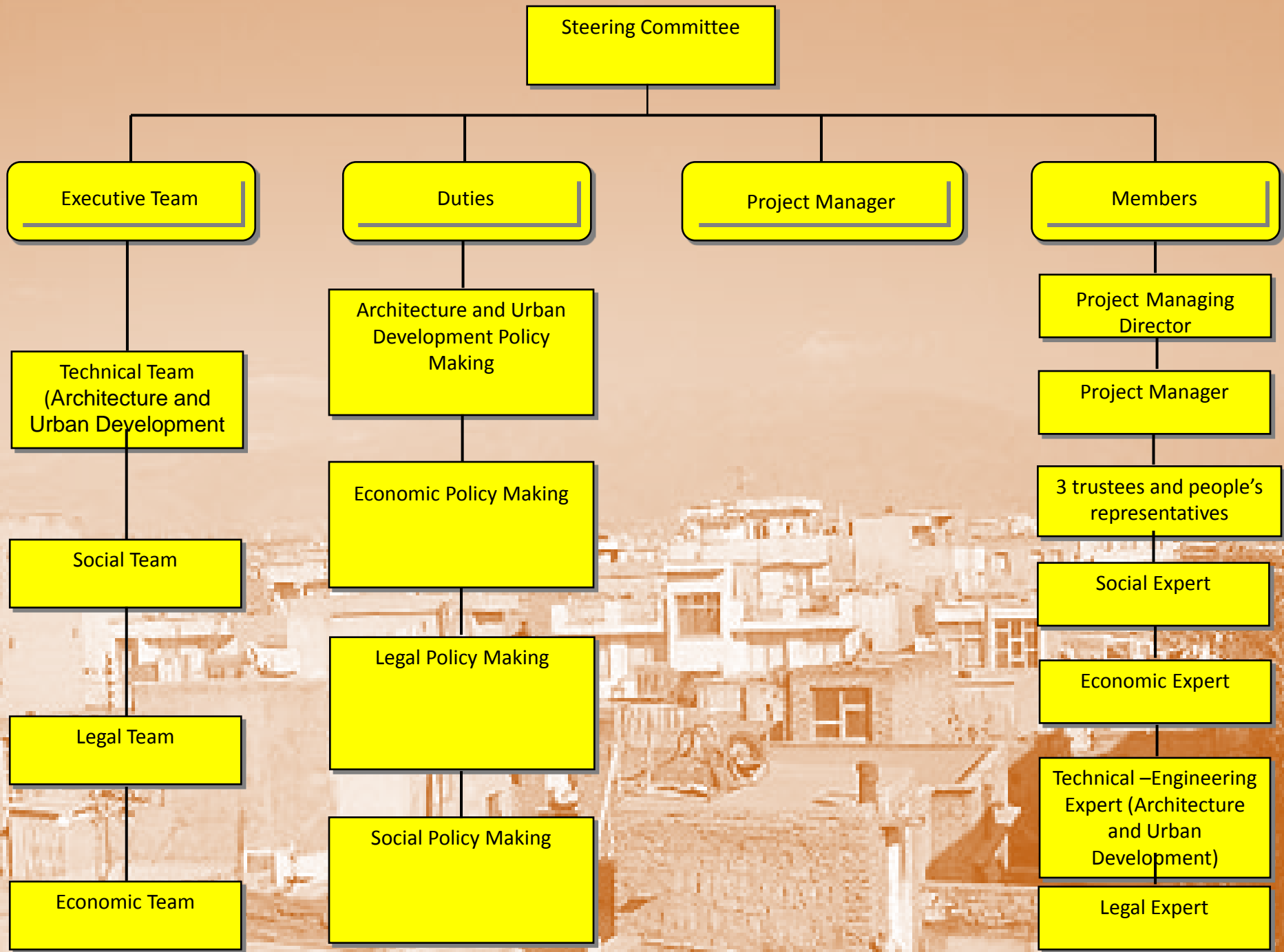




Renovation of Mashhad Old Urban Fabric with the Public Contribution



Steering Committee

Executive Team

Duties

Project Manager

Members

Technical Team
(Architecture and
Urban Development)

Architecture and Urban
Development Policy
Making

Project Managing
Director

Social Team

Economic Policy Making

Project Manager

Legal Team

Legal Policy Making

3 trustees and people's
representatives

Economic Team

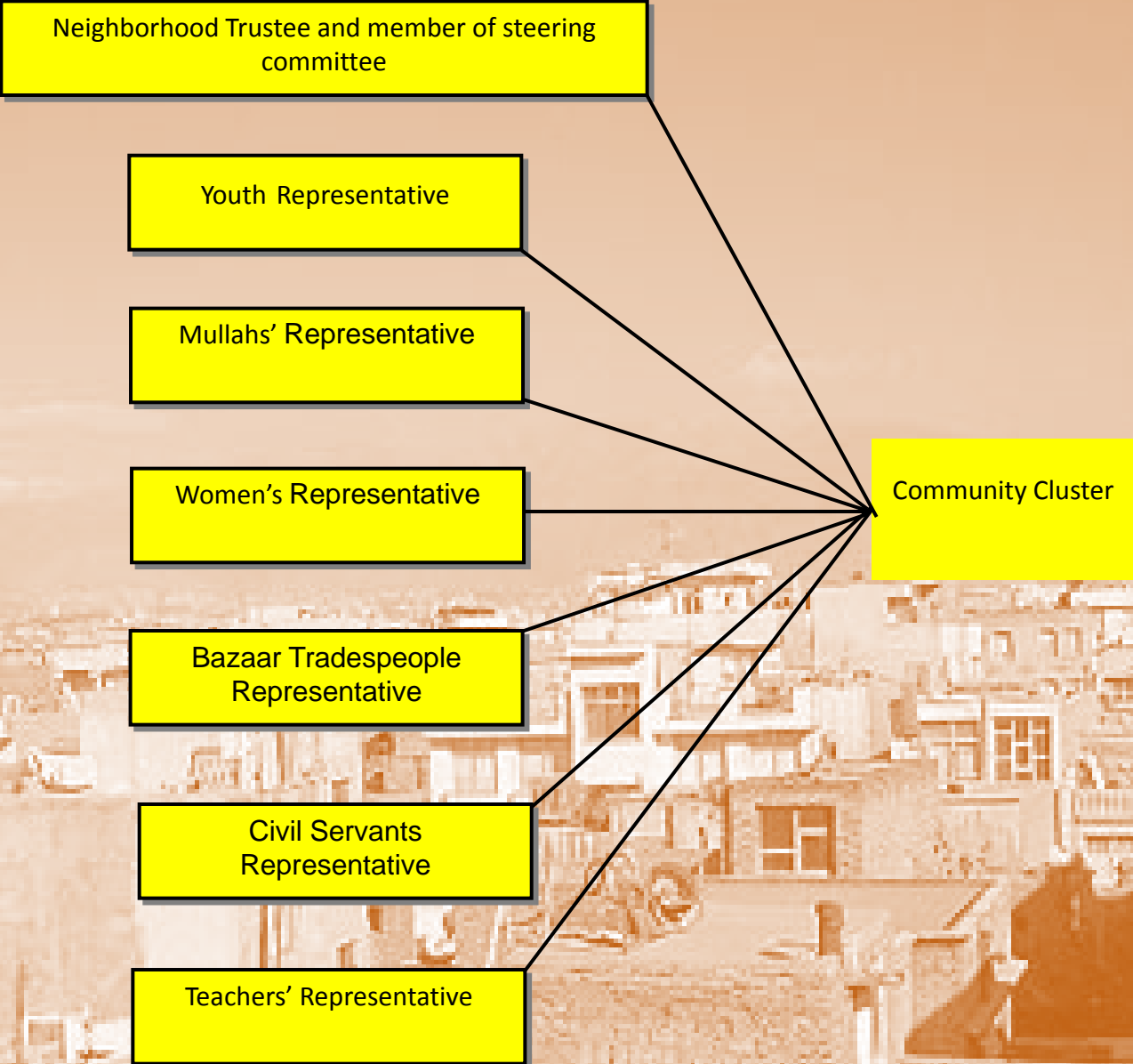
Social Policy Making

Social Expert

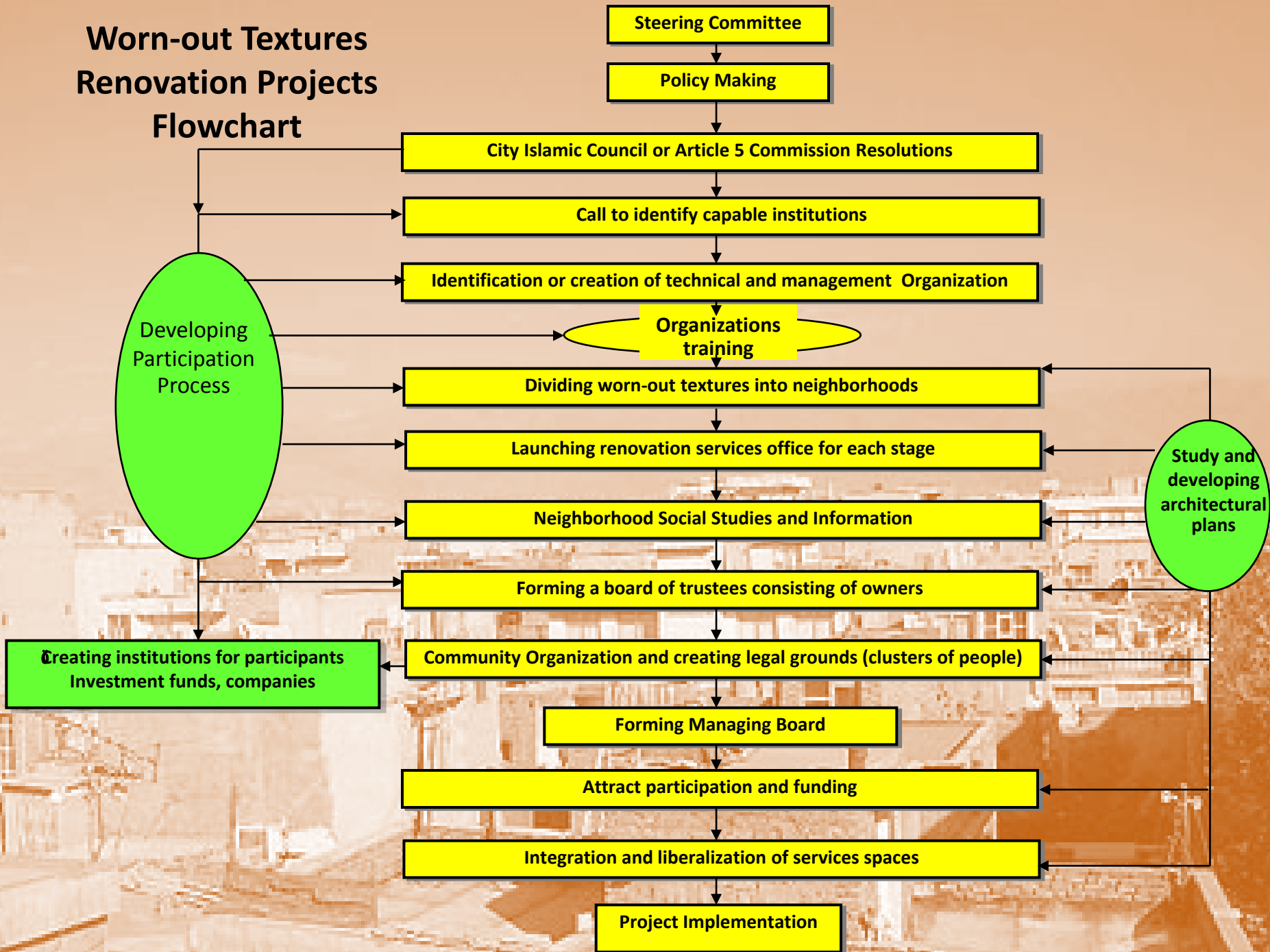
Economic Expert

Technical –Engineering
Expert (Architecture
and Urban
Development)

Legal Expert



Worn-out Textures Renovation Projects Flowchart

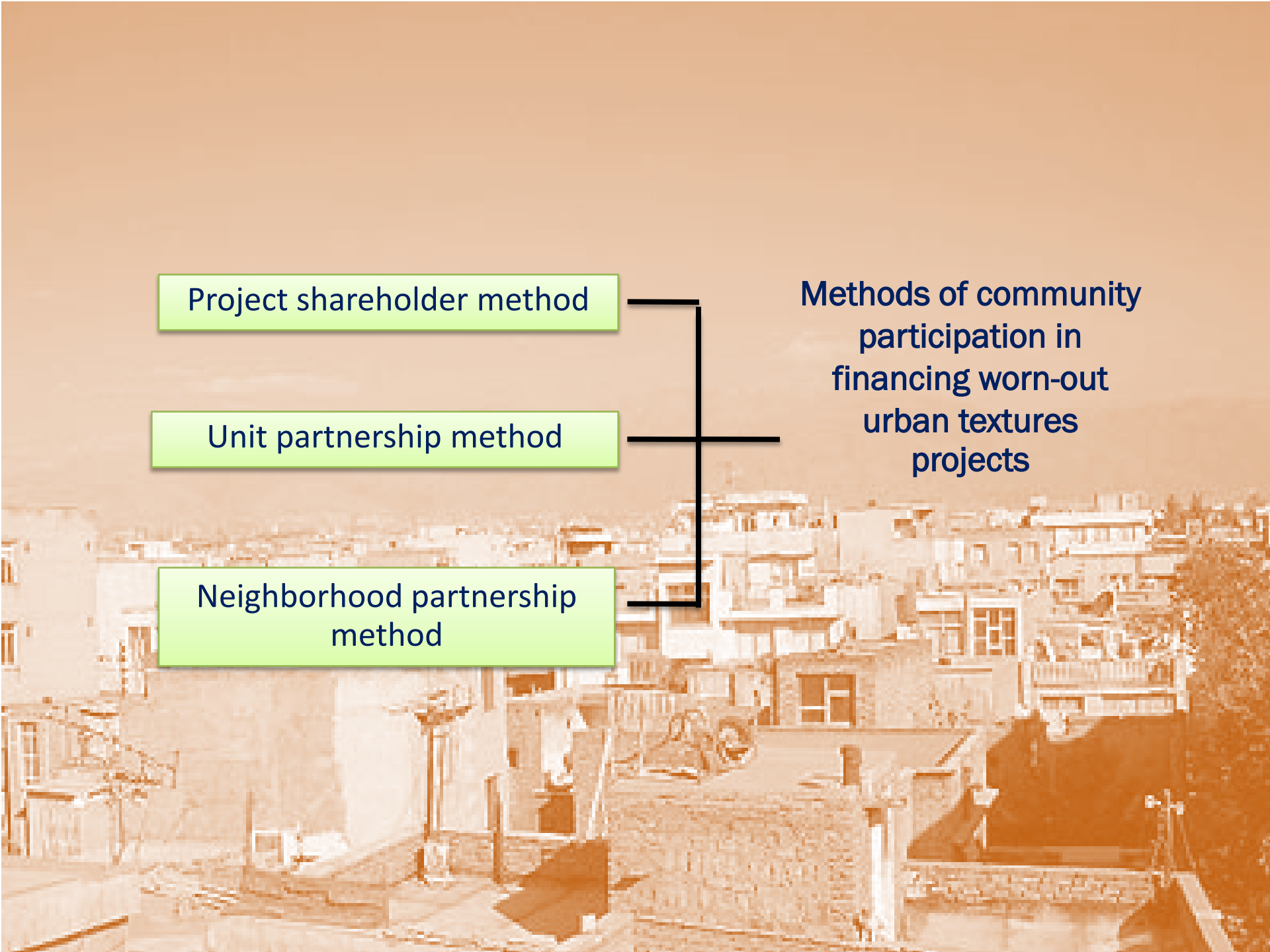


Project shareholder method

Unit partnership method

Neighborhood partnership method

Methods of community participation in financing worn-out urban textures projects



PROJECT STAKEHOLDER METHOD

For the first time in the country it was devised and implemented Eastern Region by Development And Housing Company. The movement was initiated in 2004 with Sara projects east to the holy shrine of Imam Reza (AS).

Stages of implementing the project:

- 1 - Calculate the project costs until loan stage or pre-sale of units;
- 2 – Attract the participation of the owners through grant of project equity to a higher degree than the price of the property.
- 3 – Transfer of shares to the public and government employees in cash and on installments.
- 4 - Attract private investors to participate in the construction and operation with priority given to government employees;
- 5 – Obtain finances to provide the resources needed for project completion;
- 6 - Sales and pre-sales of units under construction by giving priority to shareholders through project's stock conversion to residential units;
- 7 - Sell remaining units after the project completion, reimbursement of loans received debt and clear stakeholders' equity in cash and settle accounts with them.

Examples of project stakeholder method: Sara and Majd Projects in Mashhad.

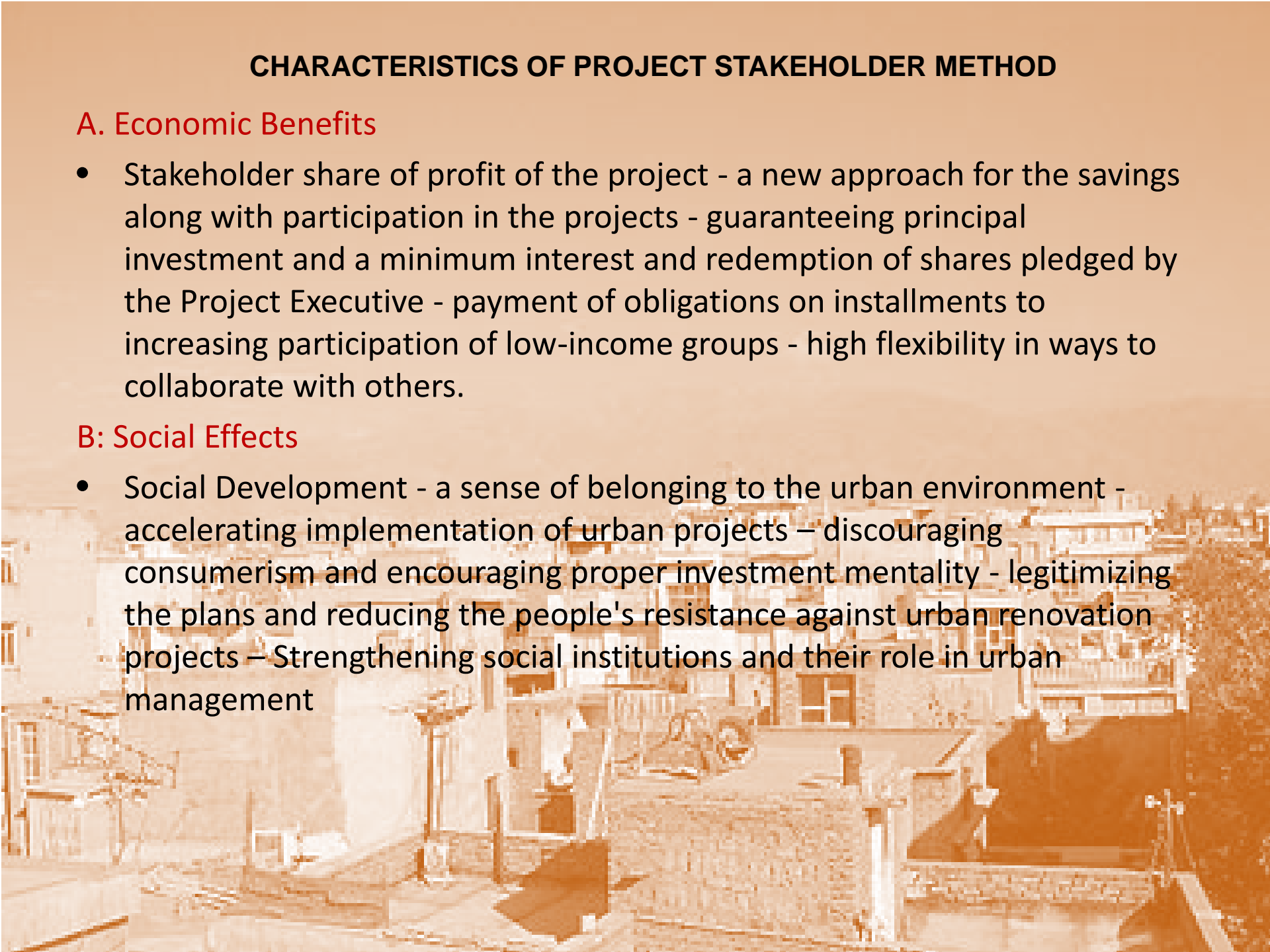
CHARACTERISTICS OF PROJECT STAKEHOLDER METHOD

A. Economic Benefits

- Stakeholder share of profit of the project - a new approach for the savings along with participation in the projects - guaranteeing principal investment and a minimum interest and redemption of shares pledged by the Project Executive - payment of obligations on installments to increasing participation of low-income groups - high flexibility in ways to collaborate with others.

B: Social Effects

- Social Development - a sense of belonging to the urban environment - accelerating implementation of urban projects – discouraging consumerism and encouraging proper investment mentality - legitimizing the plans and reducing the people's resistance against urban renovation projects – Strengthening social institutions and their role in urban management



Characteristics of project shareholders

How to Buy and Sell Shares:

It is permitted to transfer of project shares and the price will be agreed upon by both parties.

- The company commits to purchase shares at par value plus a profit similar to profit from bonds.

How to convert shares into units:

In case of purchase of units built, the project share will be redeemable with 90% equity and 10% will remain for shareholders as the risk.

The fees payable to Eastern Company and renovation services office for all administrative tasks including:

To contract with municipalities,

Education and Information,

Planning,

Attracting participation of owners,

Integration and demarcation, license, building completion certificate,

Implementation and Monitoring,

which is equivalent to 5% and the company will share the project proportionally

Unit partnership method

A new approach to handling owners' non-cash contribution and cash contribution of prospective buyers

Implementation phases of work:

- Estimation of the cost of land acquisition, design and project implementation and the share of each residential unit from the costs
- Creating the cash flow requirements of the project
- Creating a payment schedule for the applicants considering applicable loans
- Partnership contract signed with owners or purchase and integration of property
- Obtaining licenses and implementing the project

An example of a project designed for Unit partnership method: Majd 33 unit building for university teachers

Neighborhood Participation Method

This method is based on a large-scale approach in studies and design and implementing in form of small projects.

In this method:

Detailed design studies, urban and architectural design are conducted for each neighborhood to implement major and monumental projects.

The initial plan is divided into small projects.

Each project owners, including owners of the realty

In small projects partnership of owners with investors, service and goods suppliers also need to be organized.

An example of a project designed using neighborhood participation method, Tabarsi Mashhad community project.



نکات مشترک در روشهای سه گانه مشارکت مردمی

The main problems for Owners to participate

- Providing accommodation during construction
- Providing livelihood during construction

Executive strategy to solve the two problems:

- Part of the value of the property is given to the owner as mortgage, or to provide livelihood through project bonds with interest paid monthly

Flexibility in Partnership

We define other methods of participation of the owners in addition to the main ways

- Project implemented by owners;
- Partnership in all or only one
- Providing newly built units in return of the property
- Making existing structures similar to renovation project

Common Aspects of the three methods of community participation

- Launching allocated Neighborhood or Project Renovation Services Office in the technical and management area on a fulltime basis to attract participation, financing, acquisition, integration and licensing, liberalizing service spaces, and project implementation.
- Launching a project-specific company owned by the parent company to clarify and separate participants' resources from those of the parent company and to transfer all sources, in cash and in-kind of the project shareholders to the company.



Implementation Phases of Project Shareholder Method

- Briefing the stakeholders as well as officials and different players in writing, in words and through the media
- 2 – Liberalization of the project real property
- Property of owners not participating is purchased in the current density and regardless of the impact of the project on the inappropriate streets. As a result of execution of the project and integration their density is increased and appropriate access will be provided.



سهامدار پروژه

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بافت های فرسوده شهری



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Implementation Phases of Project shareholder method

Is it to disadvantage of the neighborhood dwellers to maintain the existing conditions and fail to renovate the worn-out texture?



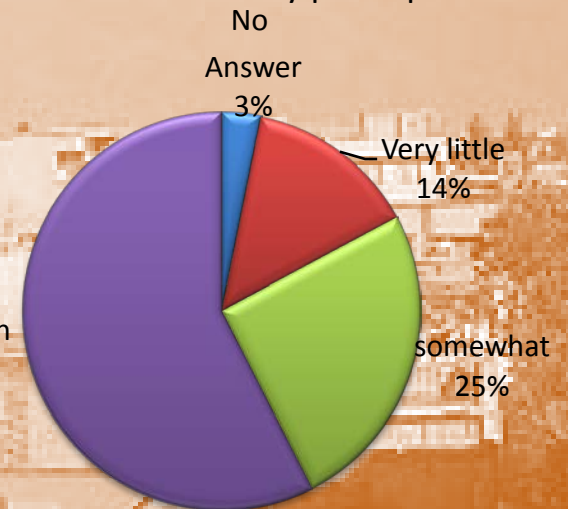
3 - Selecting Project Board of Trustees

4 - Project Execution

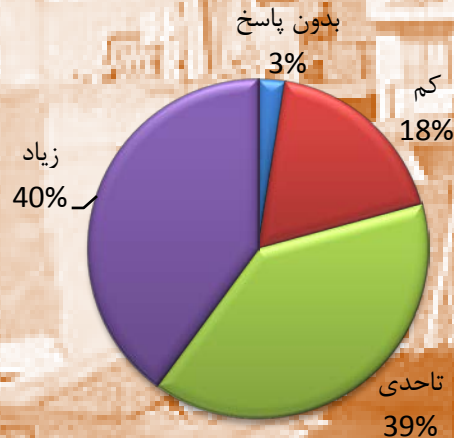
5 – Sale of units

At the end upon the sales the project's constructed units, resources required to pay the debts and management fees will be available.

How essential is to renovate worn-out textures with community participation?



How interested do you think owners and tenants are in renovation?



Survey of worn-out textures owners

Majd Project over 1000 square meters implemented using project shareholder method



Majd Multi-level underground parking lot



Mashhad Saheb Al-Zaman Blvd using project shareholder method



Mashhad Sara Commercial, residential project 1000 square meters using project shareholder method





Tabarsi Mashhad Project done using neighborhood participation method

North Side of Shrine Western Tabarsi Street with an area of 11 hectares

Benefits granted to public participation in Tabarsi reconstruction and rehabilitation projects

Density increased from 190% to the average 400% and the remaining realty was transformed from residential utility to commercial and hospitality utility.

hospitality utility is increased at least 3 folds and commercial utility is increased five folds.

Urban space quality promoted by increasing the service area to about 3 hectares

Very narrow dead-end existing passages broadened from 8 to 50 square meters.

Possibility to create at least 125,000 square meters of parking space

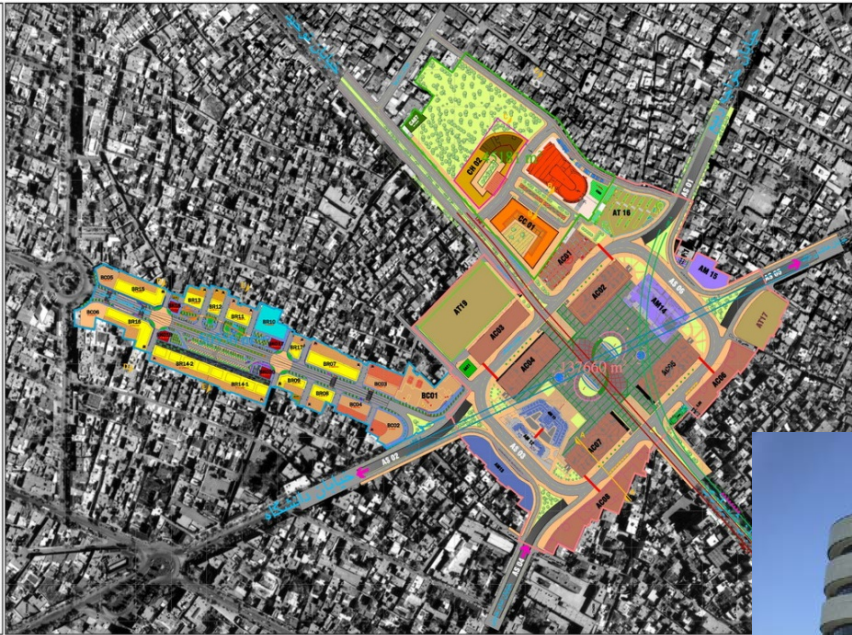
Integrated project designed dividable into small projects

Parking transferred to lower levels.

Eliminating privately owned ramps



Mashhad Shohada Square Project



Mashhad Samen Project

