



**MINISTRY OF HABITAT INFRASTRUCTURE
AND LAND TRANSPORT**

LAND AND SURVEY DEPARTMENT

Sale of State Land and Land Bank Policy

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SUMMARY

The State owns a fair share of land in the Seychelles. The Ministry is entrusted to manage land assets on behalf of the state. For many years the public at large have been making applications to purchase land for residential use predominantly from the government rather than the private sector. Subsidization by government with the intention to equitably redistribute land to Seychellois has always been key factor driving the demand.

Increasing demand for a portion of state land for residential purpose commenced well before the year 2000. Subsequently, land sales resulted in the diminishing effect of this limited resource. Despite having assisted many citizens with a plot of land over several years, the general conclusion on the outcome objective, which is to build a home, has not entirely been met by a good percentage of successful applicants; yet the demand for land remains very high. This besought the need to review current policies not only to ensure transparency in distribution but also to guarantee fairness and accountability in the manner land is distributed. This revised policy will not only guarantee that set outcome is met but also to ensure the sustainable management of this limited resource.

STATEMENT

This Policy provides the framework and guidelines for sustainable Land Management (sale of state land for various uses) including the provision of clear qualifying criteria for land bank applicants, the Land Points system to guide allocation and the new land bank policy under the Comprehensive Housing Plan approved by Government in 2017.

BACKGROUND

Government of Seychelles embarked on a land redistribution program in the early 80s. Looking back, the program so adopted, has benefited a large percentage of the population who have been assisted with a plot of land at subsidized rates to build their own home.

With increasing demand for land and with an 'open market' which is only affordable by a marginal section of the population, Government finds itself retaining the seat as main provider of this rare exhaustible commodity.

Over the years, the practice of making available land at subsidized rates no doubt inflated the demand for land and along the way, Land Management policies were devised and reviewed as and when necessary, to ensure the sustainability of the distribution program. The last policy review was approved by the Cabinet of Ministers in August 2013 and this mainly covered selective components of management and sale of state land. The approved policy then provided the much needed framework and guideline for land management which is still in use to date.

Meanwhile, in January 2017 the Ministry started the process of re-assessing the demand and the ability of government to supply land to its citizens. Reflections also focused on external factors which may in one way or another affect the country's outcome objective.

While the reflections ensued, the Ministry had in excess of 9000 applications for land bank plots, a small arbitrary exercise on selective pre 2008 allocation of land bank plots, revealed alarming figures of more than half of the allocated plots remaining undeveloped. In addition, it was concluded that land management process which was conclusively deemed not only to be too administrative, inefficient and slow but not really responding to realities of the current era. With these findings and others, the Ministry took a decision to comprehensively review the policy for sale and state land management to encapsulate not only a better improved allocation mechanism for qualified land applicants, but also provide the necessary tools for effective decision making for various types of request for land.

It is with the aim of rendering the process of land management more transparent and ensure that state land is being managed in a sustainable manner with good governance practices that the

Ministry embarked on the journey to review the current policies and introduce a new way to transact in land under the land bank scheme.

APPLICABILITY & SCOPE

The Lands Department in the Ministry of Habitat, Infrastructure and Land Transport and all other responsible arms of Government. These shall be applicable to all applications for state land.

POLICIES

1. APPLICATION FOR STATE LAND (NEW)

All applicants for land **must** satisfy ten (10) pre-set criteria's before they are deemed qualified to apply for state land for *residential* purposes.

Pre-set criteria For Land

- (i) A citizen of Seychelles 18 years and above
- (ii) Must hold a registered land bank application with the Ministry of Habitat, Infrastructure & Land Transport (MHILT) for minimum of 3 years.

- (iii) Applicant or spouse/partner has not been or is not in ownership of immovable properties or interest in immovable properties.
- (iv) Applicant has not been assisted through housing, housing loan or a residential plot of land by government.
- (v) In stable employment (Applicant can demonstrate consistent flow of income).
- (vi) Single or combined Net Income of not less than **SR15, 000.00** (Seychelles Rupees Fifteen Thousand Only)
- (vii) Must be domicile in Seychelles for a continuous period of 3 years (minimum).
- (viii) Must provide proof of ability to raise a mortgage of a minimum sum as prescribed by the Ministry **(the current sum is set at SR800, 000.00 - Seychelles Rupees Eight Hundred Thousand Only)** to pay for a residential plot of land and to construct a dwelling thereon or can otherwise show regular and personal savings.
- (ix) Applicant must declare partner if any.

2.0 LAND POINT SYSTEM (LPS)1

2.1 Allocation of land for residential purposes to qualified applicants shall be determined by the Land Point System. The Land Point System shall be based on the following seven criteria's;

1. Status of the Applicant

2. Age of the Applicant

3. Number of economic Dependent (e.g. children)

4. Income

5. Applicants History (land ownership)

6. Loan Ability (current loan amount which the applicant can raise plus savings)

7. Years on the waiting list

2.2 The criteria adds up to a maximum of 100 points. The weighting of each criteria is set and determined by the Ministry but shall remain fix during allocations. To guard from any potential or intentional self-inflicted situations

by applicants, details of points for the approved set of criteria shall remain confidential.

2.3 It shall be the applicant's duty to inform the Ministry when his/her situation changes which might affect any of the above seven factors. However, any change will not be effected on the priority list once the same is finalize at the start of each year. The list of applications shall be open once a year for new intake and reprioritization based on score.

2.4 The criteria under 1.0 and 2.0 as per Cabinet of Minister's approval of the 25th May 2018. Any change in the criteria shall be subject to a new Cabinet Memorandum or Information Note for Cabinet's endorsement prior to its implementation.

2.5 An applicant shall be eligible to be assisted with only one residential plot.

3.0 EXCEPTIONS TO THE LAND POINT SYSTEM

Exceptions shall be made outside of the Point System in the following instances:

- (A) Portions/individual plots of land that are located next to a property registered under the name of an immediate member of the family, so as to facilitate first time home owners acquiring a residential plot.
- (B) Declared medical illnesses but applicants should meet the Pre- Set criteria and provide certified proof from the Medical Board to qualify.

3.1 Applications for smaller portions of land for residential use (such as portions of land next to the owners' property) below 400 square meters shall be subject to consultations with relevant referral agencies prior to Ministerial consideration/approval.

3.2 No portions of state land above 400 square meters shall be sold for residential purposes outside the scope of 3.0.

3.3 Landowners adjacent to state land can apply to purchase land for landscaping purposes, however;

(i) No portions of land above 200 square meters shall be sold for landscaping purposes.

(ii) Portions of land above 200 square meter for landscaping purposes shall be subject to a lease, of which the Ministry will determine the terms and conditions.

(iii) All land sold/leased for landscaping purposes shall not be amalgamated to the owner's property.

3.4 All encroachments onto state land shall be valued at the market rate and it shall be subsequently amalgamated to the owners plot with minimum time delay possible.

3.5 All successful applicants for land under sections 3.1, 3.3 and 3.4 shall carry out the detail survey privately after which a proposed layout shall be submitted to the Ministry for approval before submitting their proposed subdivision to the Planning Authority through their agent (private surveyor). Following which they will proceed with the

cadastral survey and after approval by the Director of Surveys submit their plans to the Ministry to finalise the sale.

3.6 The Ministry may exempt an applicant if (i) he/she does not have enough financial means to engage a private surveyor and (ii) in instances where the additional portion of land would facilitate a 2nd house onto the land of the applicant in favour of a member of the family.

4.0 REQUESTS FOR LAND ASSIGNED OR DESIGNATED AS RESERVES

All Land within Road, Access and River reserve shall not be sold. For encroachments that have been there before approval of this Policy and cannot be physically removed may be exempted.

5.0 OCCUPANTS ON STATE LAND

Occupants who has been in occupancy of state land for many years shall benefit from percentage discount on the sale price of the property for residential purposes depending on the

number of years they have been in occupancy. Such percentage shall be as per table 1. Below:

Number of years	% Discount
10 – 14 years	10%
15 – 19 years	20 %
20 – 24 years	30%
25 – 29 years	40 %
30 years and above	50%

Table 1

6.0 PAYMENT FOR LAND

All payments for land shall be made in full within the prescribed time by the applicant only, through the banking system. Failure by the applicants to pay the full amount within the prescribed time shall constitute of nonperformance by the applicant and the offer shall be

automatically withdrawn. Applicants residing on the land may be exempted of the above but transfer of the land shall not be effected until full payment is made.

7.0 REQUESTS FOR EARLY ENTRY

Request for early entry on site for site clearing and submitting development proposals to Planning Authority shall only be considered after full payment of the land offered has been made.

8.0 LAND BANK SCHEME PLOT SIZE

All residential plots surveyed under the land bank scheme shall not be more than 900 square meters, unless otherwise topographical conditions renders the plot difficult to build or the density requirements of Planning Authority for such plot stipulates a bigger plot size in which case the plot shall not be more than 1500 square meters. The minimum plot size shall be as per the minimum requirement set by Planning Authority.

9.0 NEW LAND BANK POLICY

All land allocated under the Land Point System shall be granted by way of a 35 year lease for residential purpose.

9.1 PLOT SELECTION AND ALLOCATION

Plots within land bank projects shall be allocated through Lot Drawing in the presence of all successful applicants except in cases of exchange.

9.2 DEVELOPMENT COVENANT

All land sold under the scheme herewith shall be subject to a Development Covenant and all lessees shall be granted a maximum of 5 years to carry out the residential development approved by Planning Authority on the property/land leased.

9.3 LEASEHOLD TO FREEHOLD CONVERSION

(i) The lease shall be converted to freehold title immediately after the property has been developed for the purpose that it was explicitly allocated and in line with Planning Authority Approval.

- (ii) First time owners of immovable property shall be exempted of payment of stamp duty upon the registration of the respective transfer transaction. Registration fees shall be borne by transferee.

9.4 SALE OF GOVERNMENT-ACQUIRED FREEHOLD LAND TO THIRD PARTY

- (i) Once the leased property is converted to freehold, Government shall not impose any restriction on the owner not to sell the land purchased from Government. However, if the owner wishes to sell privately he/she will pay back the difference in value at the time of the purchase/lease (market value declared by the Ministry at the time of purchase less the subsidized value). This provision will not apply to parents transferring land to their children. All transfers shall be in line with the provision of the Stamp Duty Act.

- (ii) Owners shall be liable to pay the stamp duty amount, which was exempted, to first time buyers at the time of initial purchase from GOS.

- (iii) Non-Seychellois will not be permitted to purchase land sold under the land bank Scheme.

- (iv) All owners who sell their properties privately will not be assisted with any form of housing assistance or purchase land from government thereafter.

9.5 NEW LAND SALES PROCEDURE UPON CONFIRMED ALLOCATION

All sales by government under the scheme herewith shall be subject to three standard documents, which successful applicants must sign;

- (a) Offer
- (b) Contractual agreement and
- (c) Agreement with the mortgagee (bank or lending institution)

9.5.1 Offers

9.5.1.1 All Letters of Offer shall clearly state the price of the land, the prescribed time period for acceptance of the offer and any other conditions of the purchase.

9.5.1.2 All offers shall be subject to a prescribed time period for acceptance, failing which the offer shall be automatically withdrawn.

9.5.2 Contractual Agreement

The Contractual Agreement document shall lay down the fundamental conditions of the sale transaction and shall include the following clauses;

- (a) Declaration by both parties to acknowledge the fact that the aim of GOS for selling residential land at a subsidized rate to first time owners is for them to build their dwelling home for their own and immediate family's personal use.
- (b) Declaration by both parties that the land in question is being sold at a subsidized rate, of

which the subsidized rate would be specify and the market rate (at that time of offer) would also be specified.

- (c) The lessor should declare that road infrastructure serves the plot being leased.
- (d) Difference in value to be paid and stamp duty on any form of sales of the plot after conversion to freehold title at any point in time.
- (e) All sales or transactions relating to the property after the conversion to freehold title shall be in accordance with the Stamp Duty Act and the owner (first time owner) shall notify the Ministry responsible for Finance and the Registrar General of any change of use of the said parcel.
- (f) The lessee shall bear the responsibility to inform the lessor in writing upon satisfactory completion of the residential house on the leased property.
- (g) The lessor shall bear the responsibility to check and assess the house in line with guidelines/checklist developed with the aid of the Planning Authority to certify the

- habitable nature and state of the residential house prior to any recommendation to grant permission to convert the leasehold to freehold title.
- (h) The guideline/schedule shall be an annexed schedule to the Contractual Agreement.
 - (i) Applicants should declare that at any time they have not been in ownership or have interest in any immovable property and also declare if they are in any immediate succession line (at the time of transfer he/she is/was not in ownership or have interest in any immovable property).
 - (j) Applicants should declare spouse or partner (if any) and affirms that he/she is not in ownership of any immovable property in line with (i) above. (The definition of spouse or partner would be clearly specified)
 - (k) Once the lease has been signed no exchange will be considered unless in the following circumstances
 - (a) Force majeure
 - (b) Unforeseen topographical features, which renders the site undevelopable (planning refusal of the development).
- (l) The Lessor shall grant permission to the Lessee to Mortgage the Property and such Mortgage shall be solely for the construction of the residential house of the lessee. No other charges will be allowed onto the land during the lease.
 - (m) In the event of partial completion of the residential development on the land within five years, The Ministry may consider granting an extension to complete the development provided the development is at an advanced stage or reasons for delays are validated and supported by the lending institution. It shall be the lessee's responsibility to formulate his/her case for permission to extend and lodge it with the

Ministry, in writing, 6 months before the lapse of the five year period.

(n) No extensions granted in (m) above shall be more than 24 months

(o) If any of the above conditions of the contract are not respected, it shall constitute a breach and the lease shall be automatically cancelled. The Ministry will immediately initiate procedure to repossess the property.

(p) In the event of a breach, the lessor shall engage a Government Quantity Surveyor to assess the leased property. Thereafter, as a first priority, the lessor shall pay back the bank/lending institution the outstanding balance of the mortgage on the property before remitting any remaining balance to the defaulting lessee.

10.0 AGREEMENT WITH THE MORTGAGEE (BANK OR OTHER LENDING INSTITUTION)

The clauses of the agreement shall be determined after discussion with the banks/lending institutions and shall be tailored to protect the interests of both parties in case of a breach by the prospective lessee.

Contact Information

Lands Department
Independence House – P O Box 199 - -Victoria – Mahe –
SEYCHELLES
Tel: 4674444. Email:
