A case study of investing in heritage landscapes and public space in Yangon

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https://www.facebook.com/DohEainYGN
Content

• Personal background

• Myanmar background
• Overview of Doh Eain
  • Doh Eain – placemaking
  • Doh Eain – heritage led, entrepreneurial placemaking
  • Doh Eain – financially sustainable heritage conservation
• Conclusion
Questions

1. What is of value? Who determines this?
2. How can we inspire people to look after what is considered of value?
3. How can conservation be more financially sustainable?
Observation 1: two common ways of looking at heritage, which often don’t appeal widely enough

- One value dominant (e.g. aesthetic, historic, scientific, economic)
- Black Box of “significance”
Observation 2: conservation and community development approaches are too often negative and disempowering
Observation 3: insufficient financial mechanisms to sustainably unlock the value of heritage
Background – Heritage in Myanmar
Once southeast Asia’s most cosmopolitan hub
Tumultuous times
Decades of military rule have left historic core intact.

Yangon has over 6000 heritage buildings.
A unique city
“Myanmar will urbanize, with a projected 5-10 million people moving to Yangon and other cities over the coming decade or so.

Urban life may define the future of Myanmar: we may have livable cities that are the engines of creativity and productivity, or urban disaster areas that breed crime and social unrest.”

U Thant Myint U 2018
Rapid demolition

Between 1990 and 2011, 35% of heritage buildings in Yangon (=1800 buildings) destroyed.
Tipping point

- Yangon inhabitants only have 0.37 m² of public space per person, versus 6 m² in Jakarta, 8.5 m² in Bangkok, and 30 m² in Paris.
- Serious congestion issues
- Poor air quality
- Reduction in safety and social cohesion
About Doh Eain
How it began

One family
The price of a square foot in Myanmar’s financial capital is about K800,000.

“According to our calculation, residents of 31st and 32nd street would get K8 billion worth of land back by removing the trash,” says Min Ko Naing, a leading democracy activist who was invited to speak at the launching event of the third back alley project this week.

And that does not include all the indirect benefits for residents’ health.

Children are the obvious beneficiaries of the initiative. But so are their parents.

“My kids can play near the house. It is more convenient for us,” says Daw Phyu Phyu Lwin, who lives downtown and is the parent of a 10-year-old boy.

But a resident living on the ground floor is not as enthusiastic. “We had to close the back door because a lot of children are playing in the alley.” Still, he’d rather be neighbours with screaming kids than with squeaking and scratching rats.

Local schools also benefit from the effort. A lot of classes are being taught in apartments where kids cannot play and run around.

“Our school sport hall is on the 6th floor of the school apartment. Children cannot play freely,” said Daw Yin Yin Mon, headmistress of a middle school in Kyauktada. “We are very happy the back alley is near our school,” she admits.

Our newly recovered freedom enables us to grumble and criticise more freely. But most of all, it allows us to initiate projects like Doh Eain’s back alleys.

Dissatisfied with the way things are? Just change them.
In a world of rapid urbanisation, we want to make sure that cities are places with identity, and that they are liveable, inclusive and sustainable.

To that end, we preserve heritage, improve public space and organise activities that connect people with places, employing our user-centred, participatory and market driven approach.
Our focus

Restoration

Public space

Capacity Building
What we do – placemaking

**RESEARCH**
- Investigate and analyse the social, cultural and spatial features, needs and possibilities of places

**DESIGN**
- Detailed design concepts engaging communities and stakeholders
- Pilot projects and prototyping
- Costing
- Government engagement to secure approvals

**BUILD**
- Tender management and design coordination
- Building by our in-house construction team
- Participatory building activities led by our in-house construction team

**ACTIVATE**
- Launch events
- Continuous programming
- Sponsorships and partnerships

**MANAGE**
- Governance and maintenance plans
- Maintenance support
- Safety and security
- Monitor and measure impact

Delivery of reports, visions, concepts, strategies and masterplans

Delivery of a detailed actionable plan for place

Delivery of the place

Delivery of activities that get a place going

Manage activities that keep the space vibrant and alive
What we do – restoration

**RESEARCH**
- Historical research
- Building condition assessments
- Broader heritage asset mappings

**DESIGN**
- Detailed design concepts
- Costing (sometimes subcontracted)
- Government engagement to secure approvals

**FINANCE**
- Financial modeling for specific restoration projects
- Financial products for restoration (in progress)

**RENOVATE**
- Tender management and design coordination
- Building by our team of builders

**MANAGE**
- Ensure occupancy/use
- Tenant support
- Maintenance

Delivery of reports, visions, concepts, strategies and masterplans

Delivery of detailed restoration concepts and designs

Delivery of finance required for restoration

Delivery of actual restoration

Delivery of income that makes model work
What we do – capacity building

SHARE
- Raise awareness of sustainable urban development through media, social media and events

TRAIN
- Capacity building of local government, developers, other relevant stakeholders

EDUCATE
- Education around restoration and placemaking for students

We the City Talkseries
Social media campaigns
Workshop programs
Young Placemaker Program
What is of value?
Placemaking
What is placemaking?

Placemaking is a practice of public space design that harnesses the inspiration and assets of the local community.

Placemaking involves the planning, design, management and programming of public spaces.

Cities have the capability of providing something for everybody, only because, and only when, they are created by everybody.

-Jane Jacobs
Why placemaking

Can express and serve the needs of a diverse range of stakeholder communities.
Placemaking & heritage

• Street or block approach: encouraging residents of a street to look at their neighborhood more broadly (livability, attractiveness, prices)
• Link to other regeneration efforts (lights, waste management, ..)
• Landmark streets: Bogalay Zay, Bosoonpat, Shwe Bon Thar, 19 Street, Sin Oo Dan,
Doh Eain’s placemaking process

**STAGE ONE:**
- Concept & Proposal
- Feasibility Assessment
- In-House

**STAGE TWO:**
- Research
- Design
- Direct Participants

**STAGE THREE:**
- Community Design Workshops
- Community Build Days
- Available Space
- Public in General

**STAGE FOUR:**
- Program
- Event Series Including Launch
- Use
- Bi-Annual & Annual Check-In

- Client
- Communities
- Local government
- Other stakeholders

= Approvals and necessary permits
What we are trying to contribute to:

- Sense of place & identity
- Sense of community
- Accessible and safe places
- Places that contribute to health
- Comfortable places that promote wellbeing
- Ecological sustainability
- More vibrant local economy
- Agency and skills in community counterparts
Positive approaches: Heritage led, entrepreneurial placemaking
Doh Eain’s placemaking process

**Stage One:**
- Concept & Proposal
- Feasibility Assessment
- Research
- Participatory Action Research & Cultural Mapping

**Stage Two:**
- Design
- Community Design Workshops
- Community Build Days
- Available Space

**Stage Three:**
- Build
- Event Series Including Launch
- Use

**Stage Four:**
- Program
- Bi-Annual & Annual Check-In

- Client
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= Approvals and necessary permits
Financially Sustainable Heritage Conservation
Challenges

1) Heritage and public space design & advisory work for clients
2) Investing in heritage properties + property management with a revenue sharing agreement with the owner
Public space design

- Property developers and operators
- Brands
- NGOs
Tailored process

- Consultation
- Participation
- Co-creation

KNOWLEDGE
Better quality urban design

EMPOWERMENT
It’s a right

OWNERSHIP
Sustainability
Maintenance

- Impact Days
- Walking Tours
Barriers to restoration & regeneration

Limited finance:
• Public funds:
  • Limited availability (MM & international)
  • Focus on one-off large projects focused on landmark areas
• Private funds:
  • Limited availability due to risk, externalities, low returns
Doh Eain’s restoration focus

1. Units in tenement Buildings/shop houses est. 20 million sqft
2. Mid-size entire buildings for commercial use est. 3 million sqft
3. Institutional Properties est. 5 million sqft

Private Ownership (70-80% of all heritage buildings)
Public Ownership

Figures from
Existing barriers to renovation of tenement buildings

- Lack of awareness of heritage value
- Limited restoration expertise amongst contractors
- Limited restoration expertise amongst residents
- Limited access to heritage premia
- People have limited access to finance
- Limited access to finance
- Someone has the idea to renovate
- Landlord other incentives than unit owners, some insecure ownership
- Organises resident meetings with residents, formal and informal street leaders
- Difficult to form a committee
- Contractor Selection Based on cost effectiveness (Building 203)
Redevelopment proposition

Developers upfront all investment
Doh Eain’s strategy for tenement buildings

Attractive alternative for property owners to neglect, selling or demolition

- Awareness raising and trustbuilding
- Restoration design
- Pre-financed renovations on a deferred payment scheme
- Design coordination, partial implementation by in-house team of experienced builders
- Property management
- Contribution to community
Invested in renovation since early 2016: 480,000 USD in 15 units (to cover material + labour)

Renovation size per unit: 10,000-50,000 USD

Post renovation unit rental prices: 750 – 3000 USD

Average increase rent: 3.58x

Unit IRR of 15-25%

Average payback time: 3 yrs

Paid back since early 2016: 60,000

0 vacancies, 0 defaults
Example (unit)

- Multi generation family apartment
- Owner had moved closer to work, used the space for income generation
- Would like to move back in future
- Invested 20,500 USD
- Rent from 300 to 1500 per month

“I’d like to live here again in the future, and enjoy a comfortable, modern lifestyle”
Example (building)

- 100+ year old family home
- With children overseas, place too large for parents & no money for maintenance
- Invested 155,000 USD, creating 3 apartments
- Monthly rent: 6,000 USD

"It seemed a win-win solution for Doh Eain, us and the community. It would have been a shame to put up a new apartment building here."
Our financing

• Fairly predictable expenses and income
• Long waiting list of heritage building owners and tenants
• Impact (angel) investors
• So far been able to raise loans at 5%, 3.5 years including 6 months grace (aided by low interest rates elsewhere)
SPVs for individual projects

- Link more of our homeowners with potential financiers on a project by project basis
- Separate entities on Myanmar level, or Myanmar and Singapore
- Doh Eain as connector, investor and service provider (designer, design coordinator, property manager)
Goal: multi-use complex with apartments, offices and community space (about 1/10th of building)

Estimated renovation costs: 400,000 USD

Anticipated monthly rental income: 13,5000 USD

Required minimum lease term 10 years

Project IRR of 13-15%, metrics adjustable

Rent/m2 for owner: 98 USD (after deductions)

Example
Example

• Goal: residential units
• Estimated renovation costs: 200,000 USD
• Anticipated monthly rental income: 8,000 USD
• Required minimum lease term: 12 years
• Project IRR of 14-16% feasible
• Rent/m2 for owner: 106 USD (after deductions)
Challenges

- Bandwidth to undertake data collection and improve communications
- Bandwidth to undertake feasibility studies
- Time needed to undertake feasibility and raise funds
- Insufficiently high returns on more damaged buildings -> currently incentivised to only take on buildings in better condition
Gap financing fund?

More blended finance helpful to scale up work

- Philanthropic funds for feasibility studies
- Philanthropic matching funds to make proposition more attractive to commercial investors
- .....
Thank you

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