

EXECUTIVE SUMMARY

LAND DEVELOPMENT STRATEGIC PLAN FOR LANDS OWNED BY AUROVILLE FOUNDATION OUTSIDE THE CITY AND GREENBELT AREA

In January 2012, the FAMC approved the LRD Task Force’s recommendation to embark on a Strategic Plan initiative for the lands owned by Auroville Foundation outside the City Area and the Greenbelt Area. The Land Development Strategic Plan provides a strategy and plan framework for the use, development, and protection of the “Outlying Lands” within the context of the Auroville Master Plan and the region. The planning initiative will be undertaken in two phases. This Executive Summary presents the findings of this strategic planning initiative, which focussed on the following objectives in the Phase-1 of the project:

- Develop an in-depth understanding of the land resources owned by Auroville;
- Prepare an updated inventory and detailed site analysis of the outlying lands;
- Initiate a network building process to identify potential resources, partners and collaborators; and
- Identify short-term, medium-term and long-term opportunities and concerns for land development in consultations with key Auroville groups, specifically the FAMC, LRD Task Force, and the Auroville Town Development Council.

The Phase- 2 of the Land Development Strategic Plan (which commenced in October 2012) builds upon the findings of the first phase, to accomplish the following goals:

- Identify evaluation criteria for prioritizing lands for own use, sale/exchange, development;
- Create a community supported cohesive vision and development policy for the “outlying lands”;
- Develop business plans, venture structure, and management models for future development proposals; and
- Identify action strategies and organizational structural recommendations geared towards creating an internal asset management team in Auroville.

STUDY AREA

The Land Development Strategic Plan includes the nearly 1100 acres of Auroville Foundation owned lands located outside the City Area and the Greenbelt Area. There are a total of 42 major properties and 66 isolated minor properties scattered in Auroville’s immediate bio-region, encompassing an area of nearly 25 sq.kms. Table 1.1 provides a summary of key characteristics for these properties.

PHASE 1: INVENTORY AND ANALYSIS

Key Findings

In conclusion, it is clear that the Auroville Foundation owned 1100+ acres of “outlying lands” is a significant, but underutilized, asset base for the community that will help augment the revenue sources needed for building the township of Auroville and will help contributing to the profile of the region. The information and analyses presented in the Phase-I report presented the context for understanding the individual AVF owned properties that were assessed in determining their relationship to the larger context and their development potential. Understanding the physical and environmental attributes is only a part of this planning process. The other component includes developing an understanding of the real estate market trends, socio-economic goals, and community desire to create responsible development typologies that fit within the over- arching sustainability goals embedded in the vision of Auroville.

Understanding the pattern of the immediate region is vital in deciding the highest and best use of the individual AVF owned properties. This report highlights some key findings and preliminary recommendations that will help the responsible agencies make informed decisions when formulating land asset management strategies in the “outlying lands”. Some of the key findings and preliminary recommendations related to the AVF owned lands outside of the City Area and the Greenbelt Area include the following:

- **Underutilized Asset Base:** The 1100 acres of AVF owned “outlying lands” represent a major asset base which is currently underutilized to its true potential value. In the current market, the total value of these lands amounts to nearly INR 800 crores.
- **Diversified property portfolio:** Distribution of these lands in the larger bio- region of Auroville lends itself to the potential of attracting diverse land uses that will create positive desired impact on the local economy such as increased income and employment.
- **Part of the Whole:** The four zones identified exhibit varied and unique characteristics. At the individual level, several of these properties may seem to have relatively weak development potential; however, when viewed within the context of the overall zones and adjoining AVF owned properties, it presents an exceptional opportunity to develop large- scale economically viable and sustainable developments.
- **Isolated and encroached lands:** Isolated AVF-owned parcels (50+ acres) that are not connected directly with the major properties are scattered throughout the study area. These parcels are prone to encroachment (nearly 25 acres is currently encroached) and a drain on Auroville’s constrained resource base. There is an urgent need to address the future of these encroached properties and dispose the surplus properties.
- **Alternatives for AV related uses:** Efforts by the Auroville community members/ caretakers on the “outlying lands” have helped in significantly improving the soil conditions on some key

properties, thereby increasing the value of the lands. Some of the properties may have alternative valuable uses that should be explored before going to the market for disposal of these assets.

- **Impact of increasing Construction and Labour Costs:** Rising construction costs and labour costs locally have imposed more pressure on the viability of Auroville managed developments and agricultural lands, especially in the lands outside the City and Greenbelt area.
- **Hike in Guideline Values:** Recent increase in guideline values in Tamil Nadu have impacted the Study Area also. For example, some of the “outlying lands” (Kottakuppam) in the last five years has increased the value of AV land in the market by nearly 800% on. This may reduce the potential of ‘black money’ or cash transactions in real estate. On the other hand, this increase in the guideline value may also result in a decrease in real estate investment activity in the near future.
- **Regional Economic Context:** Current economic trends in the area are on the rise but most of it is speculative in nature. The absence of a robust economic development plan for the urban centre of Puducherry and the predominantly rural district of Viluppuram indicate a weak market for typical development prototypes in the short-term.
- **Auroville and the bio-region:** Auroville as a major land owner in the area has the opportunity to shape the growth of the region and strengthen its role in improving the potential of the region. In turn, this will also help attract the critical mass and infrastructure investment needed to build Auroville.
- **Development models for AVF:** Auroville Foundation has the potential of assuming several roles in this process- as a developer, lessor, equity partner- to generate revenues and creating investment opportunities for the network of individuals connected with Auroville.
- **Niche Development models:** Based on the analysis, it is imperative that niche development typologies will need to be created to meet the requirements of the LRD Mandate and ensure compatibility with the ideals of Auroville. Potential Development Typologies for the “outlying lands” may include, but not limited to:
 - Education- Knowledge and Research based industries
 - Healthcare- Specialized facilities such as cancer hospital and research centre
 - Non-polluting industries
 - Organic Farming
 - Tourism-related low-impact destination uses (recreation, leisure, hospitality, wellness resorts, retail)
 - Commercial- Office incubator space
 - Residential- Senior Living facilities that connected with institutions or within a mixed-use setting; residential schools

PHASE 2: DEVELOPMENT STRATEGY

Key Recommendations

The following section provides a summary of the recommendations presented in the Phase 2 report pertaining to the four objectives mentioned on Page :

1. Developing a Land Evaluation Tool (LET)

This LET exercise is an extension of the site analysis exercise that was conducted for all the sites as part of the first phase. Data that was collected for each property during the first phase was used judiciously to evaluate the properties. The intent is to develop a tool for Auroville to rate the outlying lands for use when making land use decisions based on the following factors:

- Relevance to the AV Master Plan in terms of its objectives as well as contiguous uses
- Development Suitability (Physical, Social, Environmental)
- Marketability (Real Estate Profile / Economic Sense)
- Short/ medium/long term returns
- Ease of implementation

It is to be understood that the LET is devised so as to assess the potential of each property for high intensity uses for development. Conversely, a property that scores lower points is deemed suitable for low intensity uses that are characterized by minimum intervention to the environment and /or contiguous to the existing predominant land use on the property. Please see **Annex “A”** for a list of relative scores assigned to each of the sites based on the criteria shown below:

Category		Maximum score
A	Access	15
B	Infrastructure	14
C	Surrounding land uses	18
D	Environmental features	25
E	Ease of implementation	18
F	Intangible factors	10
Grand total score		100

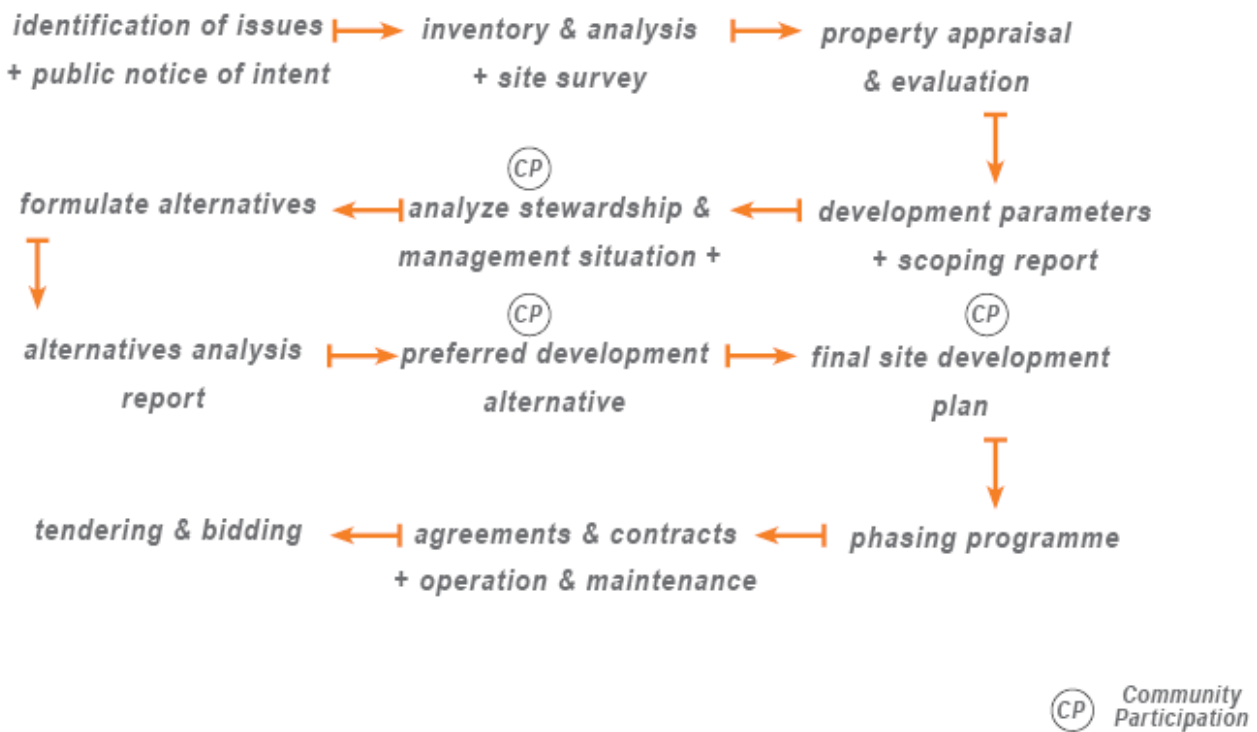
2. Establish a Land Development Policy Framework for AVF owned Outlying Lands

Presently in Auroville, decisions related to land exchanges, acquisitions and developments in the AVF owned outlying lands occur in an adhoc manner with no mandated policy direction, technical analyses or criteria for exchange/ development, or structured process in place. Prior to any exchange, sale or development, a site-specific analysis must determine that the lands considered contain no significant environmental, agricultural or other resource values, the loss of which could have long-term consequences and where possible not lead in displacement of existing residents.

2.1 Suggested Planning Process for development of the Outlying Lands

The various land related development groups in Auroville lack a predictable and systematic process in developing future land use development strategies. Any process adopted in the future should incorporate community buy-in and sound technical analyses prior to taking any decisions related to reclassification of land uses or sale or exchange of lands. The following flow-chart presents a preliminary process that could be modified further to enable informed decisions related to the outlying lands by the community and related groups.

2.2 Suggested Planning Process for development of the Outlying Land



2.3 Outlying Lands Development Policy

The Outlying Lands Strategic Plan provides the policy direction and management principles to guide both the short- and long-term management of AVF’s real estate assets outside the designated Auroville Master Plan area. The AVF real estate portfolio will be rebalanced through the timely disposal of some land assets and investment/reinvestment in assets with greater return potential. It is expected that this rebalancing could be accomplished through:

- **Market Sale Sites:** Sale on the open market of 5%-10% of the outlying lands (approx. 50-100 acres);
- **Exchange of 10%-20%** (approx. 100-200 acres) of the outlying lands in exchange for acquiring lands within the City and the greenbelt; and

- **Strategic Development Sites:** *Development/Reclassification of 40%- 50% (approx. 300-550 acres) of the outlying lands including leasing and/ or joint development options to better reflect its current and potential uses.*

Criteria for sale, exchange or development are presented in the report (Chapter 3, page 29-38). To be considered under the Strategic Development Sites, lands must at a minimum meet the following criteria:

- Relevance to the AV Master Plan in terms of its objectives as well as contiguous uses;
- Development Suitability (Physical, Social, Environmental);
- Marketability and Timing (Real Estate Profile / Economic Sense)
- Provides equal or greater return in value to Auroville Foundation;
- Provide short/ medium/long term returns;
- Directly accessed from existing streets and highways network;
- Access to existing infrastructure systems on site and no serious constraints for providing additional infrastructure;
- Conveniently adjacent to existing settlements and in proximity to existing social infrastructure;
- Will not impact the environment and ecology of its own extents and surroundings by opening them up for development;
- Demonstrated significant ease of implementation;
- Conducive to development of higher intensity uses; and
- Suitable to accommodate higher density and intensity development.

3. VISION FOR DEVELOPMENT OF OUTLYING LANDS

Create NEW DEVELOPMENT MODELS that:

- Respect, respond and contribute to Auroville's own vision of a Sustainable Universal Township;
- are instrumental in bringing about a paradigm shift in the traditional real estate development industry in the larger region and possibly the country;
- initiate opportunities for the private sector to make responsible investments in the Environment- Social- Governance themes;
- generate positive social and environmental outcomes as well as attractive financial returns for Auroville and its neighbours.

4. ZONAL DEVELOPMENT PLANS

The Strategic Plan also emphasizes the need for acknowledging the importance of AVF owned outlying lands in leveraging regional development priorities with the neighbouring villages. The zonal development plans prepared for Zone 1 and Zone 3 will serve the following purposes:

- Reiterate Auroville's commitment to Responsible Investment within the larger region and not just AVF-owned properties.
- Take a proactive approach towards growth management and urbanization pressures in the immediate region utilizing AV's position as a large landowner to influence the land development and transformation trends.

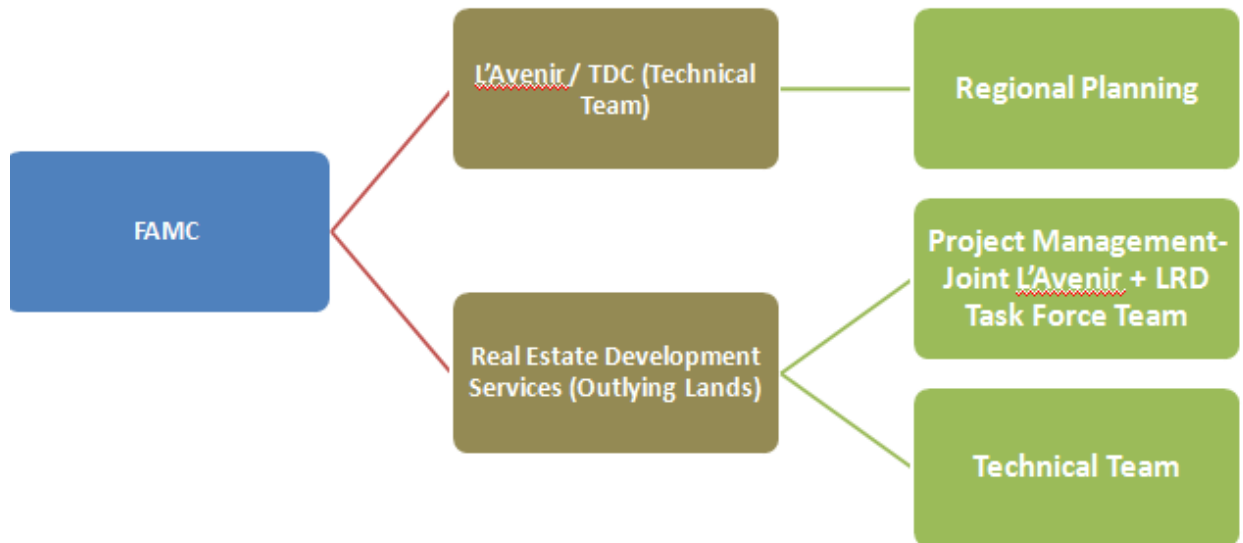
- Mitigate the potential of any adverse social or environmental impacts through large-scale land development projects.
- Foster good faith relationships and negotiations with the surrounding land owners to minimise the risks of increased speculation.
- Capitalize on the human resource base available in and around Auroville to provide the needed workforce for the various development uses locally.

5. IMPLEMENTATION STRATEGIES

Organizational Framework

Compounding the issue of multiple players involved in dealing with land exchange, purchase, acquisition, development, and management are systemic issues that will need to be resolved prior to approaching potential partners, investors, and collaborators. The flowchart shown below illustrates the proposed restructuring of the organizational framework as it pertains specifically to the development of outlying lands.

ORGANIZATION CHART: REAL ESTATE DEVELOPMENT SERVICES



WORK PROGRAMME

	TASKS	TIMELINE	RESPONSIBILITY
ADMINISTRATIVE AND ORGANIZATIONAL FUNCTIONS			
1	Present Strategic Plan to relevant land related groups, impacted residents, Residents Assembly to solicit their feedback	Immediate (0-6 months): September 2013	LRD/ L'Avenir-TDC
2	Solicit endorsement and feedback from the Governing Board to pursue strategic land development of prioritized properties	Immediate (0-6 months)	FAMC/LRD/ L'Avenir-TDC
3	Create a consolidated Real Estate Development Services Team as part of L'Avenir-TDC's Regional Planning portfolio and renamed "Auroville Real Estate Development Service (Outlying Lands)"	Immediate (0-6 months)	FAMC/LRD/ L'Avenir-TDC
4	Adopt Land Development Policies related to sale, exchange, leasing, and AVF driven development for the outlying lands	Immediate (0-6 months)	FAMC/ L'Avenir-TDC/ RA
5	Hire a professional Real Estate Advisory services consultant	Immediate (0-6 months)	FAMC
6	Create ONE centralized consolidated land related team- Auroville Land Development Services- merging LRM+LCC+LMTF with clear deliverables and two main departments: Land Consolidation and Land Management	Immediate (0-6 months)	FAMC/ WC/ RA
LEGAL FUNCTIONS			
7	Continue lobbying at appropriate governmental levels to get approval for selling AVF owned outlying lands as a revenue source.	Short-Term (1-3 Years)	FAMC/ GB
8	Retain the services of a legal adviser to explore alternatives related to the use of AVF owned land for revenue generation and/or Auroville serving as an investor or development partner.	Immediate (0-6 months)	FAMC
9	Consider recruiting a full-time legal counsel to structure, negotiate and draft contracts and agreements	Short-Term (1-3 Years)	FAMC
10	Explore alternatives to address the issue of encroached lands including pursuing legal advice on such matters.	Short-Term (1-3 Years)	FAMC/ Proposed Auroville Land Development Services
MANAGEMENT AND ADMINISTRATIVE STRATEGIES			
12	Identify key criteria for partnerships with private investors, institutions, and developers	Immediate (0-6 months)	L'Avenir-TDC
13	Establish the basis for determining leases and other development/financial models	Short-Term (1-3 Years)	Proposed "Auroville Real Estate Development Service (Outlying Lands)"
14	Develop a transparent bidding/tendering processes (with assistance from a transaction advisory consultant) for leasing of strategic development sites.	Short-Term (1-3 Years)	FAMC/ WC
15	Create an operating budget for the planning, management and administrative functions related to the outlying lands.	Short-Term (1-3 Years)	FAMC

PLANNING FUNCTIONS			
16	Recruit a full-time planner that assists in planning of prioritized outlying lands	Immediate (0-6 months)	L'Avenir-TDC
17	Coordinate detailed site surveys for all the strategic development sites and integrate details with the GIS database.	Ongoing	L'Avenir-TDC
18	Retain a professional valuation expert to establish true values of the "outlying lands"	Short-Term (1-3 Years)	L'Avenir-TDC/ Proposed "Auroville Real Estate Development Service (Outlying Lands)"
19	Create and maintain an updated list of the isolated and encroached properties (incl. GIS)	Ongoing	L'Avenir-TDC
20	Identify prioritized properties for sale or exchange of strategic properties	Immediate (0-6 months)	L'Avenir-TDC/ Proposed "Auroville Real Estate Development Service (Outlying Lands)"
21	Identify catalysts projects for development through leasing or self-development	Immediate (0-6 months)	L'Avenir-TDC/ Proposed "Auroville Real Estate Development Service (Outlying Lands)"
22	Ensure development principles are in place to monitor the performance of future projects, especially as it relates to the environmental impact of large-scale projects on the outlying lands	Short-Term (1-3 Years)	L'Avenir-TDC/ Proposed "Auroville Real Estate Development Service (Outlying Lands)"
23	Work with appropriate local authorities and potential investors to streamline the land reclassification process with the State Government based on the proposed development programme.	Short-Term (1-3 Years)	
24	Collaborate with the local Panchayats to prepare Village Development Plans utilizing the potential of AVF owned outlying lands as leverage to generate local employment opportunities and overall economic development.	Mid-Term (3-5 Years)	L'Avenir-TDC

FINANCING FUNCTIONS			
25	Create a financial plan with targets for revenue generation, spending and investment for the outlying lands	Short-Term (1-3 Years)	FAMC/ L'Avenir-TDC/ Proposed "Auroville Real Estate Development Service (Outlying Lands)"
26	Continue with exploring financial models to engage AVF as a joint development partner in future real estate transactions	Ongoing	L'Avenir-TDC/ Proposed "Auroville Real Estate Development Service (Outlying Lands)"