

DESCRIPTION OF THE LAND DEVELOPMENT PROCESS

DUE DILIGENCE

The first step in the land development process is to conduct a due diligence investigation. This includes a risk assessment of the property in order to identify the threats and potential issues that may have a negative influence on the development of the property. This step includes a preliminary feasibility study to determine whether the project will be viable. The due diligence can be seen as a desktop study which includes data gathering and is usually carried out by the developer. Issues that are to be addressed in this phase typically include:

- Possibility of obtaining the required zonings;
- The availability of services, including electricity, water, sewer and roads;
- Market conditions;
- Viability

This step is undertaken by the developer and needs to be completed before the final decision is made to continue with the project and start investing capital into the project.

APPROVAL OF PROJECT / ACQUISITION OF LAND

Once the developer has completed the due diligence investigation, the project is either approved or rejected. Should the results be positive, the project is approved and the developer enters into an agreement to acquire the land. Land is usually acquired through a Deed of Sale (outright purchase) or by means of a Joint Venture where the land owner and the developer enter into a land availability agreement to develop the property. The type of agreement entered into will depend on the nature of the proposed development and is therefore project specific.

DETAILED FEASIBILITY, CASH FLOW, TIME FRAMES

Once the developer is convinced to commence with the project, a detailed feasibility study, as well as a cash flow breakdown and time frame analysis is completed. This step involves greater and more detailed investigation into the strengths, weaknesses, opportunities and possible threats of the proposed development. Although this step requires more detailed investigations of time frames and cash flows, it does not include comprehensive and final studies.

APPOINTMENT OF PROFESSIONAL TEAM

The developer is now in a position to appoint a team of consultants to assist and facilitate the planning of the proposed development. In this phase major capital is spent. The project is facilitated by the developer's internal project managers. The professional team involved in a land development project typically includes the following consultants:

- **Town Planner** – Responsible for obtaining the relevant town planning rights by means of an application submitted to the relevant authority.
- **Land Surveyor** – In charge of surveying the property and identifying the relevant property boundaries and capturing the contours of the property.
- **Environmental Consultant** – In control of all environmental investigations and authorisations.
- **Architect / Urban Designer**– Responsible for the design of structures and layout of the development and approval of the Site Development Plan (SDP), building plans, landscape development plan as well as marketing material.
- **Civil Engineer** – Responsible for planning and design of all civil services including water, sewer, roads and storm water.
- **Electrical Engineer** – Responsible for planning and design of all electrical services for the proposed development.
- **Traffic Engineer** – Responsible for all traffic related issues on the development.
- **Structural Engineer** – Responsible for planning and design of structures and foundations of the planned buildings.
- **Geologist** – Responsible for investigating soil conditions and making recommendations on proposed types of foundations and structures.
- **Quantity Surveyor** – Responsible for determining detailed costing for the proposed development.
- **Attorney** – Responsible for all contracts, transfers and registration of portions and units.
- **Civil & Electrical Contractor** – Responsible for construction of services and units.
- **Building Contractor** – Responsible for the construction of units.

PRE SUBMISSION PLANNING

The planning phase includes specialist inputs from the appointed team of consultants. This phase is time consuming and requires sound management and seamless facilitation from the professional team. These different inputs must be consolidated and ultimately contribute towards the final layout of the development. The final layout is crucial as this will determine the scope of land to be developed or the number of units that can be developed which will, in turn, determine the income and therefore the final feasibility of the project.

Specialist inputs are provided in the form of reports, applications and plans. The typical outputs of the planning phase include:

- **Contour Survey** by the land surveyor
- Preparation of a **Draft Layout Plan**
- **Town Planning Application**
- **Geotechnical Report**
- **Environmental Impact Assessment** (EIA), including specialist studies
- **Traffic Impact Study** by the traffic engineer
- Civil and Electrical **Services Report**
- **Market Study**

As mentioned above, all of the investigations and reports will ultimately influence the final layout and it is therefore crucial to overlay the various plans and reports to arrive at the final layout plan to be submitted with the town application.

SUBMISSION OF TOWN PLANNING APPLICATION

Depending on the type of development, either a township establishment application is submitted on agricultural land or a rezoning application is submitted on zoned land. Another type of application is a subdivision application. The application can be submitted in terms of the Ordinance or in terms of the Development Facilitation Act (DFA). The application is prepared and submitted by a town planner who is guided by input from the complement of the professional team. The town planning application is submitted to the relevant authority (municipality) and is then circulated to various departments for comments. The application/ proposed developments are advertised on the site and in the newspapers to inform the public about the proposed development. The public then has the opportunity to either object to or comment on the proposed development.

ENVIRONMENTAL AUTHORISATION

After submission of the Environmental Impact Assessment by the environmental consultant, a public participation process is conducted by the environmental consultant to invite comments from the public on the proposed development. The relevant authority might request specialist studies to be completed. Once all comments have been received and the relevant authority is convinced that the proposed development will not have a negative impact on the environment, they will issue a Record of Decision with specific conditions which will serve as environmental authorisation.

TOWN PLANNING APPROVAL

Once all comments have been received from the municipality and the public, the application is then considered for final approval by the municipality. This is a time consuming process and can take up to 24 months to be finalised. Final approval is then issued by the municipality subject to certain conditions of establishment.

PREPARATION FOR SERVICES RETICULATION

The process of preparing for construction includes the following:

- Preparation and approval of the General Plan at the Surveyor General;
- Detailed designs of civil and electrical services and signing of services agreements;
- Calling tenders for installation of services;
- Comply with conditions of establishment;
- Opening of Townships Register at Deeds Office.

INSTALLATION OF SERVICES

This step includes the installation of civil and electrical services. The physical installation is conducted by contractors under the supervision of the civil and electrical engineers.

PROCLAMATION

The proclamation of a township establishment, rezoning or subdivision is completed once all conditions of the town planning approval are adhered to. This involves the publication of a notice in the Provincial Gazette, where after the development is deemed promulgated and now has legal status. Once this step is completed, new rates and taxes are payable on the property.

SECTION 82

In order for stands to be transferred and registered in the Deeds Office, proof must be provided that the development has sufficient services installed and that is in working order. This approval is issued by the Municipality in the form of a certificate that is prescribed by legislation and is commonly known as a Section 82 Certificate, or a Section 38 Certificate in the case of a subdivision. This certificate is usually obtained by the developer himself and the process to obtain the certificate can be a tedious one. This certificate is then submitted with all other relevant documentation required for transfer of the property or units. The requirements to obtain this certificate include:

- Payment of bulk contributions;
- Completion of all service installations;
- Maintenance guarantees;
- Completion certificates.

CONSTRUCTION APPROVAL

This is the final approval needed for the development to legally commence. It includes the finalisation and approval of the Site Development Plan (SDP) and building plans at the building office of the Municipality. This step is usually completed by the architect.

MARKETING

This is one of the most important steps of the entire land development process. Finding the correct agent to market the development is imperative as this will have a direct influence on the success of the project. The quicker the development sells out, the less the interest and holding costs are, which translate into maximum profit. The marketing process should commence at an early stage of the project to test the need in the market and to provide maximum exposure of the development as early as possible. Marketing can be done internally by the developer, through the use of billboards, mass media and appropriate social media or by hosting information on a website; or marketing initiatives can be prepared by estate agents. A combination of the two can also be used for maximum exposure.

CONSTRUCTION

This is the final step in the land development process. Depending on the type of project, construction can take anywhere from between 3 months and 18 months, especially for large projects. Construction is completed by specialised construction companies and must comply with all the relevant conditions laid down in the planning approvals as well as all building regulations.