

CHAPTER 111

Redevelopment of Construction Projects: Issues and Challenges

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ABSTRACT

Redevelopment has become a crucial solution to the challenges posed by urbanization, especially in cities like Pune, Maharashtra, where space for new (greenfield) developments is limited. This study explores the issues and challenges associated with the redevelopment of residential housing societies in Pune. The research aims to understand the perspectives of key stakeholders, including developers, housing society members, and urban planners, to identify the factors influencing redevelopment projects. A qualitative research approach is employed, with data collected primarily through interviews with stakeholders actively involved in Pune's redevelopment sector. The study examines critical aspects such as legal and regulatory hurdles, financial constraints, stakeholder conflicts, and infrastructure concerns that impact redevelopment projects. Additionally, it highlights the role of government policies, funding mechanisms, and public perception in shaping redevelopment initiatives. Findings suggest that while redevelopment presents an opportunity to enhance urban infrastructure and optimize land use, it faces significant challenges, including bureaucratic delays, resistance from existing residents, and rising construction costs. The study emphasizes the need for a transparent policy framework, efficient approval processes, and stakeholder collaboration to ensure the success of redevelopment projects. This research contributes to the existing body of knowledge by offering insights into the complexities of redevelopment in Pune and providing recommendations for improving its implementation. The study aims to serve as a resource for policymakers, developers, and housing societies to navigate the redevelopment process effectively.

Keywords: Redevelopment; Urban planning; Stakeholder challenges; Regulatory barriers; Housing societies.

1.0 Introduction

India's rapid urbanization has led to housing shortages, overburdened infrastructure, and environmental strain. With limited land and high population densities, redevelopment offers a solution by enabling vertical growth with modern amenities, improving urban living standards.

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It not only addresses housing needs but also boosts economic activity through investment and job creation. Strategic redevelopment is key to modernizing infrastructure, accommodating growth, and ensuring sustainable, livable cities. Redevelopment refers to any project that involves the construction of new buildings, structures, and land uses on a site that is currently occupied by users. Redevelopment also refers to conversion of a private cottage to a much taller residential complex. Where regulations are allowed to make the building more dense, additional floor space opens up, and often this means redevelopment. The motivation behind this research stems from the increasing demand for housing and infrastructure in Pune. Many older residential societies suffer from structural deterioration and lack modern amenities, making redevelopment an attractive option. However, delays in approvals, disagreements among residents, and financial uncertainties often hinder progress. Understanding these challenges is crucial for improving the redevelopment process and ensuring sustainable urban growth.

1.1 Objectives

- To study and analyze the laws relating to redevelopment in India.
- To study factors which needs to be considered for redevelopment projects and prior legal compliance.
- To analyze laws and policies relating to redevelopment focusing on Pune city in Maharashtra state.
- To identify issues and challenges in redevelopment by perspective of various stakeholders and make recommendations.

1.2 Research methodology

Legal research follows doctrinal or non-doctrinal methods, depending on whether the focus is on legal principles or real-world application. Doctrinal research analyzes statutes, case law, and legal theories, providing theoretical insights but lacking practical context. Non-doctrinal research, in contrast, gathers real-world data through surveys, interviews, and case studies to assess how laws function in society. This study adopted a non-doctrinal approach to examine redevelopment challenges. Interviews with residents and developers provided in-depth insights beyond legal texts, revealing key concerns and experiences. Given redevelopment's impact on urban infrastructure and social structures, qualitative data helped identify stakeholder perspectives. By prioritizing practical insights, this approach ensures findings that are relevant for policy considerations and real-world applications.

1.3 Scope

- Researchers Pune City was chosen for this study due to its rapid urban growth and scarce land for new developments. With greenfield construction no longer viable, redevelopment has become the primary solution, driving a surge in such projects.

- To ensure accuracy, researchers are interviewing key stakeholders directly involved in Pune's redevelopment. Conducting interviews locally enhances convenience and provides firsthand insights from professionals and residents.
- This study specifically examines the redevelopment of residential housing societies, as they dominate Pune's redevelopment landscape. Focusing on this sector allows for a deeper analysis of common challenges faced by multiple stakeholders.

1.4 Limitations

Researchers are focusing only on residential housing societies, meaning commercial and mixed-use redevelopment projects are not part of the study. Since the researchers rely on interviews for data collection, findings need to be centered around a particular category of project to provide a practical and well-rounded understanding.

1.5 Literature review

The UDCPR (2024) establishes a uniform regulatory framework for redevelopment projects across Maharashtra, ensuring consistency in urban planning. It governs Floor Space Index (FSI), Transferable Development Rights (TDR), and incentives while safeguarding occupant rights. The regulations aim to streamline approval processes, promote optimal land use, and encourage sustainable urban growth. UDCPR serves as a critical reference for understanding the financial, legal, and procedural challenges in redevelopment.

Rawal *et al.*, (2019) examines the challenges of redeveloping Pune's Wada structures, which are historically significant but are rapidly being replaced by modern developments. Key challenges include structural deterioration, complex ownership patterns, financial constraints, and regulatory barriers. The study emphasizes the impact of urbanization on heritage structures and suggests policy interventions, public-private partnerships, and community participation to support sustainable redevelopment.

Shaikh *et al.*, (2023) categorizes risks in self-redevelopment projects into financial, legal, technical, and managerial domains. It highlights the need for stakeholder engagement, including residents, architects, engineers, and regulatory authorities, for effective planning and execution. The study proposes best practices like transparent communication, strategic project planning, and regulatory compliance to mitigate risks and delays. However, it lacks empirical validation and comparative studies. Satish (2020) analyzes Mumbai's acute housing crisis and the policy hurdles affecting redevelopment. Challenges include bureaucratic delays, stakeholder conflicts, and financial constraints. Using the Bhendi Bazaar redevelopment as a case study, it highlights inefficiencies in policy implementation. The study is relevant for understanding policy hurdles, stakeholder dynamics, and financial barriers in urban redevelopment.

Vanvari *et al.*, (2018) explores the growing trend of redevelopment in Mumbai due to aging infrastructure and tenant demands for improved living spaces. It highlights the complexity

of redevelopment projects, identifying constraints related to time, finances, and regulatory approvals. The study underscores the necessity of meticulous planning and risk management. However, it lacks a detailed stakeholder perspective, case studies, and mitigation strategies. Sable *et al.*, (2023) examines causes of delays in redevelopment projects, with a case study of *Grand Central Building No. 18* in Vartak Nagar, Thane. Factors contributing to time overruns include resource mismanagement, bureaucratic inefficiencies, and poor project coordination. The study provides empirical data and real-world insights into time management issues. However, it calls for a broader geographic analysis and further exploration of mitigation strategies. Jabour (2015) The Barangaroo Redevelopment Project (Sydney, Australia) Retrieved from <https://www.theguardian.com/australia-news/2015/sep/30/the-rise-and-rise-of-barangaroo-how-a-monster-development-on-sydney-harbour-just-kept-on-getting-bigger> focuses on the Barangaroo redevelopment project, emphasizing sustainability, smart infrastructure, and public-private partnerships (PPP). Key challenges include stakeholder conflicts, environmental regulations, and community resistance to land use changes. The study draws parallels with Mumbai's redevelopment landscape but lacks a detailed analysis of social impact, global comparative studies, and affordable housing concerns.

Battersea Power Station Redevelopment (London, UK) Retrieved from <https://batterseapowerstation.co.uk/> examines the £9 billion redevelopment of London's historic Battersea Power Station. The project focuses on adaptive reuse, preserving heritage while integrating modern retail, office, and residential spaces. The redevelopment faced financial difficulties, regulatory hurdles, and ownership changes, delaying its completion by nearly a decade.

The reviewed literature highlights key challenges in redevelopment, including regulatory complexities, financial constraints, stakeholder conflicts, and time delays. Studies on Mumbai's redevelopment provide critical insights into risks and policy inefficiencies, while global case studies offer lessons in sustainable and large-scale urban renewal. However, gaps remain in comparative policy studies, long-term impact assessments, and the social impact of redevelopment, necessitating further research.

2.0 Redevelopment Policies and Laws

2.1 Redevelopment policies & laws in India

Real Estate (Regulation and Development) Act, (2016)

The Real Estate (Regulation and Development) Act, 2016 (RERA) regulates India's real estate sector, ensuring transparency and protecting homebuyers. While RERA does not have sections exclusively dedicated to redevelopment, several provisions are pertinent to such projects. Section 3(2)(c) exempts redevelopment projects from RERA registration unless they involve selling or marketing new units. Sections 4 and 5 mandate registration for projects exceeding 500 sq. m. or eight apartments, requiring detailed documentation. Section 9 ensures real estate agents are registered for accountability.

To protect buyers, Section 13 mandates disclosure of project timelines and costs, while Section 14 requires developers to deposit 70% of buyer funds into an escrow account to prevent misuse. Section 15 enforces project completion timelines, with penalties for delays. Section 18 empowers RERA to resolve disputes, and Section 31 allows buyers to file complaints, imposing penalties of up to 5% of project costs for non-compliance. Section 34 enforces strict penalties, including imprisonment, for serious violations. Together, these provisions enhance financial security, enforce timelines, and strengthen buyer protections. While self-redevelopment projects may be exempt, those involving new unit sales must comply with RERA, making it a crucial regulatory safeguard in redevelopment.

2.2 Redevelopment policies & laws in Maharashtra

Maharashtra real estate regulatory authority (MahaRERA): In Maharashtra, redevelopment projects fall under MahaRERA, which enforces the same legal framework as the RERA Act, 2016. These regulations ensure transparency, financial discipline, and stakeholder protection. MahaRERA also provides state-specific guidelines to streamline redevelopment while holding developers accountable for timelines and quality standards.

Maharashtra co-operative societies act, 1960: The Maharashtra Co-operative Societies Act, 1960, governs the functioning of co-operative housing societies in the state, including their redevelopment. Section 79A grants the Maharashtra Government the power to issue binding guidelines to ensure a fair and transparent redevelopment process. These regulations prevent fraud, safeguard residents' rights, and ensure equitable benefits for all society members.

2.3 Redevelopment Policies & Laws in Pune

The Development Control and Promotion Regulations for Pune Municipal Corporation (DCPR-2017) provide a structured framework for redeveloping old residential and tenanted buildings, especially those under MHADA and in the EWS/LIG category. These guidelines ensure that redevelopment happens in an organized manner while safeguarding the rights of existing residents. They specify the allowed FSI (Floor Space Index), incentives for developers, entitlements for residents, and required contributions for upgrading infrastructure. The regulations also set conditions for resident participation, maintenance funds, and government supervision to ensure a smooth redevelopment process and better living standards.

3.0 Data Collection, Analysis and Recommendation

3.1 Challenges and issues faced by developers in redevelopment of construction projects in core areas of Pune

Regulatory & legal complications: Frequent changes in Development Control Regulations (DCR) and prolonged approval processes delay projects. Before RERA, inconsistent carpet area calculations and land demarcation issues led to ownership disputes.

Heritage conservation laws further restrict modifications to aging structures, even when structurally weak.

Financial challenges: Developers struggle to secure loans as land remains in the original owner's name until completion. Rising construction costs, labor expenses, and regulatory compliance add financial strain. Residents face capital gains tax burdens, while lengthy project timelines delay returns on investment, impacting liquidity.

Execution challenges at project sites: Space constraints in dense areas limit labour accommodations and material storage. Close-packed structures require slow, controlled demolition, while outdated construction methods and weak foundations add complexity. Difficulty in obtaining temporary utilities and traffic congestion further disrupt project efficiency.

Social and resident-related challenges: Disputes over modifications, negotiations, and tenant refusals delay projects and escalate costs. Distrust in developers due to past failures complicates agreements, while delays in transit housing allotment lead to dissatisfaction and legal conflicts.

Infrastructure and environmental challenges: Increased population density strains roads, water, and sewage systems, while inadequate parking worsens congestion. Strict fire safety and environmental regulations add costs and cause delays. Poor drainage in older areas heightens waterlogging and flooding risks, complicating redevelopment further.

3.2 Challenges and issues faced by residents in redevelopment of construction projects in core areas of Pune

Redevelopment in Pune's core areas (e.g., Shivajinagar, Sadashiv Peth, Narayan Peth, Kasba Peth, Erandwane, etc.) presents unique challenges due to high population density, heritage structures, and infrastructure limitations. The following are the major issues residents face:

Displacement & temporary housing issues: Residents face disruptions in daily life, work, and education due to relocation. Temporary housing often lacks essential amenities, and delayed rental compensation adds financial stress. Elderly residents struggle to adjust, making the transition even more difficult.

Project delays & uncertainty: Financial constraints, legal disputes, and slow municipal approvals frequently stall projects, prolonging displacement and increasing financial hardship. The absence of strict penalties for delays leaves residents with little recourse.

Apartment configuration changes: Increased housing density reduces ventilation and open spaces. Traditional features like verandas and courtyards are eliminated, affecting quality of life. High-rise buildings pose accessibility challenges for elderly residents.

Trust deficit & lack of transparency: Many residents struggle to understand complex agreements, leading to disputes. Some developers impose hidden costs for parking and maintenance or abandon projects due to financial issues, leaving residents in uncertainty.

Poor construction quality & safety concerns: Substandard materials often lead to issues like leakage, weak walls, and faulty plumbing. Fire safety measures are inadequate in congested areas, while narrow streets hinder emergency access.

Loss of community & cultural identity: Redevelopment disrupts long-standing communities, replacing traditional neighborhoods with commercial developments. Demolition of heritage structures erodes Pune's historical and architectural legacy.

Legal & regulatory hurdles: Lengthy municipal approval processes and frequent disputes between residents, developers, and authorities cause delays. Non-compliance with environmental norms leads to further setbacks.

Financial burden & hidden costs: Unclear agreements result in unexpected maintenance, property tax, and parking charges. Delays in rental compensation strain finances, while legal disputes over fund management create additional challenges.

Resistance from residents: Emotional attachment and fear of displacement make many, especially older residents, reluctant to relocate. Internal conflicts within housing societies further delay redevelopment decisions.

Traffic & infrastructure pressure: Increased population density strains roads, water supply, and drainage systems. Poor coordination between civic authorities and developers worsens congestion and service deficiencies.

3.3 Recommendations to overcome these issues & challenges

Feasible and Detailed Solutions to Bridge the Gaps Between Developers and Residents in Redevelopment of Construction Projects in Pune: The redevelopment challenges in Pune's core areas arise from a lack of trust, unclear policies, infrastructure limitations, and delays. Below are practical and detailed solutions to address these issues and create a more balanced and transparent redevelopment process.

Legally binding agreements: Redevelopment agreements must be transparent, reviewed by a neutral legal expert, and available in both English and Marathi. Developers should face penalties for delays, and project funds should be secured in an escrow account to ensure completion and protect residents.

Guaranteed temporary housing & rent compensation: Developers must provide on-site transit housing for large projects and ensure rent compensation matches market rates, with automatic increases for delays. PMC should establish a grievance cell to enforce timely rent payments and penalize defaulters.

Heritage & cultural preservation: A Heritage Impact Assessment should be mandatory for redevelopment of wadas and historic structures. Developers should restore traditional elements and be incentivized with additional FSI for conservation efforts.

Infrastructure & parking solutions: Infrastructure upgrades should precede redevelopment approvals. Developers must invest in drainage, water supply, and road widening

while ensuring adequate parking through basement and stack systems. Sustainable features like rainwater harvesting and solar energy should be integrated.

Regulatory oversight & fast approvals: A single-window clearance system should ensure approvals within six months. PMC should create a “Redevelopment Approval Cell,” include resident representatives in meetings, and mandate justification for extra FSI usage linked to public benefits.

Financial feasibility & cost control: Maintenance costs should be transparent, with PMC capping annual hikes. Societies can utilize Input Tax Credit (ITC) to reduce GST impact. A Resident Welfare Fund should be established to support post-redevelopment expenses, and hidden charges must be explicitly prohibited.

Resident trust & participation: Redevelopment should proceed only with 75% resident approval. Developers must hold regular meetings and appoint an independent advisor to audit projects. A public PMC dashboard should track real-time project progress for accountability.

Vacating old wadas: Resistance from long-term tenants due to low rents and displacement fears can be addressed through transparent negotiations, fair compensation, and legal reforms for faster dispute resolution. Government mediation and tenant ownership options can enhance cooperation.

4.0 Conclusion

The redevelopment of construction projects in Pune’s core areas presents a complex interplay of regulatory, financial, technical, social, and infrastructural challenges. While redevelopment offers opportunities for urban revitalization, it also disrupts established communities, places financial burdens on residents, and strains civic infrastructure. The research highlights the pressing need for transparent legal agreements, structured financial frameworks, and resident-centric policies to bridge the trust gap between developers and homeowners. Moreover, effective government intervention, streamlined approval processes, and heritage-conscious redevelopment can mitigate existing obstacles and promote sustainable urban growth. By implementing feasible solutions such as escrow accounts, fair rental compensation, regulatory oversight, and participatory decision-making, redevelopment projects can achieve a balance between modernization and community welfare. A collaborative approach involving developers, residents, and policymakers is essential to ensure that redevelopment initiatives in Pune are both socially equitable and economically viable.

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