



## **'SMART PARTNERSHIP' ARRANGEMENTS**

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### INTRODUCTION TO TEMPLATES

#### **1. BACKGROUND**

The **Social Housing Smart Partnership** contracting arrangement is a systems approach to establishing strong mutually beneficial contractual arrangement between a Municipality and an accredited non-profit Social Housing Institution (SHI). The intention is to establish a solid basis on which a municipality can work with a SHI to use Social Housing delivery to achieve important municipal urban restructuring and socio-economic development objectives.

It helps a municipality to structure its relationship so that it can release assets and resources and help ensure that these are properly used for the intended socio-economic objectives. At the same time, it gives the basis for the SHI partner to run a more viable and sustainable SH business ensuring its longer- term ability to deliver on the municipality's intent.

The approach and related documents are prepared in accordance with the national Social Housing policy and regulations and within the Framework of the MFMA. It also recognises that there is a strong national regulatory framework for monitoring performance of SHIs through the Social Housing Regulatory Authority (SHRA).

The approach structures a strong linkage between Social Housing pipeline management by the municipality, the release of land/buildings and other resources while protecting against misuse, and the conditions of the partnership.

#### **2. OVERVIEW OF STRUCTURING AND PROCESS OF PARTNERSHIP AND LAND RELEASE**

Diagram 1 below outlines the agreement structure with the specific intent of the different stages in the partnership agreement. Diagram 2 shows the process and relationships between the partnership, the land pipeline management and the land release process.

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#### **WARNING:**

This and related docs for THE 'Smart Partnership Approach' are the intellectual property of NASHO /Rooftops and can only be used with expressed permission of either of these parties

## FORMAL AGREEMENTS

### SMART PARTNERSHIP AGREEMENT - SPA

- Terms and Conditions of Co-operation over 5 years between SHI and Municipality
- **Offers reliable Municipal Land Pipeline** for Affordable Rental & Social Housing in **integrated and mixed developments** in urban well-located sites
- **Offers additional incentives and opens the door to SHI-Private Sector Partnerships**

### REQUEST FOR PROPOSALS - RFP

- **Invitational** Call by Municipality to its Registered Social Housing Delivery Partners
- Articulates **City's Vision for Site** - provides site's **urban development framework, minimum density targets, land uses, servicing availability**
- **Response deadline and negotiation period to reach agreement**

### LAND AVAILABILITY AGREEMENT - LAA

- Municipality and SHI **agree on approved Pre-Feasibility and Financial Project Proposal**
- Provides rights to land on Lease or Free hold basis for SHI to continue project packaging and financing process within agreed municipal conditions-Performance Compliance Milestones and Completions targets

### PROJECT AGREEMENT - PA

- Municipality and SHI Partner **agree on Final Project Brief, Property Development Plan, Anchor Business Plan, Phasing Plan and Time Schedule and Completion Milestones**

### DEVELOPMENT COMPLETION

- SH Units tenanted and under management of SHI
- Other rental assets: commercial under the management of SHI
- Sale of ownership units to cross subsidize SH

### LAND TRANSFER

- Type and timing dependent upon the specific development
- Phased as per agreement in 'Project Agreement'
- Follows Time Schedule and Completion Milestones Compliance Milestones

## AGREEMENT CONTENT SUMMARY

### SHI COOPERATION

Agreement validity for 5 Years subject to review on expiry

1. Roles, Responsibilities, Conditions
2. **Responsive approach and expediency**
3. **Targeted Delivery of Social Housing and municipal urban development vision in exchange for Land and Incentives**
4. **Engages in Private Sector partnerships as appropriate**

### SHI - RESPONSE TO RFP

Explores **Development Concept, Pre-Feasibility and Preliminary Financials in compliance with City's Vision for site**

**Engages in Private Sector Joint Venture (JV) Partnership if appropriate**

Responds on EOI format within deadline

### SHI – AFTER EXECUTING LAA

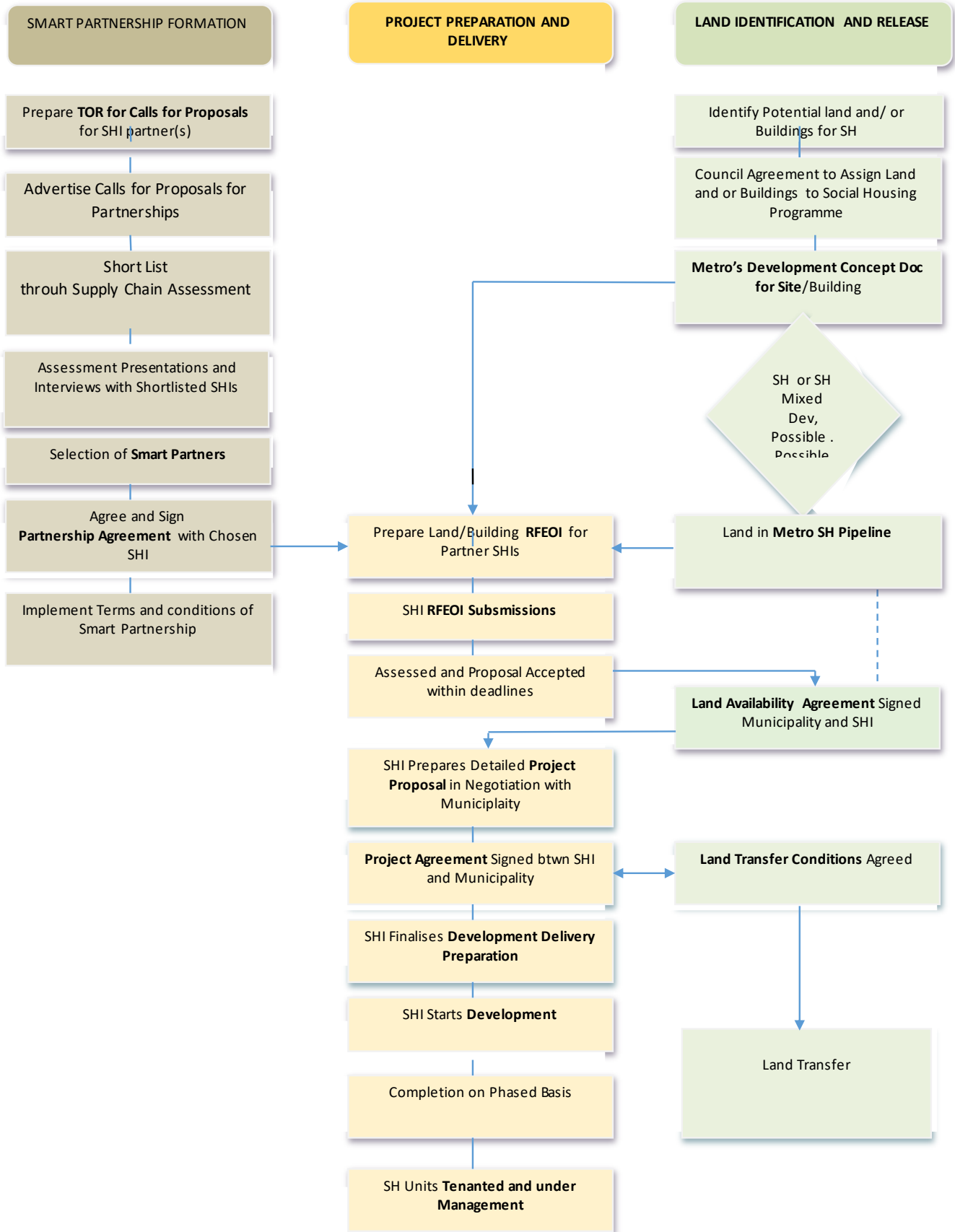
- Negotiates initial development concept with City agree on **Pre-Feasibility and Financial Project Proposal**.
- Begins SHRA submissions for CCG
- Explores Commercial Financing Conditions
- Prepares **Drafts of Project Brief, Property Development Plan, Anchor Business Plan, Phasing Plan, Time Schedule and Completion Milestones**

### SHI – AFTER EXECUTING PA

- Prepares Project Tender Documents
- Prepares Project Procurement Process
- Obtains Grants approvals, commercial financing terms and construction financing cashflow
- Review, updates and **receives approvals to Project Brief, Property Development Plan and Anchor Business plan**

### SHI – PROCEEDS WITH DEVELOPMENT

- Starts construction
- Prepares Management and Operation Plans
- Engages w. JV Partner in Marketing and Pre-Sales activities for market products (if applicable)
- Conducts Compliance Reports to confirm phase land transfer (as applicable)
- **Receives SHRA's performance compliance**



### 3. DOCUMENTS AND TOOLS PROVIDED

You can find on the NASHO website 2 sets of 'aids'

**Templates:** These are various contractual doc templates related to different phases in the 'Smart Partner' process.

**Tools:** These are excel spreadsheets intended to help users in the financial assessment of proposals on sites intended for solely for Social Housing Development and sites intended for 'Mixed Market Development'

#### **Templates:**

SP DOC 1: Introduction (this document)

SP DOC 2: Smart partnership Agreement (SPA) ([Hyperlink](#))

SP DOC 3: Call for Expressions of Interest for Land or Building(s) (EOI) ([Hyperlink](#))

SP DOC 4a: Land Availability Agreement Freehold (LAA – F) ([Hyperlink](#))

SP DOC 4b: Land Availability Agreement Long Term Lease ((LAA – LH) ([Hyperlink](#))

SP DOC 5: Project Agreement (PA) ([Hyperlink](#))

#### **Tools:**

SP Tool 1: SH – Simplified Financial Template ([Hyperlink](#))

SP Tool 2: SH – Site Yield Calculator ([Hyperlink](#))

SP Tool 3: SH - Bid Evaluation Matrix ([Hyperlink](#))

SP Tool 4: Mixed Use – Template to be submitted by applicant ([Hyperlink](#))

### 4. QUERIES

If you have any queries about the approach or the included documents you can contact:

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#### **WARNING BOX**

The Smart partner approach and the relevant templates are the intellectual property of NASHO and Equal Spaces (Rooftop). The approach prepared with the intent of helping municipalities directly to structure their SH programme to ensure effective delivery in line with municipal 'socio economic 'development mandate. We are therefore very happy for municipalities use it internally. However we do not want it used by consultancy firms involved in charging municipalities for their services. We therefore ask you to respect this condition.

The Templates provided are show the general content required to achieve the purposes. Any municipality using these as a basis would need to ensure that they were altered where appropriate to meet their own requirements and that they were legally scrutinized.