

File Ref 1/P
Enquiries : M Milne

SUBMISSION TO THE KWAZULU-NATAL HOUSING ADVISORY COMMITTEE FOR
RECOMMENDATION TO THE MEC FOR HOUSING

PREPARATION FUNDING GUIDELINES : ADDITIONAL PROVISIONS

1. PURPOSE

The purpose of this submission is to inform the MEC for housing of the additional provisions for preparation funding applications.

2. BACKGROUND

2.1 On 18 October 2002 the former MEC approved project preparation funding guidelines. Subsequent to that approval, the following amendments had been effected:

2.1.1 Withdrawal of delegations to the Head of Department. This implies that all applications must now be submitted via the Housing Advisory Committee.

2.1.2 Preference to funding land audits, geotechnical investigations and environmental impact assessments.

2.1.3 Funding to be sourced from the Provincial Housing Fund, rather than the Municipal Housing Operating Accounts.

2.1.4 Emphasis on compliance with the IDP=s.

2.2 Following the submission of requests by the Umdoni municipality (HAC meeting of 13/2003, 3 July 2003), the need was demonstrated to assist municipalities in calling for land and adjudication of land parcels offered. Whereas this was not provided for in the current provisions, the policy component was requested to investigate the matter further.

3. MOTIVATION

3.1 The revised Chapter 3 of the Housing Code provides for the MEC to provide funding to assist municipalities in the preparation of project agreements and/or social compact agreements. It also provides for the department to provide funding for the advertising required in calling for land. This will only be required where the municipality is compelled to call for land or investigate potential alternative parcels of land, based on a fully motivated request to the MEC via the HAC.

3.2 Although the Code suggests that funding will be paid upon receipt of a project description, many municipalities require financial assistance in adjudicating land

and preparing applications.

- 3.3 It is suggested that where land is to be called for or to be prioritised, applications be considered in three phases/milestones, each of which require MEC approval prior to further progression, and subject to proving viability. Where no such sifting process is required, two phases will apply. The sequencing of each phase and sub milestones are fixed. The following will serve as a guide in determining phases/milestones and sub-milestones.

Phase 1 : LAND ADJUDICATION (Only where land is to be called for or to be prioritised)

- X Prepare information for land availability
- X Call for land (advertising costs)
- X Adjudication (assessed on desktop and existing information on :
 1. bulks (availability and/or capacity),
 2. environmental impact,
 3. geotechnical reports,
 4. topographical information.
- X Site visit and report
- X Preliminary research, obtaining existing reports, maps and relevant information
- X Contact with stakeholders (municipality, councillors, bulk service providers)
- X Report to MEC and requests for project description preparation funding, if required.

(Funding for land adjudication will be per municipality, and will be assessed against the IDP and/or development plans of the area)

Phase 2 : PROJECT DESCRIPTION PREPARATION

- X Land audit (only where department is unable to assist)
- X Environmental impact assessment
- X Geotechnical Investigation (Prelim - as defined in Chapter 3 of the Code)
- X Topographical (Prelim as defined in the Code)
- X NHBRC enrolment and Submission to MEC for conditional approval and project feasibility preparation funding, if required.

Phase 3: PROJECT FEASIBILITY PREPARATION

- X Geotechnical (Phase 1 - Detailed, as defined in the Code)
- X Slope analysis
- X Preliminary designs (town planning and engineering)
- X Submission to MEC for final approval.

(Funding for phases 2 and 3 will be paid per project)

- 3.4 The principles for considering each application remains unchanged. These are listed below for ease of reference:

Guiding principles and factors for project preparation funding.

- X All services procured must be in terms of procurement principles and municipalities must demonstrate that tenders or quotes have or will be invited.
- X Projects must be in terms of municipal I. D. P.=s and/or development plans and must be supported by the municipality. Applications for funding must be accompanied by preferably a council resolution and if not, a letter from the municipal manager.
- X Municipalities must submit a written motivation and business plan detailing the extent of preparation and the associated costs.
- X The respective Regional Managers must peruse the costs and must indicate if such costs are reasonable or not. The Regional Manager must thereafter prepare a submission to the MEC via the Housing Advisory Committee requesting approval of project preparation funding.
- X The department has a land audit component which may undertake the land audit for the municipality at no cost. The municipality must therefore motivate for costs associated with the land audit, especially, where that work has to be outsourced because it cannot be undertaken by the department.
- X Likewise, the Department=s Municipal Housing Support Component may facilitate community issues. Special motivation will thus be required for social facilitation issues.
- X An agreement will have to be concluded between the municipality and the department, upon approval.
- X Should a project not be approved, the municipality must :
 1. Terminate any professional services contracts relating to this project.
 2. Submit a report to the MEC via the HAC of all documents and reports procured for the project together with a project close out report specifying reasons for termination of the project, and;
 3. A final account for all costs incurred.
- X Costs will be recorded in accordance with financial directives and all documents will become the ownership of the Department, on payment of the final account.

- X The department will maintain a database with the Housing Advisory Committee, Secretariat and Project Management Chief Directorate at Head Office of projects that have received project preparation funding to ensure that these projects are approved and that the respective funding is deducted from the approved subsidy amount.

4. FINANCIAL IMPLICATIONS

- 4.1 Funding will have to be allocated from the National Housing Fund.
- 4.2 Where projects are approved, the preparation funding provided by the department will be deducted from the first tranche payment due to the municipality and is regarded as project costs borne by the subsidy.
- 4.3 Should the project not be approved the normal provincial reporting processes will be applied.

5. LEGAL IMPLICATIONS

An agreement between the department and the municipality will be required in each instance.

6. RECOMMENDATION

That the procedure for preparation funding applications as contained in paragraph 3 above be noted and approved.

MRS M GODLIMAN
CHIEF DIRECTOR
STRATEGIC HOUSING SUPPORT

DATE

MR C.E.M NTSELE
ACTING CHAIRPERSON : KZNHAC

DATE

REV. N.W. NGCOBO, MEC

DATE

MINISTER OF HOUSING : KZN