. .	

G. FUTURE OF REDEVELOPMENT PROJECTS