

P.O. Box 3209,
Houghton, 2041
Block A,
Riviera Office Park,
6-10 Riviera Road,
Riviera



R E Q U E S T F O R P R O P O S A L S

T E R M S O F R E F E R E N C E

**APPOINTMENT OF A SERVICE PROVIDER/S FOR THE PREPARATION OF A
BANKABLE FEASIBILITY STUDY FOR THE WILGE DEVELOPMENT LOCATED
WITHIN THE EMALAHLENI LOCAL MUNICIPALITY IN MPUMALANGA PROVINCE.**

RFP/MP/2021/002

PROPOSAL TO BE SUBMITTED BY

NO LATER THAN

11H00 ON 10TH DECEMBER 2021

1. INTRODUCTION AND BACKGROUND

The Housing Development Agency (HDA) is a national public development agency that promotes sustainable communities by making well-located land and buildings available for the development of human settlements. As its primary activity, the HDA assembles state, private and communal land, and buildings and releases it for development. Also, the HDA provides project delivery support services to organs of state at local, provincial, and national levels.

As part of its legislative mandate, Section 7 of the Housing Development Agency Act, (Act No. 23 of 2008) requires the Agency to, amongst others, undertake any processes relating to approvals required for housing development, prepare the necessary documentation for consideration and approval by the relevant authorities, monitor progress of the development of immovable property acquired to create sustainable human settlements.

The Housing Development Agency (HDA) is a national public development agency which promotes sustainable communities by making well located and appropriately planned land available for the development of human settlements. As its primary activity, the HDA assembles state, private and communal land and releases it for development. In addition, HDA provides project delivery support services to organs of state at local, provincial, and national level. Informal settlements upgrading and project management services are also a focus of the organization.

The property in question on erf 165 in Wilge township is a block of flats building project that commenced in May 2017 and had its main contractor terminated at about 92% completion stage in April 2018 due to budget over runs. Adjacent to this property is a vacant land measuring 6,12 hectares that is to be considered to form part of the development. The Housing Development Agency (HDA) was established in 2008 as a public development agency whose objective is to fast-track the acquisition and release of state, private and communally owned land for human settlement developments. The HDA also provides program management services for the development of human settlements and other Human settlements development services.

2. OBJECTIVE OF THE PROJECT

The key objective of the project is to appoint service providers to develop and perform the bankable feasibility studies to assist HDA pursue the developer role for Wilge Development. These resources would assist in finding the best funding model as well as the best combination of the grant capital and debt that will have less risky impact on the HDA and the municipality.

The outcome of this feasibility study should provide a credible platform through which the budget/funding can be streamlined and focused on specific outcomes.

3. PROGRAMME SCOPE

Table 1 below provides a high-level programme scope which outlines the parameters that must be observed in the implementation of this project.

Table 1 : Focus Areas for Wilge Residential Development Programme

| ITEM | FOCUS AREA |
|--|--|
| INTER-GOVERNMENTAL RELATIONS AND PRIVATE SECTOR | <ul style="list-style-type: none">• Focus and prioritize development• Facilitate contractual agreements and unblock legal obstacles• Promote private sector investment and facilitate contractual agreements |
| ECONOMIC EMPOWERMENT | <ul style="list-style-type: none">• Response to Transformation/ ownership agenda in equity participation• Promote job creation, gender equality, youth empowerment and BBBEE |
| INNOVATIVE FUNDING MECHANISM | <ul style="list-style-type: none">• Ensure secured funding and appropriate funding mechanism including alternative sources• Establish funding mix• Target projects that can demonstrate maximum gearing |

4. SCOPE OF WORK AND DELIVERABLES

The scope of work for the appointed professional resource team (PRT) involves, but not limited to, the following amongst other things:

4.1. Project management Activities:

- a. Interpret market study findings and do option analysis and give key recommendations
- b. Prepare detailed financial model with sensitivity analysis
- c. Conduct full bankable feasibility studies and report
- d. Facilitate Project financing and budgeting
- e. Facilitate deal structuring and legal agreement
- f. Facilitate engagements with local major companies for alternative possible uptakes
- g. Assess the beneficiaries (No. 336) affordability levels

4.2. Project Team composition:

- a) Project Finance Specialist
- b) Quantity Surveyor
- c) Property specialist

5. REQUIRED SKILLS & EXPERIENCE

The professional resource team (PRT) firm should provide a multi-disciplinary team which has the skills, expertise and experience necessary to undertake the range of activities set out in this Terms of Reference.

The skills, expertise and experience required are as follows:

Professional Resource Team required:

| Key Resource /Expert | Minimum Qualifications and Category of Professional Registration | Sub-Category of Service |
|--------------------------------------|---|--|
| Project Director, (Team Leader) | <ul style="list-style-type: none"> • Master's degree in Finance or equivalent qualification • Valid proof of registration with a relevant professional body • Must have minimum 10-year post-registration experience in the project deal origination, structuring, negotiation in property investment. | Lead Firm Project Finance, Capital Raising Experience and coordination |
| Quantity Surveyor | <ul style="list-style-type: none"> • Bachelor's degree in Quantity Surveying or equivalent qualification. • Valid proof of Registered Professional Quantity Surveyor in terms of the Quantity Surveying Professions Act, 2000 • Must have at least 5 years' post-registration experience in cost management, property investment development of developments, building | Quantity surveying services |
| Property Economist (Property Expert) | <ul style="list-style-type: none"> • Bachelor's degree in Property economic or equivalent qualification. • Valid proof of registration with a relevant professional body • Must have minimum 10-year post-registration experience as development or property economist in the human settlements space. | Property Specialist |

6. COSTING

The PRT firms responding to this ToR must detail all the cost implications including cash flow projections for the duration of the assignment (i.e. in terms of outputs and progress payments).

7. TIMEFRAMES

The total estimated duration of the contract is three (3) months. An indicative project execution plan with budget, methodology, key deliverables and timeframes must be included in the proposal.

8. EVALUATION CRITERIA

To facilitate a transparent selection process that allows an equal opportunity to all bidders, the HDA has a policy for the appointment of service providers that will be adhered to. Proposals will be evaluated in terms of the prevailing supply chain management policy applicable to the HDA, and it should be noted that:

The evaluation of the bids will be conducted in three (3) stages, viz. administrative compliance, technical / functionality compliance and price and B-BBEE evaluation. In all cases should the documents submitted be certified then the certification must be original and not older than 3 months.

8.1 Pre-qualification (Stage 1)

The compulsory documents to be submitted with the tender are as listed below. Failure to submit any of the documents will result in the tenderer being disqualified and not considered for the next stage, i.e. Functionality.

- Valid and Original or Certified B-BBEE Status level 1-4 verification Certificate.
- In a case of Joint Ventures or Consortium, submit consolidated Valid and Original or Certified B-BBEE Status Level Verification Certificate

Failure to submit the above-mentioned document will lead to automatic disqualification

Bidders who score more than 70 Points out of 100 points on technical functionality will be able to proceed to be evaluated in terms of the points for price and B-BBEE.

| FUNCTIONALITY CRITERIA & POINTS | | |
|--|---|--------------------------|
| Evaluation Criteria | | Maximum Points Allocated |
| Lead Expertise in Project Finance and Capital Raising; Legal and Technical, respectively as per the required deliverables. | | |
| a) Lead Expertise in Project Finance and Capital Raising: (30 points) | | |
| <p>Project Finance and Capital Raising:</p> <p>1. Relevant Firm Experience in Mixed Use Developments, including Social Housing Supported by appointment letters and reference letters from reputable clients for <u>every project for which experience is claimed.</u></p> <p><i>Project lists will not be scored.</i></p> <p><i>List of different projects on one letter will be considered.</i></p> <p><i>Only signed reference letters indicating completed: feasibility studies including financial viability assessments for mixed use developments including social housing, office accommodation, infrastructure projects will be considered.</i></p> <p><i>The individual scores of separate professionals will result in an average score for a formed consortium</i></p> | <p>7 – 10+ List of <u>successfully completed</u> feasibility studies, including financial viability assessments with contactable reference letters = 30 points;</p> <p>4 - 6 List of <u>successfully completed</u> feasibility studies, including financial viability assessments with contactable reference letters = 20 points;</p> <p>1 - 3 List of <u>successfully completed</u> feasibility studies including financial viability assessments with contactable reference letters = 10 points;</p> <p>0 List of <u>successfully completed</u> feasibility studies including financial viability assessments with contactable reference letters = 0 points</p> | 30 |

| | | |
|---|---|------------------|
| <p>2. Demonstrated Experience of the <u>Project Finance Specialist</u> / Leader</p> <p><i>Proof of experience such as reference letters from clients indicating the number of completed / current feasibility studies including financial viability assessments for completed / current mixed-use developments including social housing, office accommodation, infrastructure projects managed by the Project Finance Specialist will be required.</i></p> | <p>Reference letter(s) indicating 10 or more successfully completed feasibility studies including financial viability assessments for mixed use developments including social housing, office accommodation, infrastructure projects = 20 points;</p> <p>Reference letter(s) indicating 5-9 successfully completed / current feasibility studies including financial viability assessments for mixed use developments including social housing, office accommodation, infrastructure projects = 10 points;</p> <p>Reference letter(s) indicating 1-4 successfully completed / current feasibility studies including financial viability assessments for mixed use developments including social housing, office accommodation, infrastructure projects = 5 points;</p> <p>No Reference letter(s) indicating successfully completed / current feasibility studies including financial viability assessments for mixed use developments including social housing, office accommodation, infrastructure projects = 0 points;</p> | <p>20</p> |
| <p>3. Project Finance Specialist and Core Team's <u>Qualifications and professional registration</u></p> <p><u>All members shall be in good standing</u> in all respects including ethically and professionally and should provide proof in that respect</p> | <p>20 points for relevant finance qualification and at least a Master's Degree and proof of professional registration with relevant industry body</p> <p>10 points for relevant finance qualification and at least a Bachelor Degree and proof of professional registration with relevant industry body</p> <p>5 points for no relevant finance qualification and Bachelor Degree and proof of professional registration with relevant industry body</p> | <p>20</p> |

| | | |
|---|--|-----------|
| | | |
| <p>2. Professional Registration, Skills and Experience</p> <p>Provide proof of professional registration with relevant industry body (combined experience)</p> <p>Technical team:</p> <ul style="list-style-type: none"> Quantity Surveyor Property Economist <p>All members shall be in good <u>standing</u> in all respects including ethically and professionally and should provide proof in that respect (i.e Letters of Good Standing for Quantity Surveyor, etc)</p> | <p>20 points for proof of professional registration for the full technical team and minimum 20 years' work/ project experience on each expert (2 professionals)</p> <p>10 points for incomplete Technical Team, proof of qualifications and professional registration and less than 15 years' work / project experience (2 professionals)</p> <p>5 points for incomplete Technical Team, proof of qualifications and no professional registration and less than 10 years' work / project experience (2 professionals)</p> <p>0 point for no technical team and proof of qualifications</p> | 20 |
| b) Methodology: (10 Points) | | |
| <p>Methodology:</p> <p>1. Methodology for a Bankable Feasibility Study for a Mixed-Use Development, Project and a Project Plan.</p> <p>At least 5 pages methodology (incorporating the scope of work to be undertaken and an indicative project plan and time frame) on how the deliverables will be rolled out i.e. an innovative approach.</p> | <p>10 points if the proposal demonstrates extensive understanding of the PPP framework and other alternative funding models.</p> <p>5 points if the proposal demonstrates adequate and fair understanding of the PPP framework and other alternative funding models.</p> <p>0 points if the proposal demonstrates a limited understanding of the PPP framework and other alternative funding models.</p> | 10 |

| | | |
|--|---|------------|
| | | |
| TOTAL POINTS | | 100 |
| e. FUNCTIONALITY CRITERIA & POINTS- Evaluation Notes | | |
| <ol style="list-style-type: none"> 1. Bidders must submit a project proposal with a methodology and an indicative project plan and time frame. 2. The methodology shall be evaluated on services as indicated under the scope of works. 3. The methodology should demonstrate the understanding to delivery of well maintained, cost-effective property development. 4. The HDA requires that the points above are substantiated as detailed in the functionality areas. | | |
| f. GENERAL DEFINITIONS | | |
| 1. "Experience of Firm" | means the number of similar projects that the firm has been involved with for national/provincial/local government. | |
| 2. "Highest relevant qualification" | means the highest qualification relevant to the position of the key personnel for which he/she is nominated. | |
| 3. "Key Personnel" | means those personnel directly involved with the programme/project and who will be seconded to the project. | |
| 4. "Relevant experience" | means years' experience in a similar position in line with the scope of the project. | |
| 5. "Scope" | as defined in the Terms of Reference. | |

Price and B-BBEE

| CRITERIA | SUB-CRITERIA | WEIGHTING/ POINTS |
|---|---------------------------|--------------------------|
| Price | Detailed Budget Breakdown | 80 |
| B-BBEE Status Level Verification Certificate from accredited verification agencies. | B-BBEE Level Contributor | 20 |
| TOTAL | | 100 |

9. GENERAL

Below are compulsory requirements for this service:

- 10.1 It is important to note that the successful bidder will work under the supervision of a HDA representative, abide by HDA's Code of Conduct, and other organisational guidelines.
- 10.2 Kindly submit the following documents:
 10. Valid original tax clearance certificate/PIN.
 11. SBD Forms (SBD4, SBD6.1, SBD8 and SBD9) obtainable from HDA Website: www.thehda.co.za/procurement. Under compliance checklist.
 12. Valid Professional Indemnity to the minimum value of R50 million, valid for the duration of the project
 13. Valid and Original or Certified B-BBEE Status Level Verification Certificates issued by the following agencies SANAS, IRBA or CCA.
 14. Accredited Quality Management System – QMS Certificate
- 10.3 Further information regarding technical matters you may direct your queries by email to: jerry.makofane@thehda.co.za or at tel: 011 544 1000, and
- 10.4 Further information regarding supply chain matters, queries can be send via email to: jerry.makofane@thehda.co.za or at tel: 011 5441000

15. TERMS AND CONDITIONS

- 11.1 The HDA undertakes to pay in full within thirty (30) days, all valid claims for work done to its satisfaction upon presentation of a substantiated claim/invoice.
- 11.2 No payment will be made where there is an outstanding information/work by the service provider/s.

16. SUBMISSION OF PROPOSAL

- 12.1 Proposals should be submitted on or before the **10th December 2021** by no later than 11h00 to:

**Attention: Supply Chain Management
Maxwell Drive
Megawatt Park
Sunninghill
2070**

- 12.2 The selection of the qualifying proposal will be at the HDA's sole discretion. The HDA does not bind itself to accept any particular bid/proposal, and the HDA reserves the right not to appoint any service provider.