

# SUDSC WEBINAR SERIES

## Improving Urban Finance through Value Capture Financing

Time

15:00 to 16:30 Hrs

Date

31st August, 2023

Mode

Online

## Background

India is experiencing rapid urbanisation, with a significant increase in the urban population. This urban growth has led to a surge in infrastructure requirements, including transportation systems, housing, utilities, and public amenities. Urban development projects require sustainable and efficient financing mechanisms to meet the growing infrastructure needs of cities.

Traditional financing models often fall short in providing adequate resources for urban development projects. Government budgets alone are often insufficient to finance large-scale urban development projects, and there is a need for innovative financing mechanisms.

Value Capture Financing offers an alternative solution by tapping into the increased land value resulting from public investments in infrastructure and amenities. It works on the conviction that by capturing a portion of this value, cities can generate funds to support other development initiatives.

The legal framework for implementing VCF tools in India varies across states and cities. Some states have enacted legislation or modified existing laws to enable the implementation of specific VCF mechanisms like land pooling, land value capture, and development impact fees. In addition to this, many Indian cities are undergoing urban rejuvenation and taking up redevelopment projects. Value capture principles are being explored to support these projects, particularly in the context of financing infrastructure improvements, enabling the development of affordable housing units, public amenities, etc.

However, implementing VCF in Indian cities also brings out challenges such as weak institutional capacity, lack of data, and limited awareness among stakeholders. Therefore it is important to facilitate peer-to-peer learning so that the cities can take up innovative mechanisms for financing urban infrastructure development.

# About Connective Cities

Connective Cities is a knowledge exchange platform, formed through a joint venture among the Association of German Cities (Deutscher Städtetag), the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, and the Service Agency Communities in One World (a division of Engagement Global), and supported by the German Federal Ministry for Economic Cooperation and Development (BMZ).

## Link to join the Webinar

<https://community.connective-cities.net/en/node/1394>

## About the Webinar

NIUA has entered into a strategic partnership with GIZ for the Sustainable Urban Development in Smart Cities - Phase II (SUDSC II) project, which is jointly implemented by the Ministry of Housing and Urban Affairs (MoHUA), Government of India, and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ). Under this project, NIUA and GIZ have jointly initiated the "SUDSC-II Webinar Series" to support setting up of Communities of Practice.

The webinar series is a set of curated dialogues focusing on urban topics related to municipal finance, climate resilience, digital innovations for urban governance and shall be conducted on the 'Connective Cities Network'.

In the webinar series, the second webinar is on

'Improving Urban Finance through Value Capture Financing'. The webinar will bring together experts from the field of VCF and agencies/ departments that have utilized VCF as an innovative tool for financing. The focus will be on understanding the process for adopting a VCF tool for undertaking urban development projects (including decision w.r.t choice of VCF tool, required legal framework, implementation mechanism, etc.); how can mega transit projects impact development of land around them and support the 4 key steps of the VCF process [value creation, value realization, value capture and value recycle]. In addition, representative from Urban Local Body/ Departments will showcase their journey in the implementation of VCF tools to capture value from increased land values resulting from public investments. The focus will be on discussing the challenges and the ways adopted to emerge successful and achieving improved municipal finance.

Session	Speakers	Discussion Points
Plenary I (20 mins)	Mr Vidyadhar Phatak	<ul style="list-style-type: none"><li>• Overview of VCF (purpose, tools, advantages, disadvantages, etc.)</li><li>• Assessing the Feasibility &amp; Applicability of VCF Tool (parameters, considerations, legal frameworks, implementation etc.)</li></ul>
Plenary II (20 mins)	Mr Vinay Kumar Singh, IRES	<ul style="list-style-type: none"><li>• Understanding Property Development around Mega projects like Regional Rapid Transit System for NCR and the key steps: value creation, value realization, value capture, and value recycle)</li></ul>
Case Study (20 mins)	Mr Anshul Mishra, IAS	<ul style="list-style-type: none"><li>• Implementation of innovative financing strategies/ VCF tools to capture value from increased land values resulting from public investments – challenges &amp; measures adopted</li></ul>
Snapshot (10 mins)	NIUA	<ul style="list-style-type: none"><li>• Summary of the "Technical Assistance to 100 cities for generating revenue through Value Capture Financing", conducted by MoHUA</li></ul>
Discussion (20 mins)	Moderated Discussion and Q & A Session	

# Case Study: Chennai Metropolitan Development Authority (CMDA)

The Chennai Metropolitan Development Authority (CMDA) is a statutory agency responsible for the planning, development, and regulation of the Chennai Metropolitan Area (CMA) in Tamil Nadu, India. It was established to ensure orderly growth and development within the metropolitan region, which includes Chennai and its surrounding areas.

The Chennai Metropolitan Development Authority (CMDA) is responsible for urban planning in the Chennai Metropolitan Area. It creates development plans, zoning regulations, and master plans to manage urban growth, land use, and infrastructure development while focusing on environmental conservation. CMDA also regulates construction activities by granting permissions, issuing permits, and ensuring adherence to approved plans.

Infrastructure projects, including transportation, water supply, sewage, and drainage, fall under CMDA's purview. The authority emphasizes environmental quality by implementing pollution control and sustainable development measures. Public participation is crucial, involving stakeholders in decision-making to align projects with community needs. CMDA manages land uses to prevent disorderly development and maintains a balance between residential, commercial, and green spaces. It extends its influence beyond the city limits to peri-urban and suburban areas, aiming for balanced development and preventing urban sprawl. Additionally, CMDA engages in policy formulation concerning urban development, housing, transportation, and environmental conservation to guide the overall growth of the metropolitan area.

## Profile of Panellists



With 49 years of experience in real-time planning and as the former Dean of Planning at CEPT University, Mr Vidyadar Phatak, is a personification of professionalism in every sense. Phatak has also worked as the former Head of the Planning Division at MMRDA and was associated with CIDCO, for a dominant period of his career. He has played an active role in the preparation of two visionary Regional Plans of Mumbai, and has undertaken several World Bank-funded projects. In addition, he was part of the envisioning of Bandra Kurla Complex (BKC) as Mumbai's new financial district.



Mr Vinay Singh is an infrastructure planning and implementation expert, with specialized focus on large-scale mass mobility programs, and is presently leading transformation in regional mobility as Managing Director of NCRTC. The NCRTC is mandated for designing, developing, implementing, financing, and maintaining the Regional Rapid Transit System (RRTS) projects in the National Capital Region of India. Mr Singh is the first MD of NCRTC and he is spearheading the development of an idea to reality through this \$ 15 billion project.



Mr Anshul Mishra is an experienced bureaucrat with over 14 years of government service across a wide spectrum of fields in governance, policy-making and service delivery at the Local, State and Central Government levels in India. He is the current Member-Secretary of the Chennai Metropolitan Development Authority (CMDA), one of the largest metropolises in the country. In his current role, he is driving a process for the creation of the Third Master Plan of Chennai and leading the conversation on tools for densification of the city, land pooling, etc.