GAMAGARA

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TO WHOM IT MAY CONCERN

RE: WAY FORWARD ON PROPOSED PARTNERSHIP WITH FACTES GAMAGARA FOR MIXED HOUSING DEVELOPMENT – ALIGNMENT OF THE DRAFT LAND AVAILABILITY AGREEMENT (LAA)

This letter serves as council resolution number (20251120/10.1) for Way Forward on Proposed Partnership with Factes Gamagara for Mixed Housing Development – Alignment of the Draft Land Availability Agreement (LAA)

Purpose of the Item

The purpose of this item is to present Council with the outcomes of the alignment discussions held on 30 September 2025 between the Municipality's technical team and representatives of Factes Gamagara regarding the Draft Land Availability Agreement (LAA) for the proposed mixed housing development initiative.

This report seeks Council's approval of the updated approach confirming that the partnership between the Municipality and Factes Gamagara will proceed under the Municipal Asset Transfer Regulations (MATR), Regulation 34, rather than as a Public-Private Partnership (PPP), and outlines the steps required to finalise the LAA through a transparent and legally compliant process, including public participation.

Background

Council previously expressed its intention to partner with Factes Gamagara for the development of a mixed-housing project in Kathu. The project aims to deliver a blend of subsidised (BNG), FLISP, bonded, and social-housing units, together with supporting infrastructure and community facilities.

Following Council's initial consideration, the Municipality and Factes Gamagara held several technical engagements to refine and align the draft Land Availability Agreement (LAA). A key alignment meeting took place virtually on 30 September 2025, attended by both parties, to clarify the legal, financial, and governance framework of the partnership.

Both parties reaffirmed their commitment to collaborate within a lawful, transparent, and mutually beneficial framework that complies fully with the Municipal Finance Management Act (MFMA) and the Municipal Asset Transfer Regulations (MATR).

Key Outcomes of the Alignment Meeting

- Nature of the Partnership: The partnership is not a Public-Private Partnership (PPP) as defined under the MFMA. It will be implemented under Regulation 34 of the Municipal Asset Transfer Regulations (MATR), allowing the Municipality to retain ownership of the land while granting rights to Factes Gamagara to develop it. The Municipality provides the land, while Factes Gamagara provides technical expertise, financial mobilisation, and project implementation capacity.

- Legal and Regulatory Compliance: The LAA must comply with MFMA Section 14, MATR Regulation 34, and relevant provisions of the Municipal Systems Act and SCM Regulations. The Legal Services Division will redraft and align the LAA and seek concurrence from Provincial and National Treasury if required. A public participation process will be undertaken before final adoption.

- Technical and Infrastructure Alignment: Factes Gamagara will conduct a comprehensive technical assessment of bulk and internal infrastructure requirements, with assistance from the Municipality's Technical Services Department. The results will guide funding mobilisation and development phasing.

- Funding and Subsidy Engagement: The Municipality and Factes Gamagara will jointly engage COGHSTA and Provincial Treasury to secure subsidy allocations and confirm alignment with the Housing Development Grant Framework. The Municipality will facilitate initial stakeholder engagements.

- Governance and Oversight: A Joint Project Steering Committee (JPSC) will be established with equal representation from both parties to monitor milestones, budgets, and compliance, ensuring transparency and accountability.

- Project Duration and Milestones: The LAA will provide for a fixed term of up to 20 years or until project completion, whichever occurs first. Development milestones and performance targets will be detailed in the business plan and monitored quarterly.

- Public Participation: The draft LAA will be advertised for a 30-day public comment period following Council approval. Notices will be placed in local media, on the municipal website, and on noticeboards inviting submissions. A report summarising all comments and responses will be submitted to Council before final adoption.

Legal Considerations

The MFMA Section 14 and MATR Regulation 34 govern the process of granting rights in respect of municipal immovable assets. The Municipal Systems Act (Section 21A) prescribes the procedures for public notification and consultation. The Municipality's Legal Services Division, supported by Provincial Treasury, will ensure that all steps comply with statutory requirements before final signature.

Financial and Socio-Economic Implications

The Municipality's financial exposure will be limited to the value of the land contributed. Factes Gamagara will bear the costs and risks of development. The Municipality will benefit through land compensation, potential profit-sharing on commercial and bonded units, rates and

service revenue, and local economic upliftment through job creation, SMME participation, and skills development.

Way Forward

- Legal Services to finalise the redrafted LAA aligned to Regulation 34 (MATR).
- Municipal Manager to initiate the public participation process immediately after Council approval (notices to be published by 28 November 2025).
- Factes Gamagara to complete the technical and infrastructure assessment by 30 November 2025.
- Joint Project Steering Committee (JPSC) to be established by 28 November 2025.
- Municipal Manager to convene follow-up engagements with COGHSTA and Provincial Treasury by the first week of December 2025.
- Revised LAA, incorporating public-participation inputs and Treasury comments, to be tabled for final Council approval at the December 2025 Ordinary Meeting.

COUNCIL RESOLUTION

1. Notes the outcomes of the alignment meeting held on 30 September 2025 between the Municipality and Factes Gamagara.
2. Reaffirms its intention to partner with Factes Gamagara for the mixed-housing development.
3. Confirms that the partnership will proceed under Regulation 34 of the Municipal Asset Transfer Regulations (MATR) and not as a Public-Private Partnership (PPP).
4. Directs the Legal Services Division to redraft the LAA in line with Regulation 34 and consult Provincial and National Treasury as needed.
5. Approves the commencement of a 30-day public participation process, with notices to be published no later than 28 November 2025 in accordance with MATR and Section 21A of the Municipal Systems Act.
6. Authorises the establishment of a Joint Project Steering Committee (JPSC) comprising representatives from both parties to guide the process.
7. Mandates the Municipal Manager to engage with COGHSTA and Provincial Treasury to secure subsidy alignment and technical support.
8. Resolves that the final revised LAA, together with a report on public participation outcomes, be tabled at the next Ordinary Council Meeting in December 2025 for final approval.

Yours faithfully

MR. LEBOGANG SEETILE
MUNICIPAL MANAGER