



LOTV - RELOCATION VIABILITY REPORT

Final Report: 19 March 2024

Prepared by:

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Overview

This report has been put together to give LOTV as much information as possible to make an informed decision about the relocation of their ministry activities from the Mophela district to a new property that has been identified in the Birnamwood area (located midway between Hilton and Howick; close to the N3 toll road). The official description of this property is as follows: Portion 7 (of 6) of the farm Broadacres No. 13814. This report will look at all the factors that have been considered in the selection of the Birnamwood property as well as the development rollout for the relocation of the ministry activities of LOTV to the new location.

Purchase of the property:

The asking price for the Birnamwood property is R6,995,000. The sale agreement could be structured whereby a 10% deposit payment is paid across into the conveyancers account on signing of the agreement with the balance of the agreed purchase price paid across prior to transfer. (The transfer process would take approximately 3 months).

The other costs that would need to be taken into account in terms of the purchase would be the conveyancing fees as well as the transfer duty on the purchase.

The transfer duties payable on the full asking price would be as follows:

$$R97,075 + R469,975 = \underline{R567,050}$$

The rezoning process:

The town planners have advised that the best way for LOTV to move forward would be to rezone the property. Their professional recommendation would be to have the property rezoned from its current zoning of "Urban Agriculture" to a new zoning of "Residential Only detached 3".

There would also possibly be an environmental application that would also more than likely form part of this rezoning process. The time frames for the rezoning process are set out in a document produced by Simon Plunkett (town planner) and is attached as an addendum to this report. (The town planning cost is also included in the s/sheet that has been included as an addendum to this report).

If an environmental assessment is required this would run concurrently to the town planning application. The detailed report from the environmental assessment practitioner is also attached as an addendum to this report and this includes time frames as well as associated costs for both the environmental assessment work as well as the specialist work that would also possibly be required should the re-zoning trigger an environmental assessment. These costs have also then been included in the s/sheet attached.

As part of the rezoning application a key ingredient is going to be the site development plan which will need to be put together by an architect. This plan would need to show the orientation of the units, their coverage and floor area ratio, parking etc. In other words a full project plan layout would need to be developed. I visited the property with an architect (Werner Cloete of XO Consultancy) in order to get an understanding of the scope of the work and the nature of the property. A quotation for the scope of architectural services is attached to this report. (Please note that there is scope to make minor adjustments to the site development plan before actual construction starts).

Project Team:

The project team is a proposed team, should LOTV move ahead with the development at Birnamwood.

Architectural Services:

XO Consultancy (Werner Cloete)

The cost for architectural services are attached to this report. I have done a site visit with the architect for him to get a 1st hand feel of the property.

There is a detailed site plan that is required for the re-zoning application and thus the overall development plan for the village with accurate floor coverage of the homes and ancillary buildings is required.

Engineering Services:

TGC Engineers (Graham Payne)

The services of an engineer will be required and it is proposed that Graham Payne of TGC Engineers would be involved.

Construction:

Jarco Concepts (Pty) Ltd (Scott Hamilton)

Jarco Concepts is a NHBRC registered construction company & would be available to tender to do the construction work for the development.

Availability of water:

Municipal water is readily available. The current tenant's on the property plus a number of different local residents have confirmed that water supply is consistent & reliable.

From initial discussions with our next-door neighbour, it seems like a few of the properties in the area have functioning boreholes that get good yields.

There is a borehole that is shown to be on the property. The current owners did not install it and have never used it. The plan is to get Sherwood Pumps (PMB) to test the borehole to see if it is working and what the costs would be to put the correct pump in place that is fit for purpose. Should the current borehole not be working; then it does seem that the prospects of tapping into an underground water supply are good.

Movement of Staff:

LOTV would need to have conversations with current staff regarding the relocation to the Birnamwood property and how this would impact affected parties.

Development Timeline:

The attached timelines are based on the detailed feedback from our different stakeholders.

1. **SPLUMA process** - This is the land use management / rezoning process and the scheduled time frame for this is 12 months
2. **Environmental process** - It looks like a Basic Assessment will be required which will take approximately 6 months (this can run concurrently with the SPLUMA process)
3. **WULA process** - This has to do with the water use license, and any property that is going to be using a borehole or using septic tank/french drain sanitation needs to go through this process
4. **Architectural process** - site development plan. This needs to form part of the SPLUMA application and would need to be in place as supporting documentation to the application pack
5. **Engineering process** - a geotech report with an engineering layout plan including stormwater management. This would form part of the site development plan and would also be used in the environmental assessment process. Engineer would also be used in the structural design of the buildings
6. **Development process** - Phase 1 of the development would then take place once municipal approval is in place. The first phase would be the earthworks; followed by the electrical & water reticulation. (We would probably use the services of an electrical engineer to design the electrical layout; so that the whole development is well thought out & correctly equipped in terms of services). The 1st phase of development will take in the region of 12 months.

Based on the above development timeline the project rollout from the start of the rezoning application process to the property being ready for occupation will be approximately 2 years / (24 months).

Current tenants:

The current rental income derived from the current tenants on the property is detailed in the table below. (There are no long-term leases that are in place). LOTV could come to an agreement with the current tenants and continue to derive a monthly rental income for as long as required.

Tenants	Rental Amount	Water	Total
Land Grazing & Income	0.00	0.00	0.00
<u>Noordwijk Jenny's Cottage - J Cambier</u>	4,300.00	506.00	4,806.00
<u>Noordwijk Old Cottage - Richard Claasen</u>	5,000.00	814.00	5,814.00
Noordwijk Small Room - Lynn	1,100.00	330.00	1,430.00
Noordwijk Moria Cottage –Acuttsah	4,500.00	1,617.00	6,117.00
CedaraCottage - Reece Aitken-Smith	3,650.00	539.00	4,189.00
Phakamisa Academy (Pty) Ltd	12,500.00	3,080.00	15,580.00
Noordwijk Stable Cottage - Michael Kemp	6,600.00	671.00	7,271.00
Total	37,650.00	7,557.00	45,207.00

Our engagement with residents who live in the Birnamwood area:

- Sue Hutton - Runs a school from a property 4 km's further along the Birnamwood road. She ran her school from the Noordwijk property for 2-3 years and loved the property. She was very excited about the prospect of LOTV developing the site.
- Steve Walters - The Curehouse/ Wedgewood Nougat (approx. 1 km from Noordwijk farm). He has lived in the Birnamwood area all his life and loves the area. He was also very excited about the nature of the prospective LOTV development.
- Quentin - nextdoor neighbour (property that is wedged between Noordwijk farm and the Sakabula Golf Estate complex)
- Tony Whitfield (architect) - has been involved in the development process for the owner of the adjoining property.

Budget costs to develop the Birnamwood property:

The first phase of building development would involve the following:

- Earthworks & roads
- Electrical Reticulation
- Water Reticulation
- Fencing
- 12no Homes (approx 150m²/ea)
- 1no Babies Home (approx 200m²/ea)
- 1no Multi-purpose hall (church, sport, cultural) (approx 280m²/ea)
- Education Block (approx 100m²)
- Kitchen & Ablution (approx 30m²)
- Covered Area (approx 120m²)

The high-level 1st draft cost for the 1st phase of infrastructure & building development is attached to this report. There are some fee estimates for professionals that will be required in the development process as well as the actual fee proposals/quotations from the key professional role players; which include the following:

- Town Planning
- Environmental - Basic Assessment
- Architectural Services

Access to Education (schools):

There are a number of model C schools in close proximity.

In Pietermaritzburg there are a large selection of schools; and then there are also schools in Howick as well as in Hilton.

A list of some of the schools that would be a consideration for children from Lily of the valley are attached:

Howick:

Pre-schools:

Howick Pre Primary School

St Joseph's Pre-School

Prep Schools:

Thembehle School (Grade RRR - Grade 7)

Howick Preparatory School (Grade R - Grade 7)

High Schools:

Howick High School

PMB:Prep Schools:

Merchiston Preparatory (PMB)
Forest Hill Primary School (Woodlands)
Green Hill Primary School (Northdale)
Northdale Primary (Northdale)
Woodlands Primary (Woodlands)
Pelham Senior Primary
Scottsville Senior Primary
Clarendon Primary
Athlone Primary School

High Schools:

Alexandra High School (Scottsville)
Maritzburg College (Pelham)
Carter High School (Athlone)
Pietermaritzburg Girls High (Scottsville)
Russell High School (PMB)
Linpark High School
Weston Agricultural College

Hilton:Prep School:

Hilton Intermediate

High School:

Etham College (Grade R - Grade 12)

#1 - Christian Care Centre (Where children's village currently situated)

Property Description: **Erf 855 Portion 49**

Size of the land at Lily of the Valley Site: **23.8765 hectares**

Owner: **Christian Care Centre**

Date of transfer: **27/10/2000**

Cost of land: **R225,000**

Infrastructure at current site: 24 children's homes (23no x 70m²/ea & 1no x 100m²/ea), gate house, creche, clinic, community/youth hall. These buildings are surrounded by an electric fence. Water reservoir tank of 350,000L on site with a number of JoJo tanks. Borehole on site with limited capacity. Additional building in disrepair & these fall outside of the fenced portion of the property: (volunteer accommodation (4 adjoining rooms) + old managers home (Bushwillow lodge), conference centre)

Estimated current value of developed property: **R6 700 000 (Six Million Seven Hundred Thousand Rands)**

Property Zoning: agricultural

Challenges: (Maintenance of buildings, security, distance to schools, internet connection, back-up generator broken, reliant on ethekwinini bringing in water tankers weekly)

#2 - Biz Afrika

Property Description: **Erf 855 Portion 282**

Size of the land at Biz Afrika Site: **79.8742 hectares**

Owner: **Biz Afrika**

Date of transfer: **21/06/2004**

Cost of land: **R290,000**

Infrastructure at current site: Clinic, Resource Centre, creche, workshop, pack-house, approx. 5 staff homes, soccer field & clubhouse/changeroom

Estimated current value of developed property: **R8 400 000 (Eight Million Four Hundred Thousand Rands)**

Property Zoning: agricultural

Challenges: Rates bill, water bill, planning approval (some of the buildings built without planning approval), security

Professional Valuation of current Mophela properties:

A professional valuation has been done of the 2no properties and the full report has been attached to this report. (The 2 professional values that were derived from this report are highlighted above)

In the valuation report there was 1 property sale in the close vicinity that was not considered a part of the comparison method of valuation. The reason for not including this property when coming to a valuation was the land that was sold to the HDA for rural housing development. This was the only sale of this type in this area. (This property was thus considered an outlier in terms of property valuation calculations; but well very much be an option when looking at the identification of potential buyers and the sales channels needed to reach them).

Please note that in addition to the full valuation report attached there is also a s/sheet attached which shows an opportunity cost valuation. I made contact with Angela Warbreck (who was in lily employ until end January 2024) and she emailed me some info regarding the sale price of R15k for 1000m2 plots of land that were being sold by the local chief in the area.

The s/sheet then simply takes the 2no Mophela properties (considers a percentage of the properties that would be developable) and then looks at how many 1000m2 plots that would comprise x R15k per plot to arrive at a value. (Please note that this is an addendum to the professional valuation report, and may be of some interest if the third sales channel was explored...details on that below).

Sale of existing properties:

There are 3 proposed sale channels:

1. Commercial agent/s (Initial discussions with Victor Van Niekerk of Harcourts Property Group).
2. HDA (Housing Development Agency). We have arranged for a site visit. Thembeke from the HDA will meet up with Graeme Wright at LOTV on Tuesday the 19th of March at 11am.
3. Other interested parties (Tala Game Reserve, local chief or other local interested parties)

The first sales channel is via registered commercial property agents. Contact has been made with Victor Van Niekerk of Harcourts Property group and he will be in contact with Graeme Wright regarding a visit to the 2no Mophela properties during the week 18 - 22 March 2024.

The second sales channel is the HDA. We have been in contact with the HDA (Housing Development Agency) regarding their interest in the Mophela properties for rural housing. As mentioned in my previous report they ran an initial desktop assessment and are going to follow this up with a site inspection visit on Tuesday the 19th of March at 11am. There are certain criteria that they base it on to determine whether the prospective sites fall within their development objectives. They will also contact the municipality in question (ethekwini) to ascertain their housing development objectives in the area. The lady at NDA (KZN office: 011-5441000) is Thembeke. The reason for exploring the option of the HDA as a potential purchaser was that we discovered during our property valuation study that there was a property of around 100Ha in size that was purchased by the HDA in August 2020 for R27 million (This property was situated 7 km's North-East of the 2no Mophela properties).

The third sales channel are any local interested / affected parties. The lower LOTV property borders Tala Game Reserve and so this property might be of some interest to Tala. Other local parties include the local chief in the area and the need for land for local residents. No contact has been made with any local parties at this stage.

Recommendation:

The 12.95 Ha property in Birnamwood is big enough to accommodate the relocation of Lily, including the possible relocation of Ikhethelo at some time in the future. A dedicated babies home facility, which is also part of the extended vision for LOTV; could also be developed on this property. This property ticked all the boxes with regards size, proximity to schools, water & electricity infrastructure on site, as well as existing buildings for staff and admin staff (these buildings however do need a lot of maintenance work; but are structurally sound). The landscape is one of pasture land and established shade trees and is considered a close to ideal setting in which to develop a village.

In consultation with property owners in the near vicinity; the Birnamwood area is considered safe and secure; and there are many established property owners who have been in the area for a lengthy period of time.

The budget cost for the purchase of the land and development of phase #1 is approximately US\$2 million.

The professional property valuation reported a value for the existing Mophela properties of approximately US\$800,000.

(Exchange rate used: ZAR 18.7650 to US\$1)

The proposed move to the Birnamwood property is considered a beneficial move for LOTV on many fronts. The main factors that LOTV are considering in the proposed move are the following (listed below) and all these factors have been looked into and considered:

- Security (safety of area)
- Water security
- Proximity to quality education

- Distance to major Urban Infrastructure
- Internet availability
- Accessibility

There are approximately 900m² of existing buildings that would need to be refurbished so that they're fit for purpose. It is envisaged that these existing dwellings would be refurbished for office/admin staff, staff accommodation and possibly education/training facilities. The children's homes required would be newly built as would a babies home facility and a proposed church hall/indoor sports complex.

As part of the architectural proposal there is a 1st step to the process which includes a site development design proposal which would be highly recommended in terms of giving funders a look and feel for the overall development. The cost of this 1st step would be R43,500 and the details are all included on the architectural proposal.

Attached documents:

1. Professional Valuation Report for 2no Mophela properties

2. Town Planning Report & Quotation for Birnamwood property
3. Environmental Report & Quotation for Birnamwood property
4. Architectural Report & Quotation for Birnamwood property
5. Excel s/sheet: budget (Phase #1 of development)
6. Zoning certificate for the Birnamwood property