

REPUBLIC OF SOUTH AFRICA



National Department of Housing

**SECURING LAND FOR HOUSING
DEVELOPMENTS**

Project Linked Greenfield Subsidy Project Developments

*Generic Specification GFSH-1
August 2002*

INTRODUCTION

*The first phase of a greenfield housing development involves the **identification and securing of land** for such developments. This phase may be subdivided into four sub-phases, which for ease of language in this specification are called phases.*

*The first phase is called the **Application Phase**. In this phase information is required to complete an application for reservation of subsidies in response to a request of an MEC responsible for housing. Data is extracted from an approved IDP or from a researched motivation of need for housing. The application identifies and characterized housing need, identifies a municipal multi-year housing plan and spatial development plan, identifies community participation in housing processes and motivates for Project Linked Greenfield Subsidy Project funds to respond to the identified needs.*

*The second phase is called the **Project Definition Phase**. Following a reservation of subsidies in the area of jurisdiction of a municipality, a project description is used to motivate a Project Linked Greenfield Subsidy Project development in terms of the prescripts of Chapter 3, Part 3 of the National Housing Code. One or more project descriptions may be prepared for the reserved subsidies. Each project description pertains to a particular identified land portion. Where a provincial government accepts a project description an MEC responsible for housing grants conditional approval for a project to proceed to the next stage.*

*The third phase is called the **Project Confirmation Phase**. Following conditional approval of subsidies by an MEC responsible for housing further technical and financial information is required to complete the preparation of a feasibility study and to prepare a feasibility report on a project. The report assesses technical and financial information prepared in the feasibility study and is used for two primary purposes:*

- i) to indicate whether the technical and financial limits set for a project by an MEC in terms of conditional approval will be met within the prescripts for a Project Linked Greenfield Subsidy Project development in terms of the prescripts of Chapter 3, Part 3 of the National Housing Code; and*
- ii) for submission to the NHBRC in order to obtain project enrolment of a project under the NHBRC Warranty Scheme.*

Where a feasibility report indicates compliance with technical and financial limits set by an MEC, and where NHBRC Warranty Scheme project enrolment is obtained and MEC approves a project.

*The fourth phase is called the **Project Agreement Phase**. Following approval of a project an MEC concludes a project agreement with a developer for the development of the project.*

CONTENTS

Page N°

1.	Scope	1
2.	Normative References	1
3.	Definitions	1
4.	Objectives of Application Co-Ordination for Housing Developments	2
4.1	Objectives of the Application Phase	2
4.2	Objectives for the Project Definition Phase	3
4.3	Objectives of the Project Confirmation Phase	3
4.4	Objectives of the Project Agreement Phase	3
5.	Requirements	3
5.1	The Application Phase	3
5.1.1	Minimum requirements	3
5.1.2	Reporting	4
5.2	The Project Definition Phase	4
5.2.1	Minimum requirements	4
5.2.2	Reporting	4
5.3	The Project Confirmation Phase	4
5.3.1	Minimum requirements	4
5.3.2	Reporting requirements	5
5.4	The Project Agreement Phase	5
5.4.1	Minimum requirements	5
5.4.2	Reporting requirements	5

1. SCOPE

This specification contains requirements applicable to the four phases of the process of identifying and securing land for development, being:

- a) the Application Phase;
- b) the Project Definition Phase;
- c) the Project Confirmation Phase; and
- d) the Project Agreement Phase.

2. NORMATIVE REFERENCES

Department of Housing. The National Housing Code.

Department of Housing. Securing Land for Housing Developments. Generic specification GFSH-1

Department of Housing. Geotechnical Site Investigations for Housing Developments. Generic specification GFSH-2.

Department of Housing. Town Planning and related Land Surveying Services. Generic specification GFSH-3.

Department of Housing. Environmental Services for Housing Developments. Generic specification GFSH-4

Department of Housing. NHBRC Warranty Scheme enrolments and requirements. Generic specification GFSH-6.

Department of Housing. Standard forms and schedules:

- Form N1: Application for Reservation of Subsidies
- Form N2: Notification of Reservation of Subsidies
- Form N3: Schedule of Prioritised Land
- Form N4: Project Description
- Form N5: Notification of Conditional Approval
- Form N6: Feasibility Study Report
- Draw Down Forecast
- Schedule of Actual Cost
- Programme for Housing Development

3. DEFINITIONS

Applicant: the agency that responds to subsidies reserved in the area of jurisdiction of a municipality by identifying and selecting land and preparing a project description for each selected land parcel for submission to a provincial government.

Note: The Applicant may only be a municipality or a Provincial Housing Department where a municipality does not yet have appropriate capacity.

Application Phase: the period in the project cycle from the receipt of the provincial subsidy allocation by the MEC from Treasury and the reservation of subsidies by an MEC for a municipality.

Application Co-ordinator: the natural or juristic person responsible for the actions required to secure land for Housing Developments as specified in GFSH-1.

Council: the National Home Builders Registration Council.

Competent Person (Environmental): a person described as such in the generic specification GFSH-4 (Environmental Services for Housing Developments).

Competent Person (Geotechnics): a person described as such in the generic specification GFSH-2: Geotechnical Site Investigations for Housing Developments.

Competent Person (Town Planning): a person described as such in the generic specification GFSH-3: Town Planning and related Land Surveying Services.

Conditional Approval: approval of a project by an MEC responsible for housing based on information provided by an applicant in a project description, subject to specific technical and financial limits set by the MEC.

Developer: the agency that completes a feasibility study and undertakes an approved project by concluding a project agreement with the MEC responsible for housing matters.

Note: Only a municipality or a Provincial Housing Department, where a municipality does not yet have appropriate technical, financial or managerial capacity to act as a Developer, may be a Developer.

Feasibility Study Report: a document setting out the findings of the feasibility study (as specified in Form N6) prepared by or on behalf a Developer for submission to a Provincial Government for confirmation of subsidies for an Identified Land Parcel for a Housing Development on that land.

Home Builder: a natural or juristic person who carries on the business of a home builder as contemplated in the Housing Consumer Protection Measures Act (Act 95 of 1998), appropriately registered with the National Home Builders Registration Council in relation to work executed in terms of the Enrolled Housing Project.

Housing Development: a project approved in terms of Chapter 3, Part 3 of the National Housing Code for the servicing of land and construction of houses for sale to beneficiaries using housing subsidy funds.

Identified Land Parcel: a tract of land, comprising one or more farm portions or erven registered in a Deeds Registry, identified for the purpose of housing development under the Subsidy Scheme.

Municipality: an organ of state within the local sphere of government exercising legislative and executive authority within an area determined in terms of the Local Government: Municipal Demarcation Act, 1998.

Project Agreement: the contract between an MEC responsible for housing and the Developer for a Housing Development enrolled under the NHBRC Warranty Scheme in accordance with the provisions of the generic specification GFHS-6 (NHBRC Warranty Scheme enrolments and requirements), and prepared using the standard pro forma contract documentation.

Project Agreement Phase: the period in the project cycle from the approval of housing subsidies by an MEC for a Housing Development to the signing of the Project Agreement by both the Developer and MEC.

Project Confirmation Phase: the period in the project cycle from the reservation of subsidies by an MEC for an Identified Land Parcel for a housing development, to the submission of a Project Description by an Applicant.

Project Definition Phase: the period in a project cycle from the granting of the conditional approval for a housing development project to the submission of the Feasibility Report to the MEC.

Project Description: a document prepared as specified in Form N4 (Project Description) by or on behalf of an Applicant for submission to a Provincial Government for evaluation of an Identified Land Parcel for conditional approval of subsidies for a Housing Development on that land, comprising three components, being:

- (i) A Motivation
- (ii) Land information
- (iii) Project information.

4. OBJECTIVES OF APPLICATION CO-ORDINATION FOR HOUSING DEVELOPMENTS

4.1 Objectives of the Application Phase

The objective of the Application Phase is to reserve, at the discretion of the MEC responsible for housing, subsidies for Housing Developments within a municipal area.

4.2 Objectives for the Project Definition Phase

The objectives of the Project Definition Phase are to identify and acquire a purchase option over Identified Land Parcels and to thereafter obtain Conditional Approval for the use of reserved subsidies on such land.

4.3 Objectives of the Project Confirmation Phase

The objectives of the Project Confirmation Phase are to confirm the feasibility of a housing development and to secure the Council's in-principle project enrolment and project enrolment for the Housing Development and to thereafter obtain the confirmation of subsidies by the MEC for the Identified Land Parcel.

4.4 Objectives of the Project Agreement Phase

The objective of the Project Agreement Phase is to conclude a project agreement between the Developer and the MEC responsible for housing.

5. REQUIREMENTS

5.1 Application Phase

5.1.1 Minimum requirements

The Application Co-ordinator shall, as a minimum in order to satisfy the objectives of the Application Phase:

- a) compile all information required in Form N1 (Application for Reservation of Subsidies) and its annexures from an approved IDP, municipal reports or studies or from other sources as required;
- b) complete the data required in Part 2 of Form N1;
- c) obtain all signatures and authorities required in respect of the submission; and
- d) submit the application to the MEC responsible for housing by the specified due date.

5.1.2 Reporting requirements

5.1.2.1 The Application Co-ordinator shall retain a file copy of the application together with all maps, plans or diagrams.

5.1.2.2 The report and all drawings must be available in an electronic format unless agreed otherwise at the commencement.

5.2 The Project Definition Phase

5.2.1 Minimum requirements

The Application Co-ordinator shall, following the issuing of Form N2 (Notification of Reservation of Subsidies) by an MEC, as a minimum in order to satisfy the objectives of the Project Definition Phase:

- a) make an open call for land to be offered for Housing Developments in the area of jurisdiction of the municipality and act as a point of contact for all queries related to the call;
- b) receive all offers of land, review their content and adjudicate all land offered against the needs and priorities set out in Form N1 (Application for Reservation of Subsidies) and in terms of criteria, if any, set out by the MEC responsible for housing;
- c) compile a schedule of prioritized land, secure a municipal council resolution supporting the prioritization and complete Form N3 (Schedule of Prioritized Land);
- d) conclude a land acquisition agreement for one or more of the highest priority land parcels as necessary to take up the number of subsidies reserved in the area of jurisdiction of the municipality, using the standard land option or land availability agreement, as necessary;
- e) obtain from relevant authorities, review and incorporate into the Project Description as relevant information from all approved planning documents relating to the Identified Land Parcel and its locality, including:
 - (i) the municipal Integrated Development Plan (IDP);
 - (ii) the Local Development Objectives (LDO) prepared by the transitional local council previously responsible for the indicated land parcel;
 - (iii) the Development Framework or other provincial policy plans, including the provincial Spatial Development Plan;
 - (iv) the Town Planning Scheme/Land Use Management Scheme pertaining to the identified land parcel;
 - (v) any local economic development (LED) plan; and
 - (vi) any Environmental Plan;
- f) obtain and extract from the preliminary geotechnical investigation report prepared by the Competent Person (Geotechnics) relevant information and append the full report including all annexes and diagrams to the Project Description;

- g) obtain and extract from the environmental pre-feasibility scan report prepared by the Competent Person (Environmental) conclusions made on environmental matters material to Housing Development on the Identified Land Parcel and append the full report including all annexes and diagrams to the Project Description;
- h) obtain and extract from the town planning matters report prepared by the Competent Person (Town Planning) relevant information and append the full report including all annexes and diagrams to the project description;
- i) obtain additional information from other sources as necessary to complete the Project Description;
- j) obtain and append to the Project Description municipal council resolutions undertaking to supply and install all bulk and connector services and to take over the installed infrastructure on completion;
- k) prepare an estimate of the number of subsidies in each subsidy band, identify all sources and append source data to the Project Description; and
- l) obtain all signatures and authorities required in respect of the submission and submit the completed Project Description to the MEC responsible for housing by the specified due date.

5.2.2 Reporting requirements

5.2.2.1 The Application Co-ordinator shall ensure that all information in the Project Description is sufficient to enable an MEC to evaluate it for purposes of making a Conditional Approval, and to determine a subsidy variation formula for the project.

5.2.2.2 The Application Co-ordinator shall retain a file copy of the application together with all maps, plans or diagrams.

5.2.2.3 The report and all drawings must be available in an electronic format unless agreed otherwise at the commencement.

5.3 The Project Confirmation Phase

5.3.1 Minimum requirements

The Application Co-ordinator shall, following the issuing of Form N5 (Notification of Conditional Approval) by an MEC, as a minimum in order to satisfy the objectives of the Project Confirmation Phase:

- a) collate documentation necessary to confirm the Developer's status as a Home Builder, or assist the developer to obtain registration as a Home Builder;
- b) collate documentation described in the generic specification GFSH-6 (NHBRC Warranty Scheme enrolments and requirements) for in-principle project enrolment;
- c) obtain and extract from the phase 1 geotechnical investigation report prepared by the Competent Person (Geotechnics) relevant information for the feasibility study report and append the full report including all annexes and diagrams to the Feasibility Study Report;
- d) obtain and extract from any detailed environmental impact studies prepared by the Competent Person (Environmental) conclusions made on environmental matters material to housing development on the identified land parcel and append the full report including all annexes and diagrams to the Feasibility Study Report;
- e) obtain and extract from the town planning matters report prepared by the Competent Person (Town Planning) relevant information and append the full report including all annexes and diagrams to the Feasibility Study Report;
- f) from any other specialist technical or engineering investigation or relevant source extract relevant technical and financial information for inclusion in any section of the feasibility report in order to fully complete the Feasibility Study Report;
- g) compile all the information as instructed in Form N6: Feasibility Study Report;
- h) obtain all signatures and authorities required in respect of the submission and submit Form N6: Feasibility Study Report to the MEC responsible for housing by the specified due date;
- i) collate documentation described in the generic specification GFSH-6 (NHBRC Warranty Scheme enrolments and requirements) for project enrolment and submit to the Council to obtain project enrolment.

5.3.2 Reporting requirements

5.3.2.1 The Application Co-ordinator shall ensure that all information in the Feasibility Study Report will be sufficient to enable an MEC to evaluate it for compliance with limits set in the conditional approval of the project and for the Council to evaluate the project for purposes of project enrolment under the Warranty Scheme and shall append all reports maps, plans and other relevant documents in properly titled and referenced appendices in an order that conforms to the presentation of material in the report.

5.3.2.2 The Application Co-ordinator shall retain a file copy of the application together with all maps, plans or diagrams.

5.3.2.3 The report and all drawings must be available in an electronic format unless agreed otherwise at the commencement.

5.4 The Project Agreement Phase

5.4.1 Minimum requirements

The Application Co-ordinator shall, following the receipt of written confirmation of subsidies for the Housing Development by an MEC, as a minimum in order to satisfy the objectives of the Project Agreement Phase:

- a) extract information from the project description, the feasibility study report and other reports or documents as necessary for the preparation of the Project Agreement;
- b) prepare the following schedules for inclusion in the Project Agreement:
 - i) Schedule of Actual Cost;
 - ii) Programme for Housing Development; and
 - iii) Draw Down Forecast.
- c) co-ordinate content of the project agreement with the MEC responsible for housing.
- d) obtain all authorities and signatures required to conclude the contract.

5.4.2 Reporting requirements

The Project Agreement and all related documents must be available in an electronic format.