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Land Value Capture & Transit Oriented development – “Few Experiences”

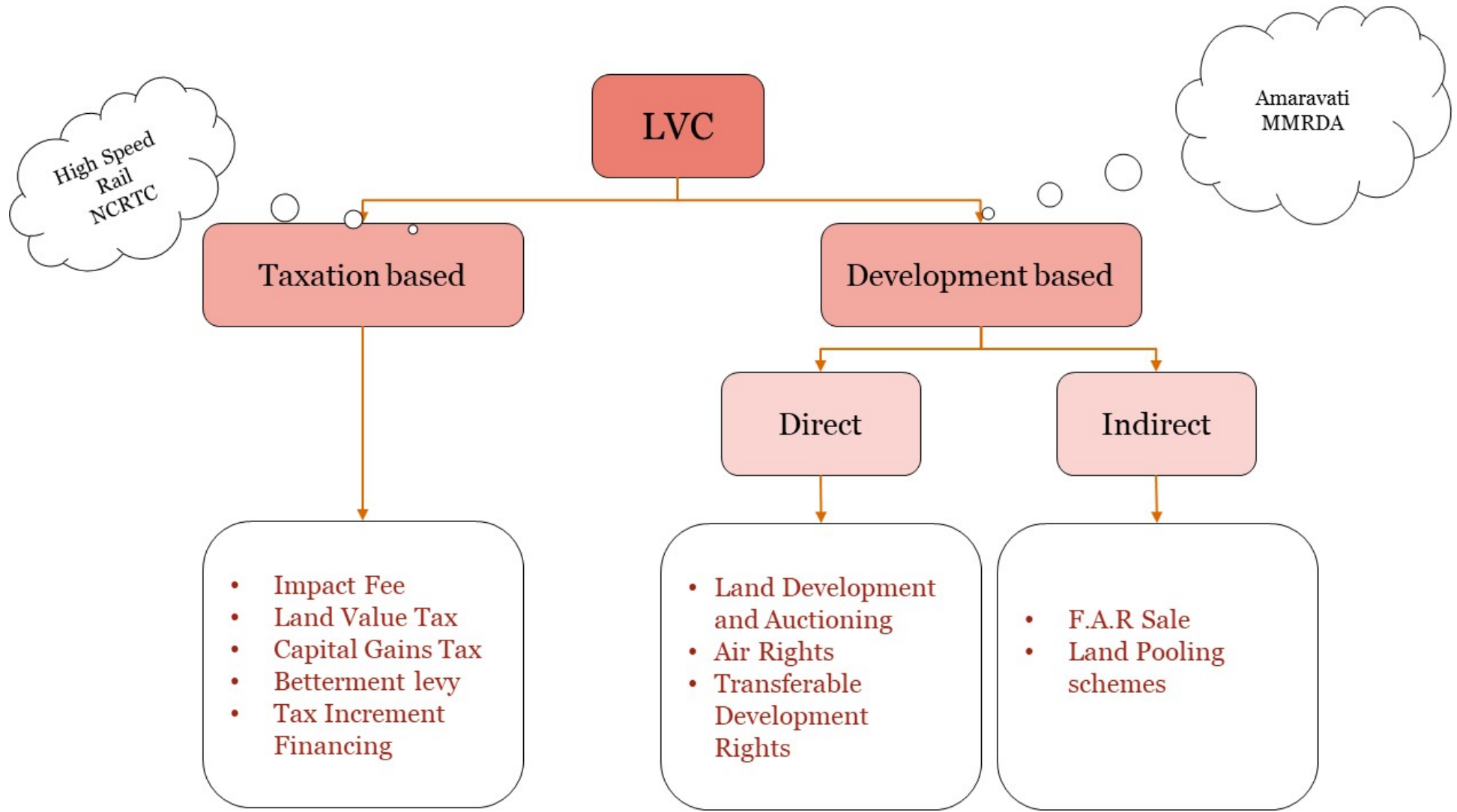
*Strictly Private
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15 June 2019*

Agenda

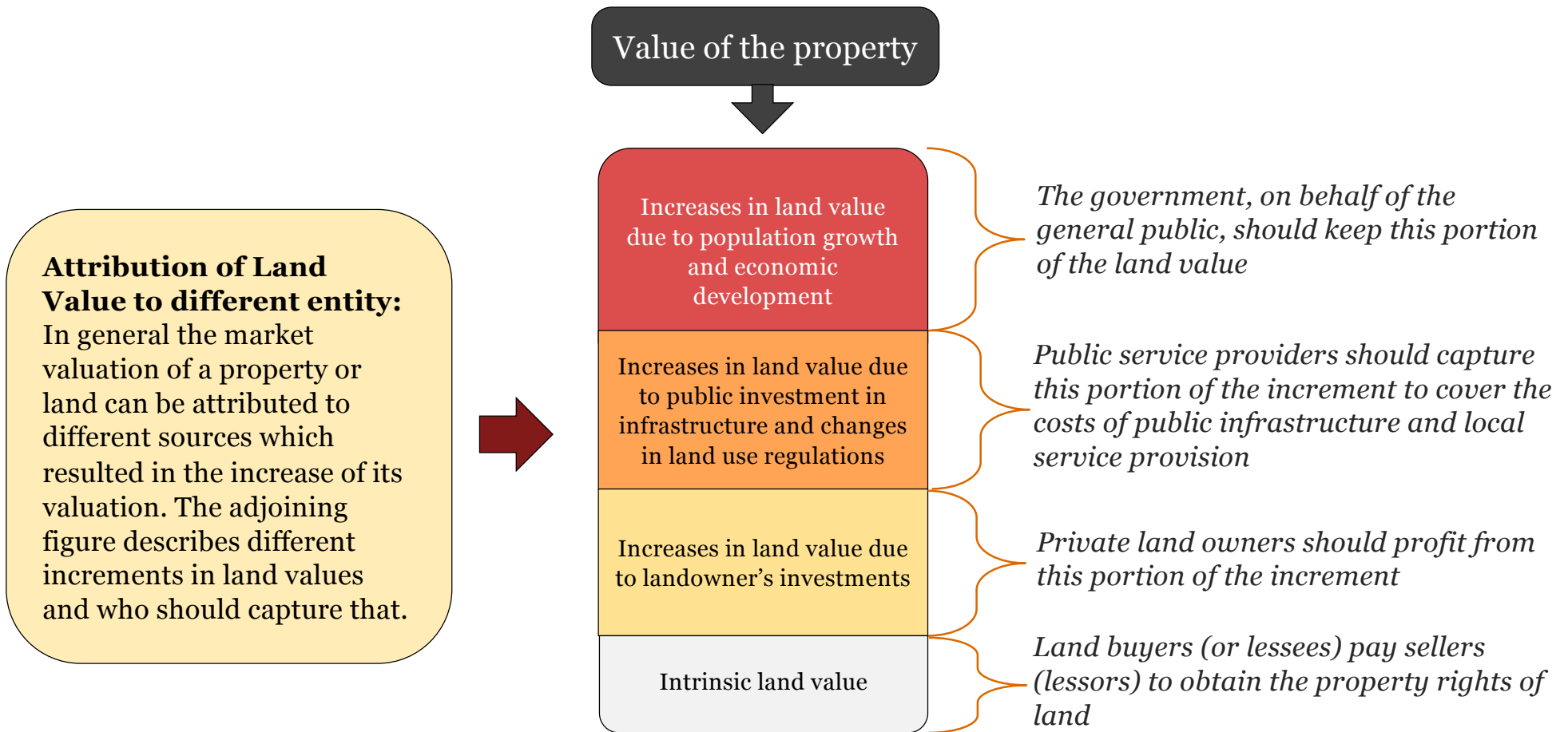
Transit Oriented Development and Land Value Capture

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Strategies for Land Value Capture



Attribution of different land values



Types of LVC followed around the world

City	Taxation	Indirect Development	Direct Development
Sao Paulo, Brazil		CEPAC&OODC	Air Rights
Hong Kong, China			Development rights, Joint Development
Nanchang, China			Development Rights and Land Leasing
New Delhi, India	Capital gains Tax		Development Rights
Tokyo, Japan		Land Readjustments	Development Rights, Urban Redevelopment Scheme
New York, U.S.A			Transferable Development Rights
Washington, U.S.A			Joint Development
London, U.K	Land Value Tax		Urban Redevelopment

Amaravati Case Study



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Amaravati is planned as the largest Greenfield development



8,603 km²
Capital Region Area

217 km²
Capital City Area

3.5 Mn.
Population - 2050

\$35 Bn.
GDP - 2050

1.5 Mn.
Employment - 2050

9
Cities

27
Townships

100+
Parks

80%
Public Transportation

189 km
Ring road

80 km
Inland canals

Amaravati will be the first city in the world with urban design derived from “Happy City” principles

when all daily needs are within a

5-minute walk of home

a sense of community thrives



Vibrant urban spaces geared towards social interaction leads to better citizen satisfaction

greater impact on national satisfaction than giving a

50% pay rise

A person with a one-hour commute has to earn

40% more money to be as satisfied with life

as someone who walks to the office



People who walk ten-minutes to work weigh

on average **5kg** less than those that don't

A voluntary Land Pooling Scheme was implemented to realize Land procurement for Amaravati.

World's largest successful voluntary land pooling

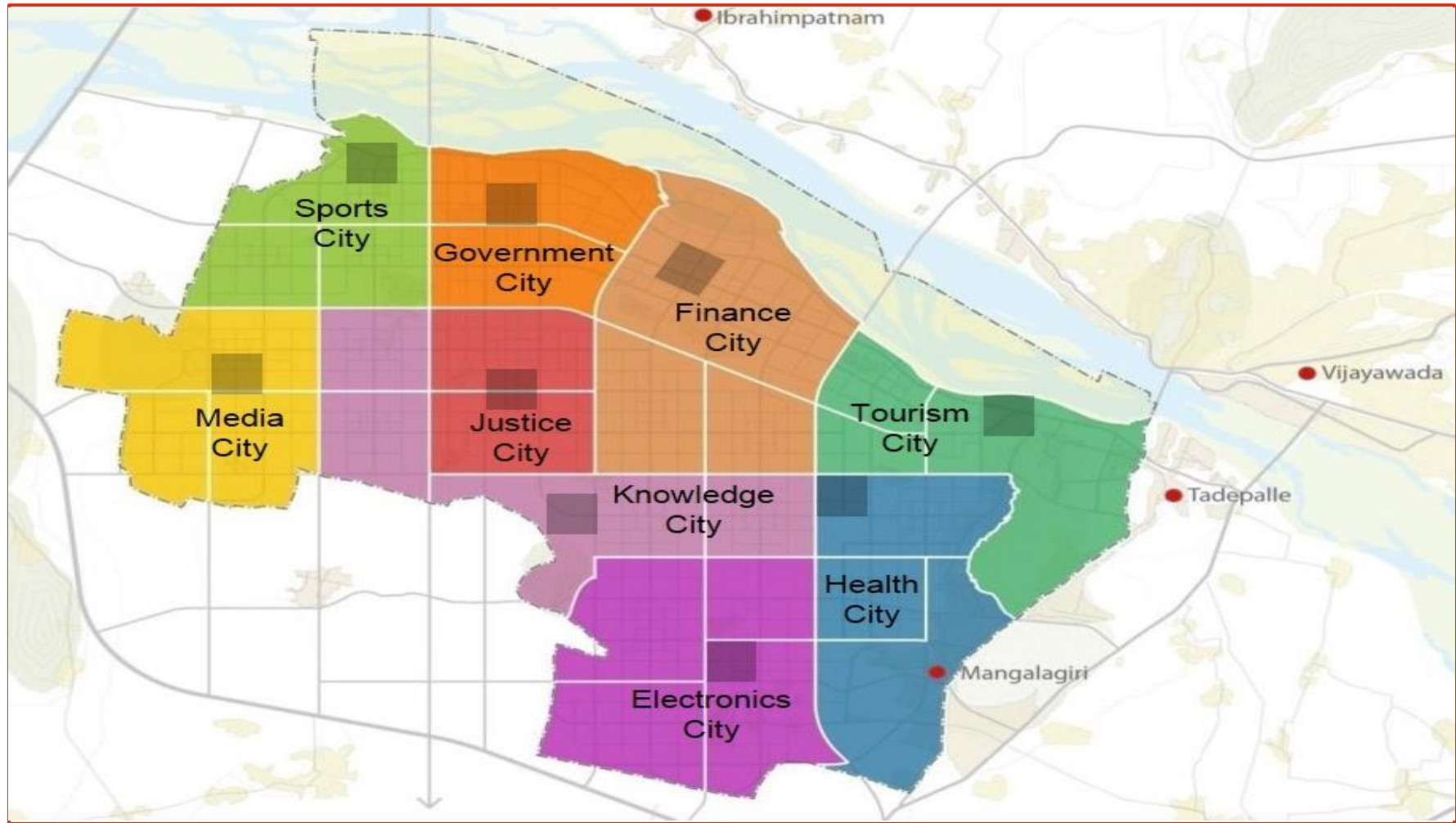


27,577 farmers
pooled in **33,740**
acres



Farmers received
60,115 plots
(~25% of pooled land)

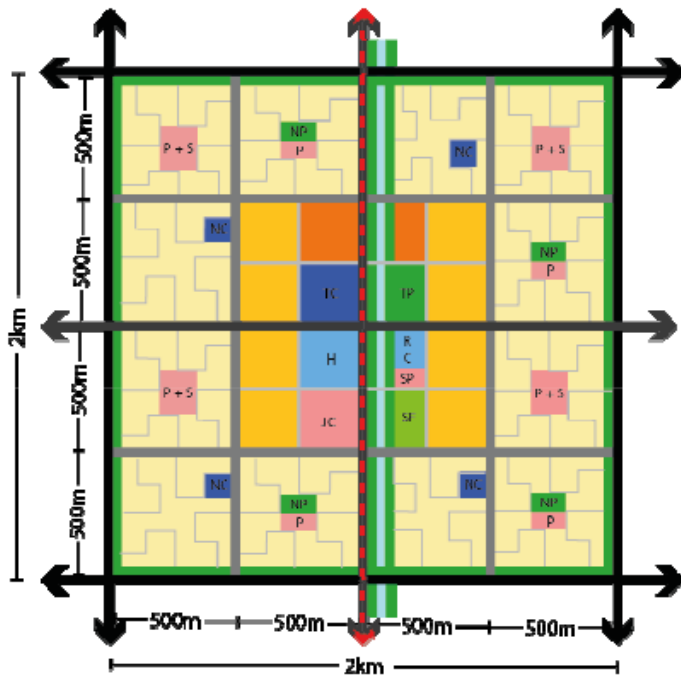
9 economic themes were identified for development in Amaravati planning



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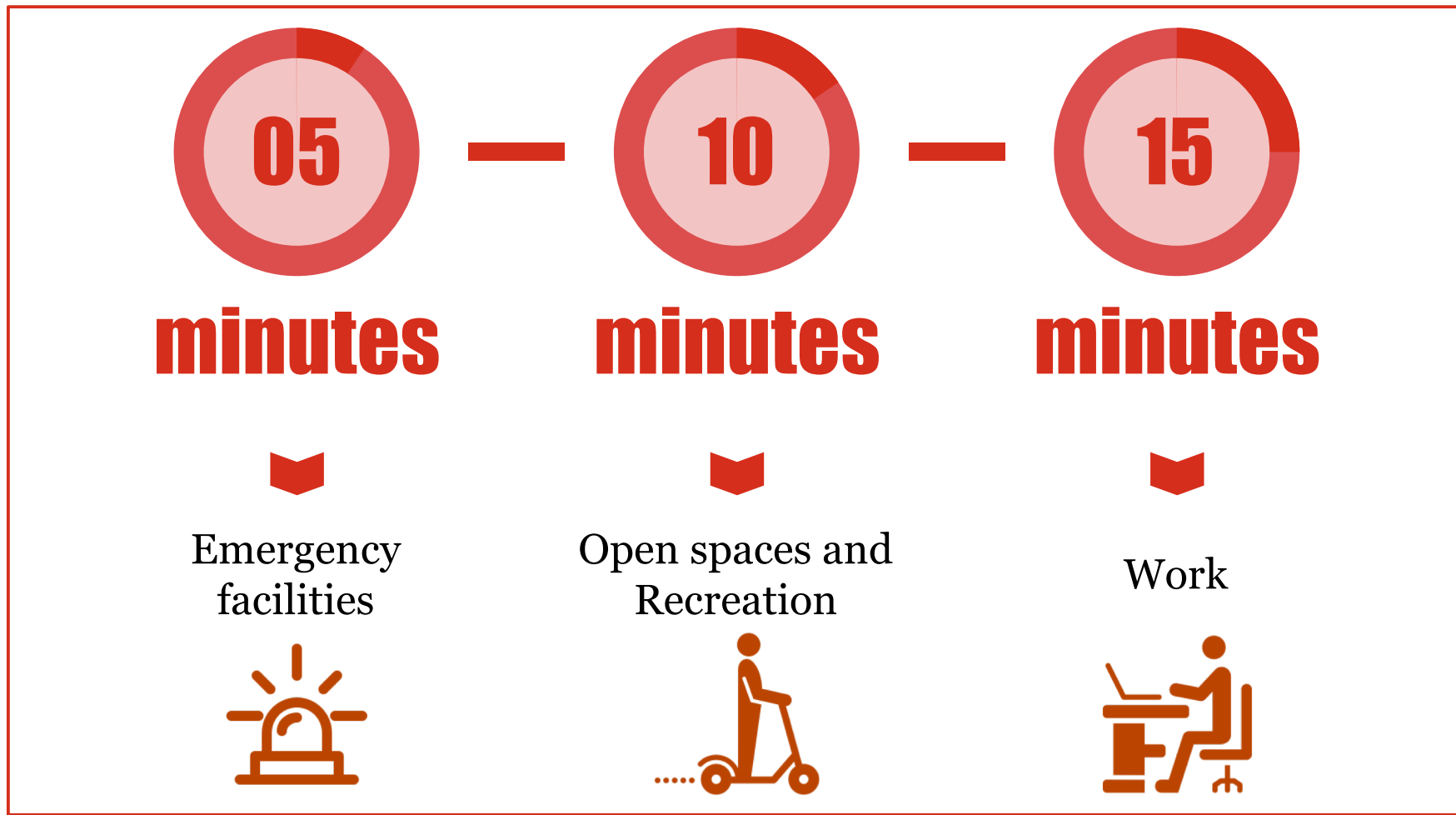
And thoughtful urban planning has been done



The Local area plans have ensured:

1. Public Transport hub within 15min walk; No trespassing traffic
2. All required social amenities **within 5-10-15 minutes** walking distance
3. Complete **underground infrastructure** - connected to every house
4. **Traffic calming** design at all neighbourhoods
5. Vibrant inclusive **community spaces** – Parks, Waterbodies, Tot-lots, Sit-outs etc.,

5-10-15 principle to set livability benchmarks for the city



Anchor Investor for CBD development was roped in early on which impacted the overall development and price



Amaravati Development Partner (ADP), a Joint Venture between the Singapore Consortium consisting of **Ascendas-Singbridge** and Sembcorp, and GoAP company to develop Start-up area

ADP will develop 1691 acres in **3 phases**



Growth in resident population



Jobs expected to be created



Cumulative Contribution to the GSDP



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To Attract the anchor investors pricing policy were designed to allocate the land banks

Component	Queen Bee/Anchor Tenants (within SEED)	Queen Bee/Anchor Tenants (Outside SEED)	Navaratnas (9 Concept cities)	General allotment
<i>Land Cost (LPS,R&R)</i>				
<i>Infrastructure cost</i>				
<i>Administrative Cost</i>				
<i>External Development Cost</i>				
<i>Cost of Capital (Interest)</i>				
<i>Un-foreseen charges</i>				
<i>Premium</i>				
<i>Concessions/Rebate cost</i>				

Compulsory	Optional	Waiver
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Pricing policy impacted the development and Anchor Investors around different sectors invested in Capital City

Universities



- 1,000 students enrolled till date
- Overall planned strength of 2 lakh students



Schools



- 8 top schools including India's top 7, offering IB, ICSE and CBSE curriculum board schools



Hotels



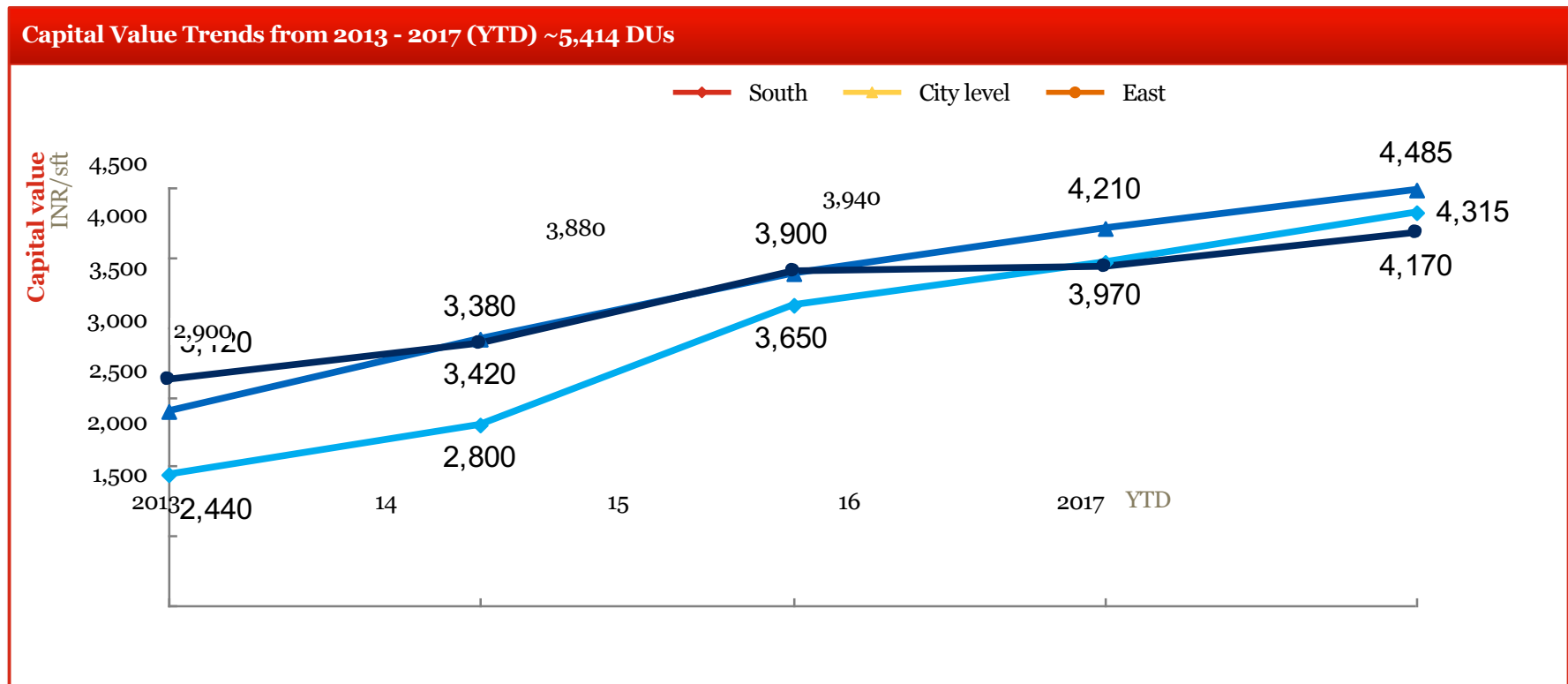
- 9 global hotel brands evinced interest in setting 3,4 and 5 star hotels



- Leading global and domestic chains are creating world class healthcare ecosystem in Amaravati



.....which resulted in Land Price appreciation for Capital City and directly benefited the Land pooling



City Level
11.52%

South Zone
15.28%

East Zone
7.51%

Case Study - MMRDA Monorail Depot Development

Land Value Capture & Transit Oriented
development –

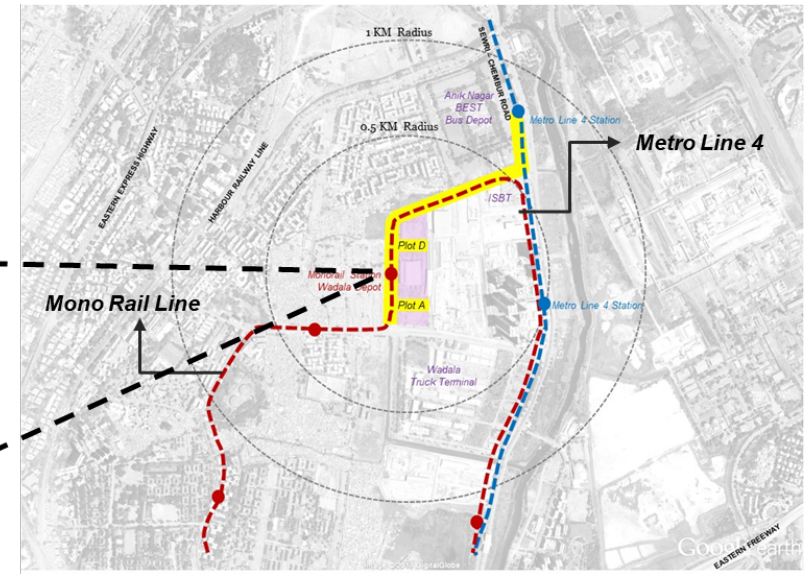
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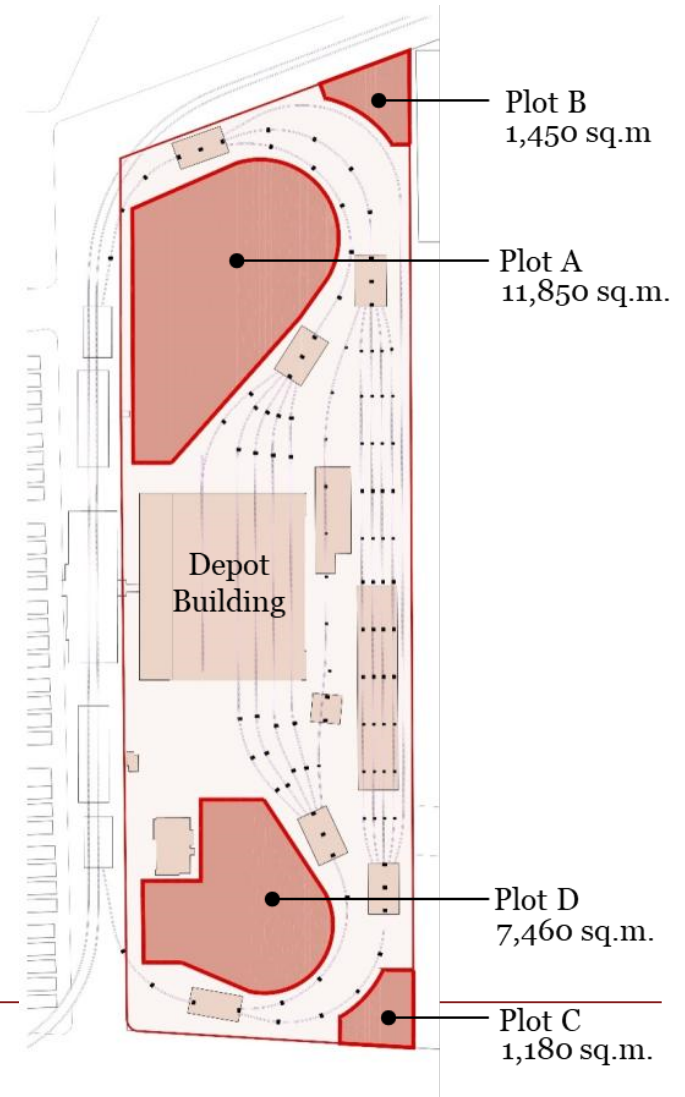
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Project had several functional/ Regularity challenges which need to be incorporated while structuring the project

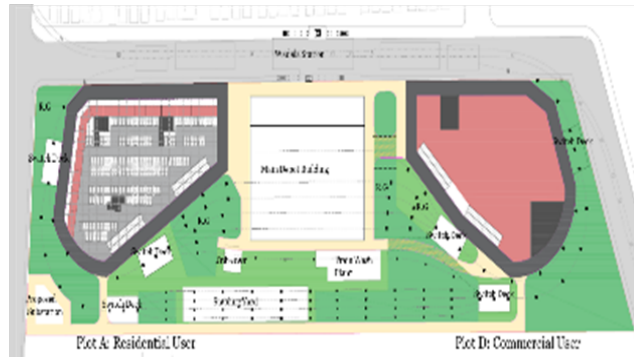
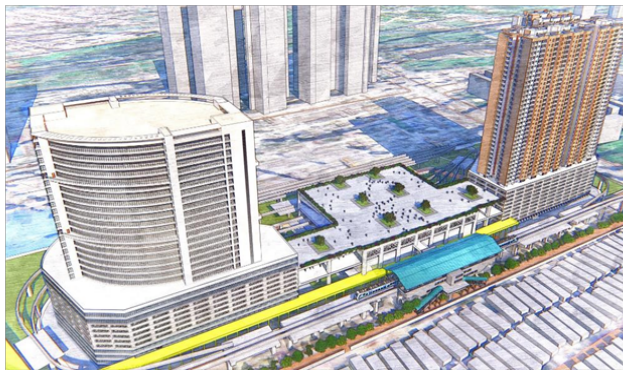
1. It was an existing mono-rail depot, plots needs to be worked out which should not impact the operations
2. Integration of the proposed commercial development with mono-rail depot
3. Site area has different air-funnel zones
4. Utilization of spaces under and above the tracks
5. Air space utilization of space above Depot
6. Adjustment of Parking requirements considering the commercial space proposed
7. Segregation of Public and private residents spaces
8. Project Structure options with minimum risk on MMRDA
9. Assurance of payment structure for MMRDA
10. Incorporation of Minimum obligations requirements for Developer



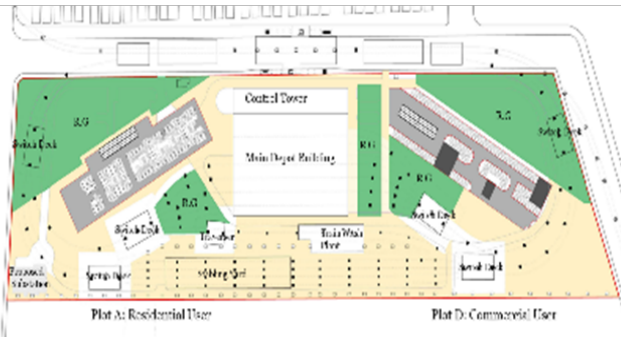
Alternative options were worked out considering the requirements of MMRDA

Step-1- Technical View point on Options

Option 1



Option 2



Option 1 : Development conceptualized on available vacant land.

Option 2: Development conceptualized on vacant available land and in airspace of existing structures.

• Comparisons were drawn on

- Total BUA available
- Project Cost
- Car Parks available
- Open Green available
- Returns to MMRDA

Upfront lease premium model suggested taking into account MMRDA's capabilities and risk appetite

Step-3: Project Structure

