

Lilayi Housing Estate Lusaka, Zambia

First-time Homebuyers' Handbook

2 December 2004

TCG International, LLC
Housing Delivery Project in Zambia
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1. Handbook Purpose

This First-time Homebuyers' Handbook is designed to assist new homeowners in understanding their rights and responsibilities as owners of new houses in the Lilayi Housing Estate, a new property development located a few kilometers south of Lusaka that will include approximately 5,200 houses and all related urban services in the Lilayi area. The Handbook is intended to anticipate and answer questions that will occur to first-time homebuyers.

2. Development Plan

The Project Developer has prepared an overall site plan for the 250 hectares to include an urban center surrounded by some 5,200 fully serviced plots on which the Project Developer intends to build a variety of single-family homes and a smaller number of duplex attached houses. All single-family stand-alone houses will sit in the middle of their own lot, and the duplex houses will have open space on three sides with a common wall with the adjoining unit. This Development Plan has been presented to the LCC and is under review, including the change of land use status from Agricultural usage to Residential. The Ministry of Local Government has formally approved the change of land use. The urban plan has been reviewed in detail and approved in principle by LCC.

The Development Plan includes infrastructure properly scaled to support the completed units and urban center. The site will be built out according to a schedule calling for incremental completion of integrated sections of the overall site. This approach will allow the Project Developer to install the basic infrastructure for the entire site and then incrementally build the individual roads, electric & water & sewer connections, and the individual groups of houses according to specific market conditions. The Project Developer is fully committed to building out the entire site within three years. Roads and other infrastructure will be handed over to LCC once the infrastructure bond has been repaid. Until that time, Lilayi Infrastructure Development Company ("LIDC"), the issuer of the bond, will take responsibility for the maintenance of the infrastructure it finances.

The project has been divided into phases, and phasing for home construction will be built in accordance each phased plan. Basic infrastructure (ring roads, sewer mains, and water lines, etc) will be constructed first, with individual home connections completed as the phased construction programme proceeds. Houses will be sold in these phases in the order they are developed.

The Ministry of Lands will issue title on every house and commercial plot. The overall plot is currently under a single title deed in the name of Lilayi Development Holdings—the Project Developer. Individual title will transfer to each homeowner as and when purchased (i.e. mortgage issued and proceeds paid over) in terms of an assignment of a portion of the master lease.

The potential neighbors in Lilayi Housing Estate will be people who work for a living and have a stable family life. They are likely to be fairly young to early middle aged, with good long-term employment and income prospects. In Lilayi most neighbors may be expected to own their own vehicle. Such neighbors will likely keep up their houses and thereby improve the property values of all houses in the area. A good neighbor makes for good values.

3. Quick Review: Questions and Answers about Becoming a Homeowner

Here are several questions many people have about owning their own home. Quick answers are provided, and the reader is invited to find out more from the Sales Office.

4. What does it mean to be a home owner?

- a. How is it different from renting?
As a renter, you occupied a house that was owned by someone else. You only had to pay rent and for water and electricity. You didn't have to repair things. The property owner took care of everything, including painting, replacing broken windows, fixing the plumbing, and patching roof. As the owner, you will be responsible for everything.
- b. How do I protect and increase my property value?
The house and land can be expected to increase in value if they are well maintained. Keep the property clean and in good repair, and you will receive the benefit of increased value.
- c. What will be expected from me?
 1. The Project Developer will require you to respect the terms and conditions covering all properties in the Estate, as specified in the sales agreement.
 2. The Mortgage Lender will require you to make the loan payments on time, as specified in the loan agreement, including keeping the property in good condition.
 3. The Lusaka City Council will require you to pay Rates based on the value of the property.
 4. The Ministry of Lands will require you to pay the annual land lease fee.
 5. Your neighbors will expect you to respect their rights to privacy and to be able to live in a safe and clean area.
- d. What can I expect others to do?
 1. The Project Developer will provide the completed house with the plot clearly demarcated, the roads, and basic infrastructure, and will maintain the Estate for at least 15 years. The Developer will also provide you with approved plans for making your house larger.
 2. The Project Developer will also build the local shopping center and commercial areas to provide for the needs of all residents.
 3. The Mortgage Lender will provide long-term financing according to your needs and ability to pay, will distribute the loan proceeds to the Project Developer and others who built the house and improvements, and will maintain a record of all payments you make. If you don't make the required payments the Mortgage Lender will take back the property and sell it to someone else.

4. The Lusaka City Council will provide public services according to agreements to be established between LCC and the Project Developer, including rubbish collection, building code enforcement, and other municipal functions.
 5. The Ministry of Lands will provide the legal land registration and leases.
 6. The Ministry of Education will provide teachers and work with the Project Developer to build schools in the area.
 7. Zamtel will provide local phone lines and service capacity to the area.
 8. ZESCO has already built a substation to the Estate and will provide local electric service to every house.
 9. Your immediate neighbors will respect your right to privacy and will agree to follow the rules of the housing estate.
5. What is it like at the Lilayi Housing Estate?
- a. What does the estate look like?
The Project Developer has designed an overall site plan showing all of the planned houses and shopping areas. The Site plan and model houses are available for viewing at the developer's offices in Farmer's House in downtown Lusaka.
 - b. How can I buy a house in Lilayi Housing Estate?
Houses are priced from \$10,000 to \$15,000, according to size and location.
 - c. What if I don't have all the money to pay now?
Financing is available for qualifying buyers based on their capacity to pay the loans. The Project Developer has arranged for affordable financing through local and international banks and investment companies.
 - d. Who do I see to arrange a loan?
The Project Developer has set up a sales office near Farmer's House where the entire process is handled by its sales department in coordination with the mortgage lender and the Ministry of Lands.
 - e. What are my loan options?
Interested homebuyers are interviewed at the Sales Office. There the property sales representative will advise each interested homebuyer on available houses, the building completion schedule, and the general financing terms. The Mortgage Lender (located in the connected office) makes the final loan decision based on the buyer's credit history, family income, and references. Loan examples are shown elsewhere in this Handbook, while buyers are encouraged to provide as large a down payment as possible in order to reduce the monthly loan payment.
6. What will it cost me to live in Lilayi Housing Estate?
- a. In addition to the base sales price of the house, you will have to pay a fee for registering the land lease, a processing fee for the sales administration, and the property transfer tax. In addition, if you take out a mortgage loan, a fee is included to guarantee that future monthly payments in Kwacha do not go up by more than 20% from one year to the next. All of these costs will be explained to you by the sales representative.
 - b. Rates are payable once a year, based on a tax percentage of 0.0075% per thousand kwacha of value. It is expected that the initial annual rates amount will be about K337,500 for the average house. Each homeowner will receive a rates bill from the Lusaka City Council. Your sales representative will assist you in estimating the amount of your initial rates.

- c. Water bills will be issued by the Project Developer based on actual metered usage; electric bills will be presented by ZESCO based on metered usage; and telephone bills will be issued by Zamtel based on actual usage. Each of these service providers will have a payments office in the Lilayi town centre.
 - d. Buses and taxis will provide services to downtown Lusaka and its suburbs.
7. Where can I get more information?
- a. The Project Developer's sales office in Farmer's House has complete information about living in Lilayi Housing Estate, including up-to-date estimates on house prices, construction schedules, taxes, fees, land titling, and mortgage loan information.

8. What is Included in the Lilayi Housing Estate

This section of the Handbook presents a basic understanding of who is responsible for each of the critical inter-related elements of the housing development process, with special reference to the applicability to the Lilayi Housing Estate. The Development Matrix is also shown in summary form as a table in Annex 1. The site itself is described in Annex 2. A map of the Lilayi area is included as Annex 3.

a. Housing Land Plots

The Project Developer undertakes to provide a clear title to a subdivided plot for every house buyer. The Development Plan calls for 300 sq mt individual plots for the stand-alone houses, and 200 sq mt for the semi-detached houses. Each plot will be subject to the normal building restrictions regarding setbacks from the boundary lines and permitted usage, and will be limited to having only a single housing unit. Enforcement of these restrictions by the Project Developer (through covenants included in the sales agreements and mortgage documents) will ensure that property values will not be degraded by unplanned and illegal usage of the urban areas. At the same time, the Project Developer has included within Lilayi Housing Estate appropriate space for the various urban services.

In addition to the house plots that make up the majority of the Estate, the Project Developer's urban design team has included commercial and civic space on serviced plots in the planned urban centre for shops, markets, trades, schools, parks, and other amenities. These services will assure the highest possible long-term property values for the entire Estate.

b. Houses

The initial houses offered for sale will be 50 sq mt and 42 sq mt units on the 300 sq mt plots, and 38.5 sq mt units on the 200 sq mt plots. Each house will include the water, sewer, and electrical connection points, the fully enclosed unit with walls, roof, floor, doors, windows, plumbing (sink, toilet, bath), metered water and electricity, sanitary sewer, electrical and water fixtures, driveway, and culverts over drainage ditches, and an occupancy permit. The Project Developer has designed architectural plans that conform to building regulations for increasing the size of the original houses.

c. Other Buildings

In addition to offering completed houses for sale on serviced plots, the Project Developer will design and build out the major commercial shopping centre. Additional commercial/industrial space will similarly be constructed and either leased or sold to commercial tenants and buyers.

The Project Developer will assure the timely build out of the urban centre contracting the construction activities to major contractors with performance bonds in place.

The Project Developer plans to build a project design, development, and sales office in the urban centre and to develop "show-houses" to be located at Central Park as the Sales & Processing Centre for ease of access by potential homeowners and for security reasons.

d. Roads (on-site)

The main roads will be graded on the entire site. Later hard surfacing will be done as each phased section is built out and sold. Curbs are included in the design, with limited sidewalks in high-traffic areas.

e. Roads (off-site)

The main initial access to the Lilayi Housing Estate will be from the existing hard-surfaced Kafue Road and Lilayi access road to the entrance to the Lilayi Police Training Academy. The Project Developer will improve the road on the Southwestern side. At a later stage the existing roads from Lilayi to the water works and other southern Lusaka suburbs will be improved by the LCC in order to reduce the congestion at the Kafue roundabout. LCC (with donor support) is to improve the road from the northwestern side into town.

f. Transportation

It is expected that many house buyers will own personal vehicles, a limited number of which they will be able to park on their plots. Bus operators and taxis will be encouraged to provide their services to residents. The Project Developer has designed space for bus stops and taxi stands in the Development Plan.

The adjacent rail line makes it possible to consider a commuter rail service to the main Lusaka train station; the Project Developer will investigate the possibility of reviving the rail commuter link between Chilanga and Lusaka with Zambia Railways.

The nearest existing petrol station is about eight kilometers away, near Andrew's Motel. The Development Plan includes several petrol stations for the urban centre, to be developed by private interests.

g. Electricity

ZESCO has already placed a major substation on the site and will provide smaller substations as and when needed according to the Development Plan and market conditions.

ZESCO has agreed in principle to cover all costs associated with electricity infrastructure required, with 9 KVA service to be provided as a design load per household, and typical usage estimated 3 KVA. ZESCO will install infrastructure as required, with the costs to be recovered through tariff charges. Street lighting is included in the Development Plan, and the Project Developer will arrange with ZESCO for the ongoing operating expenses for it.

The 9 KVA residential electric service load is expected to be sufficient for house lighting, electric heater, electric stove, refrigerator, and TV, and possibly a geyser (electric water heater). These appliances are not included in the sales price of the house.

h. Communications

Zamtel will extend landline phone service according to its own development plan. In addition, cell phone coverage may be available, with the Project Developer offering land for a cell tower on a commercial basis to cell phone service providers. Internet service providers and Internet Café operators will also be encouraged to make Internet access available to Lilayi Housing Estate homeowners and businesses by taking up formal and informal commercial rental space in the shopping area. The Project Developer will also offer commercial space to Zamtel for an area office and possibly a collections office on a commercial basis.

i. Water and Sewerage

The Project Developer will establish a local water company to distribute potable piped water to each plot and to collect the sewerage. The water will be metered, and the wastewater will be taken to off-site aeration ponds for subsequent re-use of the water for agricultural irrigation use. The local water company plans to bulk purchase water from Lusaka Water and Sewerage Company (LWSC). The plan is for LIDC to provide the distribution to each plot and the sewerage. Detailed arrangements for the recovery of LIDC's costs will be negotiated with LWSC. The estimated costs for the water and sewerage services will be communicated to the homebuyers as soon as they are known.

j. Rainwater Drainage

The Lilayi site is generally high ground and well drained. Rainwater runoff will be directed to closed drainage canals along the side of the roadways, eventually leading to streams off-site. Access to the house plots will be over culverts that are included in the sales price of the houses. Rainwater runoff will be directed through underground storm water sewers located outside the house plot boundaries, where it will be used off-site for agricultural irrigation purposes. The LIDC is responsible for maintenance of the rainwater drainage passageways.

k. Trash Collection

Residents are required to place their household trash and garbage in suitable receptacles for regular collection by a rubbish collection contractor (initially hired by the Project Developer) who will take the rubbish to a tip site to be authorized by the LCC. Trash burning is not permitted.

l. Schools and Sports Facilities

The Project Developer has included urban space for schools and sports fields in the Development Plan, and Private and Government schools are encouraged to develop their facilities. It is expected that both primary and secondary schools will be available, with their appropriate recreation facilities.

m. Clinics

The Project Developer has designed an urban centre for commercial space, including clinics, in the Development Plan. These issues are yet to be addressed in detail. Private clinics can be expected to be interested in locating to Lilayi, and the Project Developer will encourage such developments.

n. Markets and Shopping

The nearest and most easily accessible supermarkets and shopping are about 11 kilometers away on the Kafue Road at Makeni, although the southern Lusaka suburbs are only about 5 km away on the dirt road along the eastern property boundary. The Development Plan includes space for a market area in the urban centre. The urban centre will be zoned for commercial use, and there is provision for a 'formal' shopping centre and 'formalized informal' shopping, as well as light industrial within the development. The Project Developer will begin to advertise space availability for such purposes and target selected existing operators to consider opening in the estate. The Developer is currently involved with or managing three major shopping centers, and many of these tenants are expected to migrate to the new estate. The housing areas are for residential purposes only and no commercial usage is allowed.

In order to maintain property values and encourage orderly development, land usage regulations and covenants will be enforced by the Project Developer. Potential conflicts may occur if homeowners set up small shops in their homes to sell packaged food and beverages, repair cars, sell charcoal, cut hair, or have a lawyer's or doctor's office. These restrictions will be included in sales agreements and loan documents, and title deeds will additionally contain covenants guiding usage.

o. Police and Security

The Development Plan includes space in the urban centre for police services. Development of the space will depend on the Ministry of the Interior.

p. Banking Services

The Project Developer has arranged for a private bank to offer attractive loans for the purchase of houses by eligible buyers. In addition, commercial space will be available in the urban centre for bank branches and other financial services.

The bank offering mortgage loans will set up a modern retail banking office in the urban centre to take loan applications and make collections. Modern retail banking includes taking deposit and setting up Automated Teller Machines (ATMs). The Project Developer is working with the bank and with employers to establish direct deposit and debit arrangements so that employee salaries can be deposited directly to their individual bank accounts, and the loan payments can be withdrawn automatically each month. These arrangements will make it very convenient for the homeowners so they will have security for their salaries by not having to take their salaries to the bank in cash, and will not have to go to the bank to make their monthly mortgage payments. These details will be worked out with each individual homeowner.

q. Rates (Property Taxes)

Property owners are required to pay annual rates to the Lusaka City Council. The amount of the tax is set according to the assessed value of the property and the authorized tax percentage that is applied. LCC property assessment officers will assess each house and inform the owner how much their annual tax is. Because the Lilayi Housing Estate is new the initial valuation and assessment process will be uniform. Later annual adjustments will depend on the improvements that the homeowners make to their properties, and how well they maintain them.

The present basic property tax rate is 0.0075% per thousand of valuation in Lusaka, but the LCC is doing a rate revaluation exercise this year. Sales prices and assessed values usually will be

somewhat different, with the assessed value typically being much less. The owner of a house valued for tax purposes at K45 million (the typical Lilayi sales price) would attract annual rates of K337,500 (\$72), or about half of a typical monthly mortgage loan payment. Rates are usually paid once per year in a single payment, directly to the LCC.

9. Sales Prices and Financing Arrangements

The final sales prices of the houses (including the fully serviced plots) are expected to be in the range of K 45 million to K 70 million (from about \$10,000 to \$15,000), depending on the size and location of the specific house. The Project Developer's sales team will have precise information on the houses that are offered for sale at each stage of the sales process, while this Handbook will assist the potential homebuyers in understanding how the process works and what they can expect.

If a homeowner buys the house outright there will be no charge (claim by someone else) on the title. However, if a financial institution lends money to a homeowner to buy the house, the financial institution will place a charge on the title until the loan has been repaid. In the event the loan is not paid as agreed, the financial institution has the right to take back the property and sell it to settle the debt.

When a financial institution makes a housing loan, that lender will have the right to inspect the house and decide how much it is willing to lend. This credit decision is based on the borrower's ability to pay, and on the value of the property that is being financed.

The exact loan terms and conditions are still under negotiation between the bank and the Project Developer, but the expected result will be that creditworthy homebuyers will be offered loans of up to 80% of the sales price payable over 7 to 15 years at an interest rate in the range of 15% per year on the unpaid loan balance. The required monthly payments will make it possible for working families to own their new homes in Lilayi Housing Estate.

The borrower's payment ability is proven by having stable employment, having a proven history of paying debt, having the capacity to pay the loan while also maintaining all other obligations, and by character references. The house value is proven by an analysis of the house itself as to condition and age, as well as on the surrounding area and how well maintained those other houses are.

The lender will set the final loan terms and conditions. The Project Developer recognizes that Kwacha-denominated loans would bear an annual interest rate of up to 40% on the unpaid loan balance, and that even at such high levels there is no financing available. Therefore, the Project Developer is negotiating with international financial institutions and local banks to provide more flexible loan terms with lower interest rates. The following illustrations show how, by introducing widely recognized international financing techniques, it will be possible to offer affordable interest rates while also attracting loan funds.

These illustrations demonstrate the differences between lending in Kwacha at 40% interest over 10 years, with lending in Kwacha (but based on an adjustable dollar payment) at 15% interest over 10 years. The all-Kwacha lending scheme requires an extremely high monthly payment, while the mixed Kwacha/dollar scheme results in a much lower payment. The illustrated sales price is K45 million, while the down payment is shown at K9 million and K18 million, with the

initial loan amount being K36 million and K27 million. This variation demonstrates how the homebuyer can save for a larger down payment and thereby obtain a lower, more affordable monthly loan payment

Illustration 1a: A 10-year Loan with 20% Down Payment

<u>Loan Element</u>	<u>All-Kwacha</u>	<u>Mixed Kwacha/Dollar</u>
Sales Price	45,000,000	45,000,000
Down Payment 20%	- 9,000,000	- 9,000,000
Loan Amount 80%	36,000,000	36,000,000
Annual Interest Rate	40%	15%
Term in Years	10	10
Monthly Payment in Kwacha	1,223,900	580,800
Payment expressed in Dollars at 4700 Kwacha per Dollar	\$260	\$124

Illustration 1b: A 10-year Loan with 40% Down Payment

<u>Loan Element</u>	<u>All-Kwacha</u>	<u>Mixed Kwacha/Dollar</u>
Sales Price	45,000,000	45,000,000
Down Payment 40%	-18,000,000	-18,000,000
Loan Amount 60%	27,000,000	27,000,000
Annual Interest Rate	40%	15%
Term in Years	10	10
Monthly Payment in Kwacha	917,900	435,600
Payment expressed in Dollars at 4700 Kwacha per Dollar	\$195	\$93

Illustration 2a: A 15-year Loan with 20% Down Payment

<u>Loan Element</u>	<u>All-Kwacha</u>	<u>Mixed Kwacha/Dollar</u>
Sales Price	45,000,000	45,000,000
Down Payment 20%	- 9,000,000	- 9,000,000
Loan Amount 80%	36,000,000	36,000,000
Annual Interest Rate	40%	15%
Term in Years	15	15
Monthly Payment in Kwacha	1,203,300	503,900
Payment expressed in Dollars at 4700 Kwacha per Dollar	\$256	\$107

Illustration 2b: A 15-year Loan with 40% Down Payment

<u>Loan Element</u>	<u>All-Kwacha</u>	<u>Mixed Kwacha/Dollar</u>
Sales Price	45,000,000	45,000,000
Down Payment 40%	-18,000,000	-18,000,000
Loan Amount 60%	27,000,000	27,000,000
Annual Interest Rate	40%	15%
Term in Years	15	15

Monthly Payment in Kwacha	902,500	377,900
Payment expressed in Dollars at 4700 Kwacha per Dollar	\$192	\$80

In the above illustrations all payments are to be made in Kwacha, but the mixed Kwacha/Dollar loan receives the benefit of the lower Dollar-oriented interest rate. Such benefits are not without risk, and in this case there will be an annual adjustment in the monthly payment according to the latest Kwacha/Dollar exchange rate set once each year on a lagging basis. This adjustment places the foreign exchange risk onto the borrower, and is made easier for the borrowers by limiting the potential annual adjustment to no more than a 20% increase in the Kwacha monthly payment.

If the exchange rate changes by more than 20% from one year to the next, the financial institutions will cover it by use of an adjustment fund that is set up at the start of the lending program, and the borrowers will not have to pay more than the 20% adjustment, in Kwacha, from one year to the next.

The lender will use special credit criteria to assess the creditworthiness of the potential borrowers. Credit criteria will be derived from Standard Bank's best process 'loan scoring' system as adapted to Zambia. Attention and weighting will be given to savings history, employment history, guarantors, age of applicant, number of dependants, and most importantly, amount of down payment.

10. Homeownership Rights, Responsibilities, and Restrictions

Homebuyers in the Lilayi Housing Estate will buy completed houses on fully serviced plots and can move in immediately.

A new housing estate has the right to restrict the use of properties within the estate, and each homebuyer must respect the restrictions or covenants that apply. Restrictions in the Lilayi Housing Estate include limiting the houses to single-family use by limiting the number unrelated people who are allowed to reside there. Other restrictions may include a ban on the storage of large amounts of charcoal or other cooking fuel on any plot, limiting the number of vehicles that are allowed to be parked, limiting the amount of built-up space as a portion of the total area of a plot, and having minimum construction setbacks from the plot boundaries. All of these restrictions are normally applied (and strictly enforced) in places where the potential exists for long-term benefits from the housing in addition from the day-to-day benefit derived from simply having a place to live.

The investment potential of a house becomes important when a family considers all of its income and potential to acquire assets that become more valuable over time. An automobile, for example, has initial value but it loses value over time due to wear and tear, and due to losses in the potential sale value. The potential loss in value can usually be attributed to a decline in the upkeep when some things are not replaced or repaired when they stop working, such as a door or window that is broken and is not replaced, walls are cracked and broken, or when paint is peeling from the walls, or when the roof develops leaks that fool the sun but not the rain. All of these

deficiencies cause a reduction in value that often exceeds the small cost needed to simply make the repair.

While every homeowner has the freedom to use the house, they are required to respect the rights of others in the exercise of this freedom. Thus, a homeowner is required to maintain the house so that it does not become an eyesore that is detrimental to the value of neighboring houses. The homeowner must pay rates (annual taxes based on the assessed value of the property) to the local government to assure that common beneficial elements are properly maintained, such as the roadways, parks, and drainage canals.

Annex 1: Lilayi Housing Estate Development Matrix

Housing Development Inter-relationships and Responsibilities

<u>Urbanisation Component</u>	<u>Project Developer</u>	<u>Homeowner</u>	<u>Government</u>	<u>Comments</u>
Land plot	Subdivides land with overall plan phased to sell subsections according to shifting market demand	Individual plots are not on sale	Min. Lands issues plot titles to final homebuyers; LCC approves density and land use plans, sets fees for scrutiny of transfer process	Developer, Min. Lands, and LCC to establish Memorandum of Understanding on entire development process of Lilayi site
Houses	Builds houses on serviced plots following overall site development plan	Buys completed house on serviced plot	LCC issues zoning and occupancy permits	
Other buildings	Project design includes small commercial urban centre; developer may offer structures		LCC issues zoning and occupancy permits	
Roads (on-site)	Constructs roads within project boundaries according to approved development plan	Includes development costs in purchase price, prop. tax rates include maintenance costs	Accepts and maintains roadways according to approved plan	
Roads (off-site)	Negotiates w/LCC as needed to assure access		Improves selected access roads as needed	Alternate may be needed to Kafue Road access to Lusaka
Transportation	Designs bus stops, taxi stands, and stations		Min. Transp. regulates buses, taxis, and trains LCC regulates site usage	Cars, taxis, buses, plus potential commuter train

<u>Urbanisation Component</u>	<u>Project Developer</u>	<u>Homeowner</u>	<u>Government</u>	<u>Comments</u>
Electricity	Installs in-house connections	Pays for metered usage	ZESCO installs and maintains power lines and substations	
Communications	May provide serviced sites for ZAMTEL and cell operators	Pays for usage	ZAMTEL installs land lines Cell operators provide towers	
Water and Sewer	Provides fully articulated systems	Pays for metered water usage	LCC Authorizes systems	Local water company owns and manages systems
Rainwater drainage	Builds drainage ditches	Maintains frontage ditches. Prop. tax (rates) include maintenance charges	LCC maintains drainage system	Off-site runoff may be used for agricultural irrigation
Trash collection	Provides collection points, may contract for collection	Maintains clean house plot, pays rates that include trash collection fee, agrees to trash cleanup program	LCC may collect trash, will provide tip site	Developer will assure collection through fee basis
Schools	Provides serviced plots, may build structures	Pays school fees for their children attending school	Min. Education provides staff, materials, maintenance; MinEd regulates private schools	Private and government schools acceptable
Clinics	May provide plot, may build structure		Min Health provides staff and materials	Private medical plans may open
Markets and shopping	May provide serviced plots, may build structures		LCC approves site usage; regulates markets	
Police and Security	May provide serviced plot		Min. Interior provides police service; LCC approves site usage	

<u>Urbanisation Component</u>	<u>Project Developer</u>	<u>Homeowner</u>	<u>Government</u>	<u>Comments</u>
Banking services	Negotiates loan program terms for buyers Designs plot for bank office	Establishes deposit and loan accounts	Regulates banking	Lender sets final loan terms for buyers
Rates (Property Taxes)	Negotiates w/LCC to pay according to development progress	Pays to LCC according to assessed valuation of land and improvements	Sets rates according to valuation process and LCC annual budget requirements	

Annex 2: Lilayi Housing Estate Description

a. The Property and Its Surroundings

The Lilayi Housing Estate is situated on a rectangular plot of fallow agricultural land of approximately 250 hectares (2.5 sq. km.) located along the east side of the rail line about 6 kilometers due south of the Kafue roundabout at the south end of downtown Lusaka. Present hard-surfaced road access is on the Kafue Road going south-southeast about 10 kilometers from the Kafue roundabout to the left turn onto the Lilayi access road and going east about 3.5 kilometers to cross the rail line, turning north and going along a dirt road about 1 kilometer to the southwest corner of the property. Other dirt roads extend along the other three sides, and include access to southern Lusaka suburban neighborhoods. The property extends about 1.6 kilometers north along the rail line and about 1.6 kilometers east. It is fairly level with the high spot at about 1305 meters above sea level in the center and gently sloping down to just under 1300 meters to the northeast and southwest. The site is fenced with a 4-wire barbed wire fence and is otherwise unimproved. The ground is covered by open brush and scattered trees.

To the immediate south of the property lies the Lilayi Police Training Academy with barracks, classrooms, and institutional houses. Past the rail line to the west and southwest are large cultivated fields accessed via dirt farm tracks. To the north are some 100 smallholdings of 5-10 hectares each, and to the immediate northeast and east are a few slightly developed larger smallholdings after which is the edge of the Lusaka South Local Forest, an uninhabited area extending east for some 10 kilometers, for about 90 square kilometers of generally level land with open brush and scattered trees.

The main Kafue to Lusaka water line runs south-to-north along the east side of the property. A dirt road runs parallel to the water line all the way north to the Lusaka water works located about 5 kilometers away in the southern urban edge of Lusaka near Libala suburb. A pumping station for that water line lies just beyond the northeast corner of the property and is serviced by a high tension power line coming south from Lusaka. Another high-tension power line serves smallholdings and Lilayi Lodge to the east and southeast. A second dirt road runs east for a couple of kilometers from the southern edge of the property and then turns north to join Lusaka near Chilenje South suburb. A non-functioning overgrown grass airstrip lies immediately east of the southeast corner of the property. Immediately south of the airstrip lies the Lilayi Lodge, a fenced game lodge and nature preserve comprising some 500 hectares. An unimproved dirt track runs north along the western property line on the east side of the rail line. There are several unimproved walking and bicycle paths crossing the property. A new ZESCO electricity substation lies at the northwest corner of the property.

Annex 3: Map Showing Lilayi Housing Estate
Note: LHE is located at the center of this map.

