

A38 of 2019

REQUEST FOR THE CONCLUSION OF A LAND AVAILABILITY AGREEMENT BETWEEN MATJHABENG LOCAL MUNICIPALITY, FIKILE CONSTRUCTION AND SA HOME LOANS FOR A PERIOD OF THREE YEARS (EXECUTIVE MAYOR) (20/14/4/3)

PURPOSE

To request Council to authorise the Municipal Manager to conclude a Land Availability Agreement between Matjhabeng Local Municipality, Fikile Construction and SA Home loans for a period of three years.

BACKGROUND

Fikile Construction has partnered with SA Home loans to develop GAP market in South Africa. They have identified Matjhabeng as an area where there has been underdevelopment regarding GAP market. It is a fact that the development of GAP market in Matjhabeng has not happened in many years. This has affected the provision of GAP houses in the Area for most professionals and had directly affected revenue or tax base for Matjhabeng. It is therefore critical that companies with capacity should be allowed to develop sites (land) that have infrastructure, especially bulk services.

It is also important that investors who are able to bring investment for the provision of GAP market and infrastructure in areas where there are no bulk services should be considered in order to provide houses for the community of Matjhabeng. Importantly, the development will reduce the risk of land theft and land grab.

The matter served before Council on the 28th February 2019 and Council raised the following concerns:

- That the items do not comply with the land alienation policy;
- Properties to be alienated should be existing serviced stands that fall within the Spatial Planning framework;
- They should not be earmarked for essential services;
- They should be alienated at market-related value in favour of Council.

COUNCIL RESOLVED: (28 FEBRUARY 2019)

1. That the Municipal Manager **BE MANDATED** to negotiate the Service Level Agreement but before it is signed, it should be brought to Council for approval.
2. That the Municipal Manager **SHOULD INVESTIGATE** the possibility of holding companies which signed agreements accountable, by letting them pay a portion of what they promised, in case of failure to deliver.

FINANCIAL IMPLICATIONS

The Municipality will benefit from the sale of land and the increase of the tax base that will emanate from the development.

Fikile construction has undertaken to provide funding for development of gap market and the provision of internal services. In instances of the provision of bulk services, a bulk service agreement will have to be concluded to ensure that the Municipality does not incur costs.

*** **Attached as SEPARATE COVER 9** is the Land Availability Agreement.

LEGAL IMPLICATIONS

The disposal of land should comply with the provisions of section 14 of the Municipal Finance Management Act. In an instance where a land availability Agreement is concluded, the land can only be disposed to the beneficiary after the Banking Institution has approved the loan. The land will automatically revert to the municipality if development does not take place within the stipulated period.

RECOMMENDATIONS

It is recommended:

1. That the Municipal Manager be authorised to conclude a three year Land Availability Agreement between Matjhabeng Local Municipality, Fikile Construction and SA Home loans.
2. That a quarterly progress report must be submitted to Council.

A39 of 2019

**REQUEST FOR THE CONCLUSION OF A LAND AVAILABILITY AGREEMENT
BETWEEN MATJHABENG LOCAL MUNICIPALITY AND PRO AFRIKA LED
CONSORTIUM FOR A PERIOD OF THREE YEARS (EXECUTIVE MAYOR)**
(20/14/4/3)

PURPOSE

To request Council to authorise the Municipal Manager to conclude a Land Availability Agreement with Pro Afrika LED Consortium for a period of three years.

BACKGROUND

Pro Afrika LED Consortium has funding for the development GAP market in South Africa. They have identified Matjhabeng as an area where there has been underdevelopment regarding GAP market. It is a fact that the development of GAP market in Matjhabeng has not happened in many years. This has affected the provision of GAP houses in the Area for most professionals and had directly affected revenue or tax base for Matjhabeng. It is therefore critical that companies with capacity should be allowed to develop sites (land) that have infrastructure, especially bulk services.

It is also important that investors who are able to bring investment for the provision of GAP market and infrastructure in areas where there are no bulk services should be considered in order to provide houses for the community of Matjhabeng. Importantly, the development will reduce the risk of land theft and land grab.

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The Municipality will benefit from the sale of land and the increase of the tax base that will emanate from the development.

Fikile construction has undertaken to provide funding for development of gap market and the provision of internal services. In instances of the provision of bulk services, a bulk service agreement will have to be concluded to ensure that the Municipality does not incur costs.

*** **Attached as SEPARATE COVER 10** is the Land Availability Agreement.

LEGAL IMPLICATIONS

The disposal of land should comply with the provisions of section 14 of the Municipal Finance Management Act. In an instance where a land availability Agreement is concluded, the land can only be disposed to the beneficiary after the Banking Institution has approved the loan. The land will automatically revert to the municipality if development does not take place within the stipulated period.

RECOMMENDATIONS

It is recommended:

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