

**FEDERAL GOVERNMENT EMPLOYEES
HOUSING AUTHORITY**



JOINT VENTURE PROJECTS REGULATIONS 2020

Statutory Notifications (S.R.O.)

Government of Pakistan

Ministry of Housing and Works

FEDERAL GOVERNMENT EMPLOYEES HOUSING AUTHORITY

Islamabad, the 12th August, 2020

In exercise of the powers conferred by section 26 of the Federal Government Employees Housing Authority Act, 2020 (IV of 2020), the Executive Board of the Federal Government Employees Housing Authority is pleased to make the following regulations, namely:-

1. Short title, Extent and Commencement_ (1) These Regulations, may be called the Federal Government Employees Housing Authority Joint Venture Projects Regulations, 2020.

(2) These Regulations, in sync with approved JV Policy by the Federal Cabinet in 2016 and as improved in 2019, shall extend to all the projects undertaken by the FGEHA on joint venture basis.

(3) These Regulations shall come into force at once.

2. Definitions_ In these Regulations, unless there is anything repugnant to the subject or context -

(a) "Act" means the Federal Government Employees Housing Authority Act, 2020 (IV of 2020);

(b) "Authority" means the Federal Government Employees Housing Authority established under section 3 of the Act;

(c) "bidders" means interested individuals, private firms, investors, developers or consortiums etc. who submit the

proposals to the Authority under joint venture models in response to announcement of expression of interest;

- (d) "construction agreement" means the agreement signed between the Authority and joint venture partner through contractor for construction work, in line with the terms and conditions of Pakistan Engineering Council (PEC) and International Federation of Consulting Engineers (FIDIC) for construction works;
- (e) "contractor" means constructor registered with Pakistan Engineering Council in category relevant to scope of work having all relevant codes, requisite experience, technical and financial capacity, and who can be a joint venture partner, any other firm or consortium.
- (f) "end product model" means joint venture model under which the joint venture partner enters into a joint venture agreement with the Authority on turn-key or engineering procurement construction basis;
- (g) "Executive Board" means the Executive Board of the Authority constituted under section 4 of the Act;
- (h) "expression of interest" means invitation for joint venture from the Authority requesting proposals from the bidders through widely publicised advertisement in the national newspapers and the official website of the Authority;
- (i) "joint venture" means an arrangement between the Authority and individuals, private firms, investors, developers or consortiums etc. agreeing to pool their resources for the purposes of accomplishing a project;
- (j) "joint venture agreement" means the agreement signed and executed between joint venture partners delineating all terms

and conditions requisite for the execution and implementation of a project;

- (k) "joint venture models" means different models with specific terms and condition of engagement under joint venture;
- (l) "joint venture partners" means parties to the joint venture agreement, the Authority on one side ("the Authority") and the individuals, the private firms, investors, developers and/or consortiums etc. on the other ("joint venture (JV) partner");
- (m) "joint venture policy" means joint venture policy (2016) of the Authority for land banking in collaboration with private sector, approved by the Federal Cabinet, including all its amendments afterwards;
- (n) "joint venture projects" means such projects executed under joint venture arrangement upon signing of joint venture agreement after approval of the Executive Board;
- (o) "government" means any organization/authority under federal/provincial governments;
- (p) "land bank" means the land in totality available with the Authority for housing schemes under Joint Venture Agreements;
- (q) "land valuation" means the valuation or pricing of land offered under joint venture, as provided vide Clause 6(d);
- (r) "land sharing model" means a joint venture model under which the joint venture partner enters into a joint venture agreement with the Authority on land sharing basis;
- (s) "memorandum of understanding" means an understanding between joint venture partners showing mutual intention for

collaboration in joint venture in good faith while defining purpose and scope thereof;

- (t) "project collection account" means the designated bank account for receipts of sale/allotment proceeds of a specific joint venture project, to be solely operated by the Authority;
- (u) "proposal" means the plan submitted for joint venture by the bidders in response to publication of expression of interest comprising all necessary documents as prescribed in these Regulations;
- (v) "registered members" means the Federal Government employees including serving, retired and other specified groups registered with the Authority for the purpose of allotment;
- (w) "request for proposal" means the documents issued to bidders in response to the publication of expression of interest containing all documents;
- (x) "transaction advisor" means the advisor engaged by the Authority for advice on the feasibility of the joint venture project and land valuation matters;
- (y) "vetting and construction supervision consultant" means the third party consultant engaged by the Authority for vetting of designs, layout plans and construction supervision of joint venture projects.

3. Objective of Joint Venture. (1) The purpose of Joint Venture (JV) is to engage the private sector and/or any government for land banking and development of housing schemes including plots, houses, and apartments in order to accommodate the maximum number of registered members of the Authority and other specified groups under the Act. The

Authority shall invite expression of interest (EOI) for joint venture from well reputed national or international housing developers, investment companies, firms, individuals or consortiums to launch housing schemes in Islamabad Capital Territory and/or other parts of Pakistan.

4. Pre-requisites of Joint Venture._(1) The fundamental principles for a joint venture shall include;

- (a) Minimum forty (40) kanals of land for apartments, two hundred (200) kanals of land for housing units and five hundred (500) kanals of land for plots shall be the precondition for a new scheme. Any apartment scheme proposed in an already developed residential scheme shall be planned and executed in accordance with applicable laws, Rules, Regulations or bye-laws of local Authority or the Government concerned;
- (b) Land being offered by bidders for JV projects shall be in a compact piece and free from all encumbrances;
- (c) Land shall preferably be located on main roads or have easy access from main road, width whereof shall be determined by the rules of the regulatory authority concerned;
- (d) Only land owners or those with valid power of attorney or valid legal agreement to sell with owners of land, shall be eligible;
- (e) The attested and certified ownership documents issued by the revenue authority concerned in the past three months shall be considered as valid documents;
- (f) There shall be no upfront payment for raw land;
- (g) Land title shall ultimately and exclusively rest in the name of the Authority, whose transfer shall precede commencement of construction and development work and that shall serve purpose of guarantee against the JV partner or contractor, as the case

may be, to ensure execution and completion of construction and development works;

- (h) Interested parties shall demonstrate capability and financial capacity to execute and complete the project, including, but not limited to, infrastructure work and building works;
- (i) JV partner shall agree to partner in order to provide plots or apartments on no-profit, no-loss basis for registered members of the Authority;
- (j) Quotas of JV partners in commercial area shall be determined on the basis of outcome of commercial feasibility of the project prepared by transaction advisor;
- (k) No financial or execution risk shall be undertaken by the Authority. Feasibility of scheme and response of the allottees shall automatically determine the success of scheme;
- (l) The developer shall propose the cost of construction while taking into consideration the Schedule of Rates of items as per rates of MRS, MES, PWD, NHA (as applicable) or others as notified by the government concerned. The schedule of rates shall be finalized after vetting by the vetting consultant and subsequent recommendation of the technical committee of the Authority;
- (m) The developer shall engage a consultant from registered / pre-qualified consultants of the Authority for the purpose of designing of project. The design fee shall be determined by technical committee of the Authority which shall be paid by the JV partner if the shares of JV partner exceed 50% of the project;
- (n) Strong fiscal control over allottees subscriptions shall be ensured through project collection account to be controlled and operated by the Authority;

- (o) Payments plan, brochures, allotment letters or such like material shall be issued by the Authority in consultation with the JV partner. In case of disagreement, the decision of the Authority shall prevail over the opinion of the JV partner;
- (p) Part of proceeds from project collection account shall be utilized for transfer of land title in name of the Authority. Remaining proceeds shall be utilized for infrastructure development and other expenses;
- (q) Proceeds from sale of commercial area, as a share of Authority, shall be used to meet its overheads or further subsidize the cost of plots/houses/apartments;
- (r) Valuation of the land offered by the private party, shall be done as enunciated in the Clause 6(d);
- (s) Authority shall ensure best quality of works through vetting and construction supervision consultant;
- (t) In case of non-completion of development or construction works within prescribed time, the Authority shall get the development or construction completed on its own, and recover the same through sale proceeds from auction of residential or commercial share of the JV Partner.

(2) The proposals for JV projects shall be entertained under JV models. If any bidder submits a proposal with some arrangement, not covered under the given JV models, the same shall be examined and recommended by the Steering Committee, to the Executive Board of the Authority for approval thereof.

5. Documents Required for a Joint Venture Proposal: (1) The proposals submitted by bidder for JV projects must contain following documents along with other details:

- (a) Land ownership documents, duly issued and certified by the revenue authority concerned, not older than three months;
- (b) Agreement to Sell with the land owner or Power of Attorney with the original land owner in case the owner has appointed an Attorney, shall be provided with the proposal;
- (c) Status of utility services including electricity, gas, water and others at site be substantiated with evidence;
- (d) Complete details regarding bio data, qualification, experience of key personnel shall be provided;
- (e) An undertaking to the effect that the bidder is willing to comply with the provisions of the standardized MoU (standardized MOU is attached as **Annex-A**) while entering into joint venture agreement with the Authority, followed by Construction Agreement, subject to fulfillment of all codal formalities;
- (f) GIS Map of proposed site superimposed on Google map shall be provided;
- (g) Affidavit from land owner that land is free from any litigation and all other encumbrances;
- (h) Following details about the firm, consortium or an individual as the case may be, shall also be provided with proposals where applicable in case the bidder intends to opt for the development work on the proposed land:
 - i. Full name of the individual, firm, company or consortium and permanent address with evidence of incorporation and structure of consortium, if applicable;
 - ii. Legal Status of the firm (sole ownership or limited company) certified by registrar or concerned authority. Registration certificate with the Securities Exchange

Commission Pakistan (SECP) or Registrar of Firms is to be provided;

- iii. The registration of firm with Pakistan Engineering Council in relevant category equivalent to scope of the work is to be provided;
- iv. Complete information of housing and infrastructural projects, completed during last 5 years (if any) along with photographs or brochures and other documentary proofs, shall also be required, along with the following:
 - a. Name of projects, location and client
 - b. Scope of work
 - c. Details of projects
 - d. Certified proof of financial soundness (from bank)
 - e. Copy of NTN
 - f. Annual turnover of the company
 - g. Undertaking that the firm has never been blacklisted by any Government, semi Government, Attached Department or Autonomous Body;
 - h. Information on any litigation or arbitration resulting from contracts completed or under execution by the Bidder. The firm has never been involved in litigation, an affidavit to such effect shall be provided; and
 - i. Performance certificates from the clients, if any, for whom similar services have been rendered.

6. Evaluation Process for Joint Venture Proposal. Following shall govern evaluation process for JV proposals (flow chart of evaluation process of JV proposals is attached as **Annex-B**) submitted under different JV models -

- (a) The Proposals submitted by Bidders for JV Projects shall initially be evaluated by the Sub-Committee of the Technical and Evaluation Committee as per its terms of reference;
- (b) The Sub-Committee shall prepare the site visit report with its recommendations;
- (c) Proposals recommended by the above-mentioned Sub-Committee shall then be subjected to clearance (ownership &

litigation) of land from the revenue authority concerned and land use from the government concerned/authority;

- (d) The land thus cleared shall be valued by Land Price Assessment Committee (LPAC) considering the DC, FBR, and market rates of Land; LPAC shall comprise following members:

a) Director Land, FGEHA	Chairman
b) Deputy Commissioner, FGEHA	Member
c) Deputy Director (JVP), FGEHA	Member
d) Deputy Director (Finance), FGEHA	Member
e) Deputy Director (Planning), FGEHA	Member
f) Any Other CO-opted Member(s)	

- (e) Planning Wing of the Authority shall preliminarily examine Layout Plan submitted by the JV partner and recommend the same for working out the technical details by the Technical Wing of the Authority;
- (f) In line with Layout Plan, the tentative cost estimates provided by the JV partner shall be assessed by the Technical Wing of the Authority;
- (g) Finance Wing of the Authority shall assess and prepare preliminary financial plan and feasibility of the project with cash flows estimation, besides determining the viability and affordability of the project for registered members of the Authority and other specified groups;
- (h) A draft JV agreement shall thus be prepared by JVP Wing of the Authority in the light of features of a specific proposal, which shall be vetted by the Law Wing of the Authority;

(i) Upon completion of evaluation process as detailed in Clauses 6 (a) to (h), the proposals along with draft layout plan, tentative estimated cost, preliminary financial plan, feasibility and draft JV Agreement of recommended project shall then be presented before following two committees for evaluation and recommendation, as per their terms of reference, –

i. Technical and Evaluation Committee

ii. Steering Committee

(j) After examining the recommendation of the Technical and Evaluation Committee; and Steering Committee, the case for approval shall be presented before the Executive Board of the Authority, being competent forum under the Act.

7. Joint Venture Agreement. (1) After approval for signing of JV agreement by the Executive Board, the JV agreement (Draft of JV agreement is attached as **Annex-C**) shall be signed between JV Partners as per approved terms and conditions.

(2) Shares of residential and commercial areas of JV Partners shall be determined on recommendations of transaction advisor in the commercial feasibility, so that sufficient commercial share may be obtained by the Authority to meet overhead charges and possibly subsidize plots or apartments for allottees, as the case may be, and minimum 75% share in residential houses/apartments shall be of the Authority.

(3) Amenity areas shall exclusively rest with FGEHA.

(4) The minimum 50% booking of residential units of the project shall be condition precedent for operation and commencement of JV Agreement under all JV Models.

(5) As a result of qualification of Sub-Clause (4) of Clause 7, the project land shall be mutated in the name of the FGEHA; and Finance Wing

Shall make arrangement for payment for raw land through project collection account at any stage of project either linked with milestones of the project or in lump sum, as agreed.

8. Construction Agreement-(1) The vetting and construction supervision consultant shall be engaged by Technical Wing of the Authority.

(2) The developer shall engage from amongst registered/pre-qualified consultants of Planning Wing of the Authority to prepare detailed layout plan and drawings.

(3) The layout plan, drawings, construction cost and construction agreement submitted by the JV Partner (developer), shall be vetted and certified by vetting and construction supervision consultant.

(4) Planning Wing of the Authority shall accord approval for the detailed layout plans, building plans and drawings of schemes in accordance with the Act and after fulfillment of all requisite codal formalities.

(5) The vetted documents shall be presented before the Technical and Evaluation Committee for review; and for further recommendation by the Steering Committee; for approval of the same thereafter by the Executive Board.

(6) The Executive Board shall approve the signing of Construction Agreement of JV Project.

9. Joint Venture Models_ (1) The bidders, for JV projects, shall submit JV proposals under any one or combination of following models with given terms and conditions;-

(a) **Land Sharing Model-** The bidder may submit the proposal wherein compact piece of land is provided or offered by it under either 70:30 or 4:1 formula. For all development or construction works, option of construction/development shall be given to JV partner subject to fulfillment of prerequisites as provided vide Clause 8, in its capacity as the Contractor. Besides, following terms and conditions shall be applied for compliance of provisions prescribed in general -

- i. Under 70:30 formula, the proportionate share of residential plots of the Authority is 70% and of the land provider is 30% on uniform basis. No payment of land shall be made to land provider. However, the total development cost of scheme shall be borne by the Authority, including cost of the 30% residential share of the JV Partner. Further JV Partner will be free to sell his share in the market at its own price. The payments against the development work, if opted by him, will be made as per construction agreement to be signed. Share of JV Partners in commercial area will be determined according to commercial feasibility of the project and recommendations of transaction advisor, who will determine the same while taking into consideration cost of land, residential share of JV Partner etc. as provided vide Clause 7.
- ii. Land sharing can also be done on the model of giving one kanal of residential plot to bidder against four kanals of raw land (1:4) provided by the bidder. No payment of land shall be made. The development cost shall be borne by both the JV partners as per their respective shares. Share of JV Partner in commercial area shall be determined according to commercial feasibility of the project and recommendations of Transaction Advisor, who will determine the same while taking into consideration the land

cost, residential share of JV Partner etc. as provided vide Clause 7.

(b) **End Product / Turnkey Model.**

(1) The JV Partner shall provide the product (apartments/ houses (grey structures or finished)) on turnkey basis against the final cost inclusive of all expenses including, but not limited to, land price, development/construction cost, infrastructural development works, utilities, etc. The share of JV Partners in residential and commercial areas shall be determined by transaction advisor based on commercial feasibility of the project (as provided in Sub-Clause (2) of Clause 7). For all development/construction works, option of construction/development shall be given to JV Partner/Developer subject to fulfillment of prerequisites as provided in Clause 8, in its capacity as the Contractor.

(2) As far as finances of the Project are concerned, either of following different arrangements can be opted:

- a. The payments will be made by the Authority on achievement of construction/development milestones as agreed in the relevant agreement.
- b. JV Partner will initially invest at its own and Authority will payback according to anyone of the following:
 - i. 20% down payment and remaining amount will be paid in installments within 1-4 years, extendable by two or more years;

- ii. 100% payment after the completion of project; payment timeline be extendable by two more years;
- iii. Any other payment plan as mutually agreed suitable/feasible for the project.

(3) A private housing scheme/project (plots/apartments/houses (grey structures or finished)) can be entertained, subject to fulfillment of following conditions, in addition to any others terms and conditions as deemed appropriate:

- a. Authority will act as regulator/facilitator of a private housing project/scheme;
- b. Developer will submit proposal of its own specific housing project, to the Authority for requisite approvals/NOCs;
- c. Whole of the project investment including but not limited to purchase of land, project design, and development/construction cost will be borne by the developer/investor;
- d. Upon recommendation/acceptance of proposal after scrutiny, land will be mutated in the name of the Authority free of cost;
- e. Partner will guarantee provision of developed plots/houses/apartments to the FGEHA as per response of its registered members, on subsidized prices.
- f. Payments against the Authority share will be made as explained vide Clause 9(b(2(b)));
- g. Allotments' control shall exclusively be exercised by the Authority;
- h. The Authority shall retain 20% of developer's share as guarantee against construction/development

works of the project, which shall be released in phased manner according to achievement of construction milestones;

- i. Developer will get 100% commercial;
- j. Overall top supervision related to execution, financial and administrative matters shall be done by the Authority in order to ensure fulfillment of codal formalities and timely completion of project. Further, quarterly audits shall be conducted by the Authority;
- k. Failure to achieve construction/development milestones will invite imposition of penalty in the form as deemed appropriate.

**Director General
FGEHA**
