

MUNICIPAL HOUSING SECTOR PLAN MANUAL

Funded by



USAID | **SOUTH AFRICA**
FROM THE AMERICAN PEOPLE

Prepared by
Project Preparation Trust of KZN



With assistance from the
KZN Department of Housing

July 2006

SUMMARY OUTLINE

SECTION A: HOUSING SECTOR PLANS	1
1. INTRODUCTION	1
1.1 Context and objectives	1
1.2 Methodology	2
1.3 Purpose of housing plans	2
1.4 Outputs	3
1.5 Step-by-step process	3
1.6 Position within the project cycle	4
2. HOUSING SECTOR PLAN CONTENTS	5
2.1 IDP Alignment and Spatial Planning	5
2.1.1 Parallel development of housing sector plan	5
2.1.2 Development of housing sector plan after approval of IDP	7
2.2 Stakeholder Support	8
2.3 Land Identification	9
2.3.1 General Principles for Land Development	9
2.3.2 Land Reform Program	10
2.3.3 Land Administration Component	11
2.3.4 Department of Land Affairs	12
2.3.5 Land identification process	12
2.4 Housing Demand Assessment	12
2.5 Projects: Current and Planned	15
2.5.1 Project Planning	15
2.5.2 Project Evaluation	16
2.5.3 Project Schedules: Current and Planned	21
2.6 Cash Flow and Programs	22
2.7 Spatial Development Framework: Housing	23
2.8 Integration	23
2.9 Prioritization Options	24
2.9.1 Logic of precedence model	24
2.9.2 Kickstart model	25
2.9.3 Hardship indices model	25
2.9.4 Complex ranking model	26
2.9.5 Strategic framework model	26
2.9.6 Suggested prioritisation model	27

SECTION B: PROJECT PREPARATION 28

3	PROJECT PREPARATION	28
3.1	Project Preparation And The Project Life Cycle	28
3.2	Stages of the Housing Project Life Cycle	31
3.2.1	Project Identification and Prioritisation	31
3.2.2	Preliminary assessment	32
3.2.3	Pre-feasibility	32
3.2.4	Feasibility	33
3.2.5	Review	33

SECTION C: INTEGRATED DEVELOPMENT 34

4	INTEGRATED DEVELOPMENT	34
4.1	Definitions	34
4.2	The Need For Integrated Development	36
4.3	The Need For Project Level Integration	37
4.4	Integrated Development Plans (IDP's)	38
4.5	Model for the Alignment of the Housing Program with Integrated Development Planning	42

SECTION D: LEGISLATIVE FRAMEWORK 44

5.	LEGISLATIVE FRAMEWORK	44
5.1	The Legal Context for Housing Provision in South Africa	44
5.1.1	Constitution: Bill of Rights	44
5.1.2	National Housing Code	45
5.2	Municipal Legislative and Policy Framework For Housing Sector Plans	46
5.2.1	The Constitution 1996	46
5.2.2	Local Government Transition Act 1995	47
5.2.3	Rural Development Framework 1997	47
5.2.4	White Paper on Local Government 1998	47
5.2.5	Municipal Demarcation Act 1998	48
5.2.6	The Municipal Structures Act 1998	48

5.2.7	Municipal Systems Act 2000	49
5.2.8	The National Housing Act (107) of 1997	49

SECTION E: KEY DOH POLICIES AND STRATEGIES 51

6.	POLICY ENVIRONMENT	51
6.1	A Comprehensive Plan for the Development of Sustainable Human Settlements, 'BNG' strategy	51
6.2	Current Provincial Housing Priority Programs	53
6.3	Municipal Capacity	54

SECTION F: HOUSING SUBSIDY INSTRUMENTS 56

7.	HOUSING SUBSIDIES INSTRUMENTS	56
7.1	Subsidy Instruments and Components	56
7.2	Basic Points of Departure for Housing Projects	59
7.3	Implementation Of The Kwazulu Natal Rural Housing Policy, 2004/5	60

FIGURES

<i>Fig 1: IDP alignment with HSP</i>	6
<i>Fig 2: Stages of the Housing Project Preparation Life Cycle</i>	31
<i>Fig 3: Phases of the IDP process</i>	41
<i>Fig 4: Roles of spheres of Government</i>	46

GRAPHS

<i>Graph 1: Housing typologies for Municipal area</i>	13
<i>Graph 2: The importance of project preparation</i>	28

TABLES

<i>Table 1: Housing typologies by geographical area 1</i>	14
<i>Table 2: Current projects details</i>	21
<i>Table 3: Planned projects details</i>	21
<i>Table 4: Cash flow example</i>	22

APPENDICES

Appendix 1: PPT Scopes of Work for Rural Housing Projects
Appendix 2: DFA, Land Principles
Appendix 3: Final Housing Sector Plan, Workshop Minutes
Appendix 4: References

SUMMARY OUTLINE

SECTION A: HOUSING SECTOR PLANS

Section A consists of an outline of the aim, outcomes and step-by step process to be followed when compiling a Housing Sector Plan. The detailed content of a Housing Sector Plan is presented, from the determination of Municipal Housing Demand to the prioritisation of all projects in the area. Strategies for the alignment of the HSP with the IDP and its process are also defined.

SECTION B: PROJECT PREPARATION

Section B details the generic project preparation principles including projects life cycle and PPT's process for the assessment of key project risks in the packaging stage.

SECTION C: INTEGRATED DEVELOPMENT

Section C defines integrated development and establishes its links with sustainable development. The distinction is made between integration at a project level and integration at a planning level. The need for integrated development at both these levels is emphasized. The process of Integrated Development Planning is introduced. The principles underlying the model for the alignment of the housing program with integrated development planning are presented.

SECTION D: LEGISLATIVE FRAMEWORK

Section D introduces the context and legislative framework for Housing and Integrated Development Planning within South Africa. Thereafter the framework within which housing sector planning is carried out is discussed.

SECTION E: POLICY ENVIRONMENT

Section E includes main points of departure for the delivery of housing in South Africa as outline in the National Housing Code as well as the description of the most current and relevant policies that relate to housing. A summary of the relevant points from the 'Breaking New Ground' policy document, the Expanded Public Works Program (EPWP) and the Provincial Housing Priority Programs are presented. The Department of Housings Municipal Capacity Building Program and current capacity building initiatives are outlined.

SECTION F: HOUSING SUBSIDY INTSTRUMENTS

Section F, provides a brief outline of the main housing subsidy instruments available. Rural Housings policy and practical requirements for Rural Housing delivery are also presented.

SECTION A: HOUSING SECTOR PLANS

Section A consists of an outline of the aim, outcomes and step-by-step process to be followed when compiling a Housing Sector Plan. The detailed content of a Housing Sector Plan is presented, from the determination of Municipal Housing Demand to the prioritisation of all projects in the area. Strategies for the alignment of the HSP with the IDP and its process are also defined.

1 INTRODUCTION

1.1 Context and objectives

The Municipal Systems Act of 2000 formally introduced Integrated Development Plans (IDP's), as the primary form of planning to be adopted by all metropolitan, district and local municipalities throughout the country. Furthermore the Act specifies that the planning undertaken by a municipality must be aligned with and complement the development plans and strategies of other affected municipalities and other state organs / government departments.

The Provincial Department of Housing (DoH) KZN supports the role of the Housing Sector Plan (HSP) in order to achieve this alignment and to provide a housing focus to the municipal IDP. To this end the DoH has provided both financial and capacity building support to local municipalities in order to assist them in drafting these plans. This draft manual has been developed, under the management of a Housing Sector Plan Steering Committee (HSPSC), funded by PPT's USAID 3 fund. The steering committee, consisting of relevant professionals in the field, officials from the DoH and expertise from Project Preparation Trust (PPT), was established, in order to manage the process of developing these guidelines, facilitating the delivery of HSP's and building the capacity of local municipalities.

The main objectives of this manual are as follows:

- ❖ To provide a practical, user-friendly guideline document for use by municipal and DoH officials as well as service providers involved in the preparation, implementation and revision of housing sector plans.
- ❖ To create greater awareness of the function and value of housing sector plans as well as the mechanisms for their preparation and implementation.
- ❖ To establish a best practice for housing plans by means of consolidating various sources of relevant information into one document and facilitating feedback from various stakeholders involved in housing sector plans

- ❖ to promote a more integrated and sustainable approach to housing delivery which places housing in its development context alongside other aspects of development such as local economic development, education, health, and other infrastructure.

1.2 Methodology

The development of this draft Housing Sector Plan Manual has been based on a capacity building programme implemented by the HSPSC. The local municipal capacity building process commenced with a series of workshops within the Coastal, Northern and Inland regions. These workshops were used as a stepping stone in order to assist the initial round of 20 targeted municipalities, which had received funding from the Department of Housing for the development of these plans. The workshop covered the general context, aim, process, content and goals of the HSP's and provided local municipalities with a forum in which to gain clarity and provide feedback relating to the development of these plans. This process was supported by a literature review of relevant information as well as a best practice review of a number of HSP's which had already been completed. The manual has also been developed based on feedback received from service providers, currently involved in the delivery of these HSP's.

The final stage of the process involved the presentation of the draft manual to the targeted municipalities and their service providers to enable feedback on the draft manual to be included in the final document.

1.3 Purpose of housing sector plans

The main purposes of the HSP are as follows:

- ❖ To ensure the effective allocation of limited resources (specifically financial and human) to a large pool of potential development interventions.
- ❖ To provide a formal and practical method of prioritizing housing projects and obtaining political consensus for the sequencing of their implementation.
- ❖ To ensure more integrated development through bringing together the relevant cross-sectoral role players to coordinate their development interventions in one plan.
- ❖ To provide greater spatial linkages between the spatial development framework and the physical implementation of projects on the ground.
- ❖ To ensure that there is a definite housing focus for the IDP.

- ❖ To provide a critical link between integrated development planning and the practical reality of delivering housing projects on the ground.
- ❖ To ensure effective subsidy budgeting and cashflows both at the local municipal and provincial levels.

1.4 Outputs

The main expected outputs from the HSP are as follows:

- ❖ A priority implementation list of the relevant housing projects in the municipal area.
- ❖ Preliminary assessment of the technical and social feasibility of all projects in the municipal area.
- ❖ Confirmation of IDP linkages for all prioritized projects.
- ❖ Coordination of MIG and other funding for projects.
- ❖ Confirmation of stakeholder involvement in the development process.
- ❖ Cash flows and broad project programmes.
- ❖ Transfer of skills to Local Municipalities.

1.5 Step-by-step process

Note: it is vitally important that service providers build the capacity of the local municipal housing officials throughout the process of the drafting of the HSP.

- ❖ Municipality accesses funding for housing plan (DoH/external funding source or municipal budget).
- ❖ Municipality advertises and thereafter awards a contract for the development of the housing plan.
- ❖ Municipality ensures that service provider has been provided with the DoH housing sector plan guideline document
- ❖ Successful service provider confirms content, methodology and defines prioritization criteria with municipality.
- ❖ Best practice research into other housing plans and methods by successful service provider. *(or access this guideline document)*

- ❖ Collection of existing base information by service provider and municipal housing official.
- ❖ Stakeholder consultation (level of stakeholder consultation is critical and must be clarified before this process commences).
- ❖ Preparation of draft housing plan by service provider.
- ❖ Draft Housing plan submitted to DoH for evaluation and 1st payment.
- ❖ Response received (proposed amendments from DoH).
- ❖ Final product produced (amendments incorporated).
- ❖ Revised housing plan submitted to DOH for final evaluation.
- ❖ Housing Plan submitted to Council for approval.
- ❖ Approved Housing Plan submitted to DOH for 2nd (final payment).
- ❖ DoH place approved plan on Departmental Website.
- ❖ DOH and MIG allocate budget as per housing plan.
- ❖ Housing projects implemented as per the approved housing plan.
- ❖ Implementation of housing projects evaluated against the approved plan.
- ❖ Housing plan reviewed and updated on a yearly basis.

1.6 Position within the project cycle

Housing sector plans form part of the project identification and prioritisation phase of the project cycle. This phase is the first step in the project life cycle and is followed by project feasibility/preparation (subsidy application and approval), detail design, construction, commission and handover. Due to this positioning, housing sector plans have a critical role to play in respect of municipal housing and other related development.

2 HOUSING SECTOR PLAN CONTENTS

2.1 IDP Alignment and Spatial Planning

It is vital that the housing sector plan is aligned with the IDP for the municipal area. There are two potential scenarios that exist when developing a housing sector plan.

- ❖ Firstly the housing sector plan is developed in parallel with the IDP.
- ❖ Secondly the housing sector plan is only developed after the IDP has been completed.

2.1.1 Parallel development of housing sector plan

The 'Model for the Alignment of the Housing Programme with Integrated Development Planning' document submitted to the National Department of Housing in September 2004 details the in-depth process of aligning the housing sector plan with the IDP (in section 5) where the housing sector plan is developed in parallel with the IDP. This methodology explores how housing can be incorporated into the IDP process by identifying and describing a housing voice into the IDP.

The following figure based on the 'Overview of the IDP process' (DPLG, 2001) provides a methodology for the inclusion of parallel housing related processes (marked in yellow) within the overall IDP process.

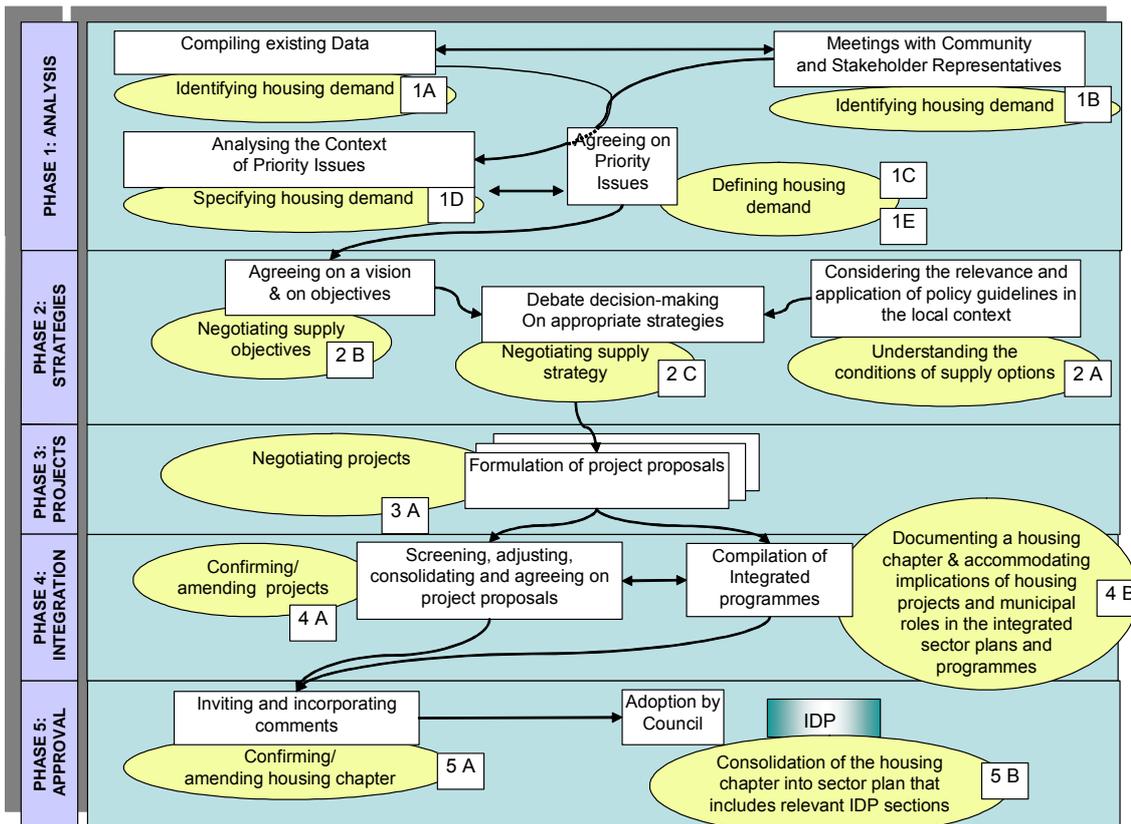


Fig 1: IDP alignment with HSP

Phase 1: Analysis: This phase consists of identifying housing demand both through analysing existing data and through meeting with communities and relevant stakeholders. Thereafter demand is specified and defined to ensure congruence with the IDP requirements.

Phase 2: Strategies: This phase is about considering the relevance and applicability of housing sector policy guidelines within the municipal context. Targets for housing delivery would be specified and the methodology for their achievement clarified in this stage.

Phase 3: Projects: Housing projects formulated in the stage must fundamentally relate to the achievement of the objectives and strategies developed in phase 2.

Phase 4: Integration: The compilation of sector programmes and plans in this phase is meant to ensure that the collective impact and resource requirement of individual housing projects makes most efficient use of all available resources.

Phase 5: Approval: The stage requires the confirmation and amendment of projects to ensure:

- ❖ Alignment with overall IDP objectives and strategies,
- ❖ Consolidation of the requirements of individual projects from resources available;
- ❖ The technical, financial, environmental and institutional viability of projects individually and collectively;

- ❖ The achievement of coherence and integration between the projects of different sectors;
- ❖ The benefits of scale to be achieved by structuring similar projects as part of an integrated programme

And finally the process is closed off with the documentation of housing related information into a 'housing chapter' with in the IDP.

2.1.2 Development of housing sector plan after approval of IDP

If the housing sector plan is developed after the approval of the IDP it is imperative that the information, strategies, and policy guidelines outlined in the IDP are followed. As with the first scenario it is imperative that all five process stages are followed, however in this case the housing strategies, targets and methodologies need to be developed with in the framework presented in the original IDP. Where significant incongruities exist it may be possible to adjust certain IDP strategies to align with housing programme, through the annual IDP review process, however this route should only be taken in extreme cases, which can be adequately justified.

Phase 1: Analysis: This phase consists of identifying housing demand through analyzing existing data and through updating current relevant stakeholder information. Once demand has been defined congruence with the IDP requirements must be confirmed.

Phase 2: Strategies: This phase is about analyzing the existing IDP strategies and ensuring that these strategies are aligned with the National and Provincial Department of Housing's priorities and strategies. Targets for housing delivery would thereafter be specified and the methodology for their achievement clarified.

Phase 3: Projects: Housing projects formulated in the stage must fundamentally relate to the achievement of the objectives and strategies developed in phase 2. Firstly it is imperative that housing projects identified in this phase are aligned with the original projects identified in the IDP, if such a project list exists. If no such project list exists or the list is incomplete, projects identified should be aligned with the IDP's SDF. Again slight adjustments to the original IDP or SDF may be required in the annual IDP revue process.

Phase 4: Integration: The alignment of projects identified in phase 3 should be confirmed through an analysis of the existing implementation plans of the various sector departments. Where major sector incongruities exist either the project should be delayed until correct alignment is achieved, or an attempt should be made to accommodate the project within the relevant sector plan. These alignment issues should be dealt with on a case-by-case basis.

Phase 5: Approval: as was the case in the first scenario this stage requires the confirmation and amendment of projects to ensure:

- ❖ Alignment with overall IDP objectives and strategies,
- ❖ Consolidation of the requirements of individual projects from resources available;
- ❖ The technical, financial, environmental and institutional viability of projects individually and collectively;
- ❖ The achievement of coherence and integration between the projects of different sectors;
- ❖ The benefits of scale to be achieved by structuring similar projects as part of an integrated programme

And finally the process is closed off with the documentation of housing related information into a 'housing sector plan'.

2.2 Stakeholder Support

The housing sector plan should aim to build on the stakeholder consultation process developed in the IDP. Stakeholder information drawn from the current IDP should have prioritized community needs and verified the municipal wide development strategies to be implemented through the Housing Sector Plan.

Furthermore any relevant current information emerging from community meetings, ward committees and councilors, the Housing Forum (on which provincial housing officials should sit), Community Based Organisation (CBO's), Non Governmental Organisation (NGO's) should also be included in the housing sector plan. Specific community consultation may be necessary as part of the project feasibility analysis if this aspect is highlighted as a key risk in the project. A primary source of stakeholder information can be drawn from the minutes of the Housing forum, if such a forum is not operating the sector plan should look at strategies to re-establish such a forum. It is however not necessary to re-implement the community wide consultation process carried out through the original IDP.

Once the plan has been conditionally approved by the local Municipal Council, an advert must be placed in the local media, inviting comments on the draft Housing Sector Plan from interested and affected parties.

And finally once the plan has been approved both by the Municipal Council and the Department of Housing, the Department will place a copy of the complete plan on its departmental website to allow easy access to the plan for all stakeholders.

2.3 Land Identification

One of the primary project basics/risks (**See project risks: Section 3.1**) is the identification and acquisition of well located land for development. Many projects have historically been approved without outstanding land issues being resolved. Many of these projects remain on the books of the DoH as attempts are made at resolving the lengthy and difficult land acquisition process. It is therefore imperative that the process of land identification and acquisition is correctly planned and managed to ensure smooth project delivery within the municipality.

2.3.1 General Principles for Land Development

As an initial point of departure the general principals for land development as laid out in the Development Facilitation Act No 1526, 1995 (Section 3 (1)) should be followed, key relevant principles are as follows (**All DFA land principles are presented in Appendix 2**):

Policy, administrative practices and laws should discourage the illegal occupation of land, with due recognition of informal land development processes.

Policy, administrative practice and laws should promote efficient and integrated land development in that they-

- ❖ promote the integration of the social, economic, institutional and physical aspects of land development;
- ❖ promote integrated land development in rural and urban areas in support of each other;
- ❖ promote the availability of residential and employment opportunities in close proximity to or integrated with each other;
- ❖ optimize the use of existing resources including such resources relating to agriculture, land, minerals, bulk infrastructure, roads, transportation and social facilities;
- ❖ discourage the phenomenon of "urban sprawl" in urban areas and contribute to the development of more compact towns and cities;
- ❖ contribute to the correction of the historically distorted spatial patterns of settlement in the Republic and to the optimum use of existing infrastructure in excess of current needs; and encourage environmentally sustainable land development practices and processes.

Members of communities affected by land development should actively participate in the process of land development.

The skills and capacities of disadvantaged persons involved in land development should be developed.

Policy, administrative practice and laws should promote sustainable land development at the required scale in that they should-

- ❖ promote land development which is within the fiscal, institutional and administrative means of the Republic;
- ❖ promote the establishment of viable communities;
- ❖ promote sustained protection of the environment;
- ❖ meet the basic needs of all citizens in an affordable way; and
- ❖ ensure the safe utilisation of land by taking into consideration factors such as geological formations and hazardous undermined areas.

Policy, administrative practice and laws should promote speedy land development.

Land development should result in security of tenure, provide for the widest possible range of tenure alternatives, including individual and communal tenure, and in cases where land development takes the form of upgrading an existing settlement, not deprive beneficial occupiers of homes or land or, where it is necessary for land or homes occupied by them to be utilised for other purposes, their interests in such land or homes should be reasonably accommodated in some other manner.

2.3.2 Land Reform Program

The overall goal of the South African land reform programme is to redistribute land, rights and economic benefits of land to disadvantaged sections of society. The programme is implemented under three components: restitution, redistribution and tenure reform.

For generations access to land in South Africa has been based on inequality which has evolved through colonisation and thereafter entrenched during the decades following the passing of the 1913 Natives Land Act. This infamous Act, and a number of subsequent laws, restricted black people's access to land and the agricultural economy, resulting in only 13% of the country's land belonging to this majority.

South Africa's **land reform programme** has three pillars:

- ❖ Restitution, which seeks to restore land ownership or compensate those forced off land during white rule;

- ❖ Redistribution, of mainly agricultural land, to redress the discriminatory colonial and apartheid policies by providing the disadvantaged and poor with access to land; and
- ❖ Land tenure reform, which seeks to secure tenure for all South Africans, especially the more vulnerable such as farm labour tenants

The Department of Land Affairs has implemented the Labour Tenant Strategy in terms of the Land Reform Act, 1996. In this regard an alignment document has been produced to ensure alignment between this programme and the DoH Housing Subsidies.

This document largely focuses on the alignment of land reform projects with the provision of housing subsidies. As part of this process, land reform projects, within each Municipality, must be identified by the Provincial Land Reform Office (PLRO), and be communicated to the Provincial Housing Department. It is suggested that these projects are listed in the Housing Sector Plan, and that project details are provided as per the requirements of the alignment document. (I.e. location, beneficiary profile, land details, topography, bulks, geotechnical, engineering infrastructure, planning details and timeframes. etc.)

2.3.3 Land Administration Component

Municipalities must take cognizance of the functions and roles of the new Land Administration Component of the Department of Housing as presented in the housing policy communiqué circular No. 2/2005, September 2005.

The Department in recognizing the need to assist municipalities in the process of land identification and acquisition has established the Land Administration Component. (Coastal and Northern region, Mr. Mdu Buthelezi, 031 3605294 and Inland region Ms Gerda Opperman, 033 8452077)

The main function of this component is to conduct land audits and pre-conveyancing activities at no cost to the municipality/implementing agent. The land audit report is a prerequisite for the assessment of all housing projects being undertaken. It is therefore vital that municipalities utilize this component both to reduce the risk of blockages caused by lengthy land illegal issues and to maximise the subsidy payable to the beneficiary through realizing savings on this function.

2.3.4 Department of Land Affairs

The 'Breaking New Ground' policy document, as one of its primary foci concentrates on strategies for the release of well located land for development. This document places the responsibility for the acquisition of such land on the Department of Land Affairs. Furthermore the document suggest that the funding for the acquisition of private land for housing purposes will no longer form part of the housing subsidy. The policy related to this strategic direction is currently being developed for implementation in the near future.

2.3.5 Land identification process

The housing plan service provider should have ascertained through the collection of base data **(See Processes: Section 1.5)** if there is any existing information relating to the identification of land for development in the Municipality. Many municipalities have already realized the importance of the land identification and acquisition process through separate land identification studies. If such a study exists it will greatly assist the service provider in identifying suitable land for development. If there is no existing study, areas of development can be identified through the SDF as part of the IDP. Suitably located land identified through this process can then be further audited through the Departments Land Administration component. Depending on the time frames this land evaluation process can either be carried out as part of the Housing Sector Plan or as a separate project originating from the plan for future development opportunity identification. The principles for land development **(See: Section 2.3.1)** should also be considered when identifying land for development.

2.4 Housing Demand Assessment

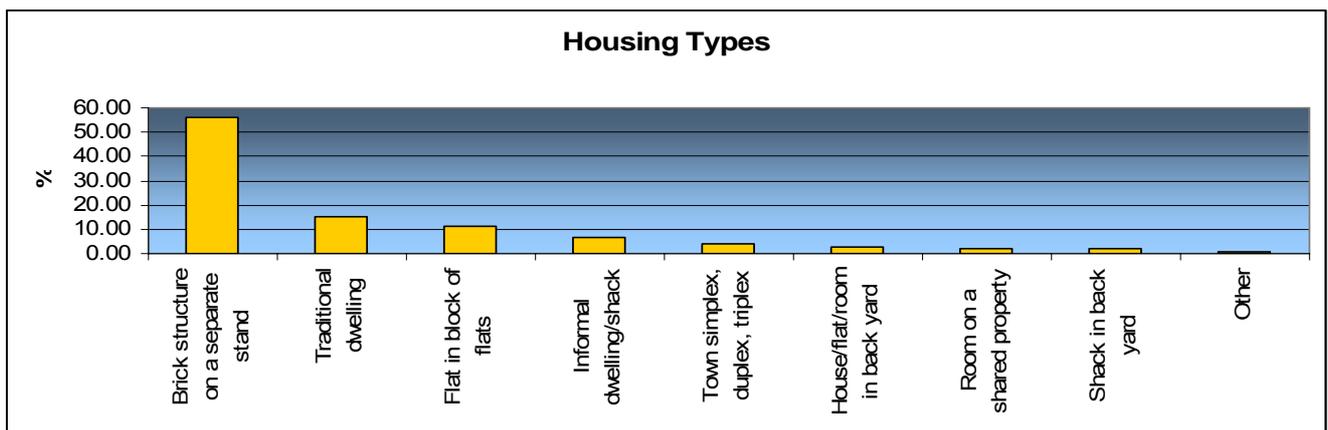
It is vitally important that due to the limited number of housing subsidies per municipality, that housing projects are delivered primarily in areas where there is the greatest need. There are three main ways of determining housing demand/need within municipal areas, these are 1) using statistical calculations captured through the census or other relevant studies or 2) through the analysis of housing waiting lists and finally 3) through the Provincial housing demand data base.

Housing waiting lists have a number of short comings including, applicants putting their names down on more than one municipal housing waiting list, many potential beneficiaries have not placed their names on these lists (The Nquthu Socio-Economic Study indicated that only 19% of potential beneficiaries had placed their names on such lists¹), and the problems related to maintaining such a large waiting list.

The Department of Housing and a number of municipalities have initiated the process of establishing an overall provincial housing demand data base. The establishment of this data base is supported by the DOH's Capacity Building component which is in the process of rolling this programme out throughout KZN. Once this data bases established it may be used to determine the housing demand with in a municipal area.

The current preferred method of calculating housing demand is through the use of statistical data collected in census 2001, unfortunately this data is currently 5 years old. However stats SA plan to update this data in 2007 through a nationwide sample survey for all municipalities. (While a full census will be implemented in 2011²). Census data on household income levels can be used to determine area of greatest need based on poverty levels while census data on housing typologies which indicate the number of informal dwellings per ward can be used to determine area of greatest need based on housing backlog.

Typical graphs and tables that can be produced from such data include the following: (examples taken from Umhlathuze Census data)



Graph 1: Housing typologies for Municipal area

¹ Nquthu, Housing Sector Plan, Dept of Housing, 2006

² Kevin Parry, Dissemination Officer: Marketing, Statistics South Africa, 10 July 2006.

NO.	GEOGRAPHICAL AREA	FORMAL		TRADITIONAL		INFORMAL		BACKYARD		SHARED PROPERTY		TENT/CARAVAN/BOA		TOTAL
		No	%	No	%	No.	%	No.	%	No.	%	No.	%	
1	Dube	8286	17%	2695	27%	855	20%	488	16%	345	27%	42	14%	12711
2	Richards Bay	9945	21%	628	6%	63	1%	366	12%	87	7%	78	26%	11167
3	Zungu/Madlebe	6697	14%	2110	21%	259	6%	811	26%	136	11%	33	11%	10046
4	Esikhawini	7051	15%	78	1%	30	1%	133	4%	31	2%	15	5%	7338
5	Khoza	2342	5%	1401	14%	2660	62%	507	16%	138	11%	77	26%	7125
6	Nkwanazi	3149	7%	1259	13%	361	8%	369	12%	217	17%	15	5%	5370
7	Mkhwanazi	1971	4%	1457	15%	39	1%	90	3%	9	1%	0	0%	3566
8	Empangeni	3290	7%	36	0%	6	0%	152	5%	45	4%	9	3%	3538
9	uMhlathuze	1963	4%	47	0%	15	0%	72	2%	224	18%	6	2%	2327
10	Nseleni	2182	5%	18	0%	6	0%	77	2%	0	0%	6	2%	2289
11	Benjani	554	1%	275	3%	27	1%	15	0%	0	0%	0	0%	871
12	Vulindlela	595	1%	30	0%	0	0%	15	0%	31	2%	15	5%	686
13	Umlalazi Nature Reserve	51	0%	0	0%	0	0%	3	0%	0	0%	0	0%	54
14	Kwambonambi F. R.	18	0%	0	0%	0	0%	0	0%	0	0%	0	0%	18
	Totals	48094	100.00%	10034	100.00%	4321	100.00%	3098	100.00%	1263	100.00%	296	100.00%	67106
		71.67%		14.95%		6.44%		4.62%		1.88%		0.44%		

Table 1: Housing typologies by geographical area

Overall a total of 5 812 **informal dwellings/shacks** including 1225 **back yard shacks** and 266 **caravans/tents** being used as dwellings are identified. Of these 4321 are informal dwellings not in back yards or caravans and tents i.e. in informal settlements. Therefore the housing backlog in terms of slums clearance can be estimated at **5812**.

Furthermore the most pressing housing need, in terms of slum clearance, is to be found in Khoza with a total of 2660 (62%) informal dwellings (excluding shacks, tents or caravans). Dube follows with 855 (20%), then Nkwanazi with 361 (8%), and finally Zungu/Madlebe with 259 (6%) of informal dwellings.

The table above indicates that Dube has the largest number of **traditional dwellings** with 2 695 (27%), followed by Zungu/Madlebe with 2 110 (21%), Mkhwanazi 1 457 (15%), Khoza 1401 (14%) and Nkwanazi 1259 (13%). This information can then be used to determine the areas of greatest need in terms of the rural housing program.

Whilst many of the 10 034 **traditional dwellings** offer more than adequate housing, often in idyllic settings, the reality is that many of these traditional dwellings do not provide satisfactory shelter, compounded by the absence of basic services and amenities. Based the infrastructure backlogs determine in the district infrastructure master plan 66% of these households are below the acceptable RDP minimum standard in 2004/5. This therefore indicates that the backlog or need for rural housing can be calculated at **6622** housing units.

2.5 Projects: Current And Planned

2.5.1 Project Planning

It is important to note that the process of project planning is an incremental approach that is limited by the availability of resources. The key resources, which limit a municipality ability to implement projects include the financial resources (Housing Subsidies, MIG Bulk Services funding and municipal funding to employ human capacity etc.) and human resources (skilled and competent municipal and professional capacity). It is therefore critical that these limited resources are effectively managing to maximise their efficiency. For this reason the ideal approach to project planning and selection includes the establishment of practical and realistic housing delivery goals and targets for projects.

This process enables a municipality to focus its limited resources more effectively, thereby enabling it to concentrate on a smaller number of housing projects with a greater possibility of successful implementation. Furthermore it is the responsibility of the local municipality (through the housing sector plan) to effectively balance its selection of projects to meet the specific needs of the municipal community within the overall framework provided by the provincial housing department. (I.e. the mix between rural and urban housing, slums clearance and credit linked housing, special needs, social and project linked housing etc.)

2.5.2 Project Evaluation

A critical requirement for the HSP would be the evaluation of the technical and social feasibility of all the current and planned projects. Current projects, by definition are those projects which have completed the packaging and feasibility stage and have a fully signed project agreement which is verified through the allocation of the Department of Housing's K number. While planned projects do not have a signed DoH agreement and are in the packaging and feasibility stage. **(See project cycle: Section 3)**

Current projects by definition have gone through a lengthy feasibility analysis. Therefore the project should have been evaluated at the conditional approval stage **(Pre-feasibility approval see: Section 3.2.3)** and thereafter at the full project feasibility approval stage, before the project agreement is signed by the MEC. However while many of these projects may be deep into implementation and others may have only recently had project agreements signed there may still be outstanding project risks which have not been adequately resolved, or issues that have surfaced through the implementation process.

When developing the housing sector plan, it is useful to distinguish between projects at the following four stages of development, since they require slightly different treatment in terms of the way that they are assessed and accommodated within the plan.

Stage 1: Projects which have only recently been identified, and will therefore have only limited project information available

Stage 2: Projects which are under preparation/packaging, and will therefore have varying amounts of information available arising from the feasibility work being undertaken

Stage 3: Projects in which the preparation/packaging phase has been completed, however the project has not been approved by the Department of Housing. (full project information should be available)

Stage 4: Projects which have already been approved and are in the detailed design or construction implementation phase (full project information should be available)

Projects in stages three and four should have all the relevant project information required in the housing plan evaluation process, whereas projects in stage one and two will have less information available, and in some cases, very little. Notwithstanding these differences, project should not automatically be jeopardised in the prioritisation process, due to a lack of available information. The reason for this is that in some cases there will be projects in which the packaging phase has been completed or is well advanced, however some key project risks may still not have been eliminated. These projects should not block the implementation of other projects, with less available information, which may be feasible, and therefore prove more successful in the long run.

Projects will therefore have varying amounts of information available, depending on their current stage of development. Therefore the feasibility of all projects should be analyzed based only on the data available. It is important to note that certain municipalities have already applied broad-based evaluations of key project risks throughout their municipal area. These feasibility evaluations of key sectors such as, Environmental, Geotechnical, Land Availability and Bulk Service availability must be considered when implementing these project evaluations.

Therefore it is recommended that both current and planned projects are evaluated based on, the available information, within the framework below, drawn from PPT's pre-feasibility and feasibility project packaging requirements **(See PPT scopes of Work: Appendix 1)**

2.5.2.1 Project Management

- ❖ Who is the current project manager/implementing agent?
- ❖ Does the project manager have sufficient capacity and experience to implement the project?
- ❖ Obtain the project budget, determine if this up to date and realistic.
- ❖ Obtain the project program, determine if this up to date and realistic.
- ❖ Has a suitable professional team been appointed?

- ❖ Are there any specific project management issues which need attention?
- ❖ Based on your assessment of the information provided identify whether or not there appeared to be any material barriers to the proposed development from a project management perspective, what the barriers are, the viability of overcoming them, and if possible provide a way forward for their resolution .

2.5.2.2 Land

- ❖ Has land been secured for development?
- ❖ If not provide an update on the current land acquisition progress (i.e. willing seller willing buyer, expropriation progress etc.)?
- ❖ If the developer has not access the land obtain a schedule of properties which provides the following information; current registered owner, extent, title deed number, servitudes and any restrictive conditions of title that might affect the project.
- ❖ Comment on the proposed land acquisition process.
- ❖ Based on your assessment of the reports provided identify whether or not there appeared to be any material barriers to the proposed development from a land legal perspective, what the barriers are, the viability of overcoming them, and if possible provide a way forward for their resolution .

2.5.2.3 Social

- ❖ Has a Socio- Survey been carried out in the project area?
- ❖ Based on information collected from the Socio- Survey have the beneficiaries being correctly matched with the eligibility requirements of the subsidy route they are taking?
- ❖ Have the CBP been workshop on the housing process, project cycle, timeframes, risks of project failure, roles & responsibilities of various parties?
- ❖ Confirm key stakeholder commitment to the projects implementation
- ❖ Does the project have a signed social compact agreement?
- ❖ Based on your assessment of the reports provided identify whether or not there appeared to be any material barriers to the proposed development from a social perspective, what the barriers are, the viability of overcoming them, and if possible provide a way forward for their resolution .

2.5.2.4 Environmental

- ❖ Has an environmental scoping report being compiled?
- ❖ Is there a requirement for an Environmental Impact Assessment (EIA)?
- ❖ Based on your assessment of the reports provided, identify whether or not there appear to be any material barriers to the proposed development from an environmental impact perspective, what the barriers are, and the viability of overcoming them, and if possible provide a way forward for their resolution.

2.5.2.5 Bulk Services

- ❖ Based on the preliminary engineering design and cost report, or the bulk services report determine the following;
- ❖ Adequacy of existing bulk services
- ❖ Estimates for additional bulks that may be required (water, sewer, road, stormwater / culverts, electricity).
- ❖ Is there written confirmation from the relevant authority as to adequacy of bulks to meet the needs of the project.
- ❖ Has the requirement for additional bulks being factored into the overall MIG funding for the area?
- ❖ Based on your assessment of the reports provided, identify whether or not there appear to be any material barriers to the proposed development from a bulk services perspective, what the barriers are, and the viability of overcoming them, and if possible provide a way forward for their resolution.

2.5.2.6 Geotechnical

- ❖ Based on the geotechnical report for the project area determined the Implications of geotechnical conditions for development, specifically w.r.t. roads, stormwater control, cut & fill, platforms and founding conditions.
- ❖ Based on your assessment of the reports provided, identify whether or not there appear to be any material barriers to the proposed development from a geotechnical perspective, what the barriers are, and the viability of overcoming them, and if possible provide a way forward for their resolution.

2.5.2.7 Planning issues

Note: Information required in the planning and engineering sections outline below would usually only be available in projects that are either in a very advanced packaging phase or projects which have already have been approved by the DOH.

- ❖ Obtain a preliminary layout plan/settlement plan and/or planning report for the project
- ❖ Based on your assessment of the layout and report/s provided, identify whether or not there appear to be any material barriers to the proposed development from a planning perspective, what the barriers are, and the viability of overcoming them, and if possible provide a way forward for their resolution.

2.5.2.8 Engineering design and costs

- ❖ Obtain a preliminary engineering layout plan and design and cost report or budget for the project
- ❖ Based on your assessment of the budget and design report provided, identify whether or not there appear to be any material barriers to the proposed development from an engineering perspective, what the barriers are, and the viability of overcoming them, and if possible provide a way forward for their resolution.

Finally summarize the above evaluation of all the projects with specific references to any blockages, providing strategies to resolve these blockages and thereby fast track the projects implementation.

However it should be noted again that while the information requirements presented above are extensive, they are provided only as a guideline to assist in a broad overall assessment of all the current and planned projects within the municipality.

2.5.3 Project schedule: Current and Planned

The section would consist of details (project type, ward location, number of sites/beneficiaries, value etc.) concerning current and planned housing projects in the municipal area. Examples of the required schedules for current and planned project information are provided below:

Ref	Project Title	No of Sites	Project Value	Ward	Project Type	Comments
K19970032	Vuka Hsg	400	12, 500, 000	5	Rural	Project nearing completion 350 units constructed
K19970044	Sila Hiv	400	12, 500, 000	4	Hiv/Aids Special needs	Project implementation hampered by land issues
K19970055	Highlands Hsg	2000	35, 000, 000	8	PLS	Town planning approval outstanding
K19970066	Vuka Phase 2 Hsg	600	15, 000, 000	5	Rural	Project implementation to start in July 2006
K19970077	Hostel 1	400	32, 000, 000	7	Hostel Upgrade	200 units have been refurbished

Table 2: Current projects details

Project Title	No of Sites	Project Value	Ward	Project Type	Comments
Chili Hsg	800	24, 500, 000	3	Rural	Land acquisition to commence in 2007
Sila phase 2 Hiv	400	12, 500, 000	4	Hiv/Aids Special needs	Project packaging in progress
Sembeni	1500	25, 000, 000	3	PLS	Project packaging in progress
Vuka Phase 2 Hsg	600	15, 000, 000	5	Rural	Project packaging in progress
Hostel 2	400	32, 000, 000	7	Hostel Upgrade	To be packaged after completion on phase 1

Table 3: Planned projects details

2.6 Cash Flow and Programs

Once all of the projects have been identified and initially prioritized, individual programs and cash flows should be determined. Once all of the programs and cash flows are complete they should be summaries and condensed into an overall project program schedule and then into a single cash flow spreadsheet. This spreadsheet should include the cash flow requirements (5 year time horizon) for all of the current projects in section 1 thereafter all of the planned project should be placed in section 2, the total of the two sections should then be added together to determine the municipal funding requirements for the 5 year horizon. An example the spreadsheet should indicate at least following basic information.

Project Title	No of Sites	Project Value X 1000	Ex to date	Year 1: 06/07	Year 2 07/08	Year 3 08/09	Year 4 09/10	Year 5 10/11	Totals
Current Projects: Section 1									
Chili Hsg	800	24, 5	1,5	5	5	5	5	3	24.5
Sila ph 2	400	12, 5	4	3	3	2.5	0	0	12.5
Sembeni	1500	25, 0	0	5	5	5	5	5	25
Vuka Ph 2	600	15, 0	0	3	3	3	3	3	15
Hostel 2	400	32, 0	0	4	6	8	10	4	32
Totals current projects			5.5	20	22	23.5	23	15	109
Planned Projects: Section 2									
Sisilo	500	21.0	0	0	1	4	6	10	21
Manzi	450	19.5	0	0	0	5	5	5	15
Twini	340	15.0	0	0	0	6	6	3	15
Totals Planned projects			0	0	1	15	17	18	51
TOTALS			5.5	20	23	38.5	40	33	160

Table 4: Cash flow example

The financial year indicated in the cash flows should be from the 1st of July to the 31st of June. It should be noted however that this does not coincide with the National and Provincial financial years which run from the 1st April to the 31st of March each year. This overall cash flow statement and the summarized programs can then be used by the municipality as part of the housing annual work plan to all measure housing projects progress.

It is important to note that historically project managers have drastically under estimated cash flow projections. These under estimations can be attributed to a number of factors including the optimistic outlook of the project manager, pressure and urgency of delivery that drives all stakeholders and the complex nature of projects which hampers implementation. Therefore for cash flow projections to be as accurate as possible, service providers and local municipalities should be as conservative in their estimations.

2.7 Spatial Development Framework: Housing

All housing projects prioritized and approved by council should be represented graphically in a spatial development framework for housing projects. This SDF for housing should be drawn from the existing IDP's SDF however it should indicate all current and planned projects clearly.

The representation of projects should indicate congruence both with the IDP principles and with the SDF's development strategies and vision.

2.8 Integration

Integration of all the relevant sector department delivery programs should be achieved through an effective HSP. The Plan should summarises all relevant infrastructure development plans and then match them with the proposed multiple housing project delivery plan. It is the responsibility of the service provided (or Municipal Official if the HSP is completed internally) with the assistance of the Municipal Housing Official to collect all of the relevant sector plans and other relevant information in the IDP to ensure that the proposed housing delivery program matches the delivery of the other relevant sector department interventions. While infrastructural development requirements are of primary importance alignment of other sector departments such as health and education etc should not be ignored.

The HSP should also be instrumental in detailing an institutional framework for housing delivery in the Municipality which has as its core function the integration of relevant governmental sectors (e.g. Water, Roads, Sewer, Electricity, Health, Education etc.) at a project level during implementation. It should be noted that whilst IDP's and specifically the HSP play an important role in co-ordinating and enabling development, additional work is required to ensure that they translate into meaningful integration at the project level (**See: Section 4.3**)

2.9 Prioritization Options

The prioritisation process aims to ensure that there is the most efficient use of finances through selecting the most appropriate funding sequence for a selection of projects or programmes in a specific area. Of core importance is determining the most appropriate criteria against which project should be measured to maximise funding benefits.

A recent research document titled, "New skills for planners in managing implementation of integrated development plans" by Professor Peter Robinson (PhD) from the School of Architecture, Planning and Housing at the University of KwaZulu Natal, provides a historical background to prioritization models used in this province.

Professor Robinson outlines the following main prioritization models:

2.9.1 Logic of precedence model

This model is based on the premise that there is a logical sequence in which projects should be undertaken. In order for some projects to start others have to be completed.

This model has effectively been used in Port St Johns Municipality in 1999, where 71 projects were identified. However it was realised that in order for any of these projects to be successful three core aspects had to be established, namely:

- ❖ improving institutional capacity, to ensure sustainability and provide managerial support for future expansion*
- ❖ upgrading of infrastructure, to create an efficient system that attracts investment*
- ❖ unblocking of land availability, to create opportunities for the expansion of the town.*

Thereafter the 71 projects were arranged into five categories, ranging from 1) urgent trigger projects to, 2) key projects, 3) urgent projects requiring prior intervention and 4) project relying on category 2&3 projects through to 5) medium to long-term projects.

2.9.2 Kickstart model

This model is strategically based and aims to ensure that projects which are prioritised have the ability trigger off other projects or activities.

This model has effectively been used in Durban's Operations Jumpstart which was set up in 1991. This City led initiative aimed to unleash the potential strength of a greater Durban area in order to promote economic growth and job creation. Projects were therefore prioritised according to their ability to stimulate other potential projects. Five criteria for prioritisation were used ranging from the ability of projects to, 1) stimulate economic growth 2) have immediate, widespread and significant impact 3) be multi-dimensional, 4) create joint ventures and partnerships, and 5) to optimise the programmes non-sectoral approach.

This model was also used in the prioritisation of projects in Zululand and Ugu. Where projects were arranged and grouped into a logical sequence for implementation based on the following:

- ❖ projects that have the potential to kickstart the development process*
- ❖ projects needed as a base for other projects*
- ❖ projects that already underway or able to commence in the near future*

Projects which met these criteria were placed in the short-term category requiring implementation within the next two years, while projects that required the completion of other projects or were being delayed by some obstacles were placed in a medium term category with the rest placed in a long-term category.

2.9.3 Hardship indices model

This model is based on the evaluation of the relative need of different communities using a calculation of backlogs, based on the agreed norms and standards. The basic premise of this model is that those settlements or communities which have the greatest need should have the highest priority and be developed first. Each settlement was ranked according to the accessibility and capacity of the surrounding services infrastructure (i.e. the provision of basic

services such as water, sanitation, education, health care etc.) measured against the standard for that service, and based on the population of the settlement.

When; $Backlog = Need - Supply$ &
 $Hardship (\%) = Backlog/Population \times 100$

This model (called the 'Dalisu' model) was used by the Zululand regional Council in 2000.

2.9.4 Complex ranking model

This approach to prioritisation was based on the idea that in order to assign priority to any project, a decision had to be taken in regard to the following three questions.

- ❖ How does the sector in which the project belong rate in relation to other sectors? (I.e. is land reform more important to the municipality than water provision?).
- ❖ How do the criteria normally used for project prioritisation rate relative to one another? (I.e. developmental, operational, emergency).
- ❖ How does a particular project rate against these criteria?

Initially a technical team generated prioritisation criteria and thereafter evaluated projects on their technical feasibility, this process was followed by the councilors rating of the various projects based on their own criteria as well as information provided to them by the technical team.

This model was used in the Zululand district IDP to prioritise 42 projects from all sectors. This process generated debate concerning the relative value of projects which have widespread geographical impact such as the black topping of a strategic section of the main road network as opposed to projects with localized impact.

2.9.5 Strategic framework model

The strategic framework model bases the prioritisation of projects on the existing IDP strategic framework. The premise of this model is that the spatial development frameworks developed in consultation with the communities in a specific area are sufficiently representative of the hierarchy of projects required in the area. *This approach has been used in a number of municipalities in the KZN Province.*

2.9.6 Suggested prioritisation model

Based on information presented above, the following model which combines the best aspects of the models described above is suggested for prioritisation of projects in housing sector plans in the KZN municipal areas.

- ▶ Firstly all projects should be broadly categorized according to the **primary provincial housing prioritization objectives** such as “slums clearance projects” or other DoH prioritization directives.
- ▶ **IDP and SDF compatibility**, ensure that all projects identified are compatible with the spatial development frameworks established in the original IDP.
- ▶ **Housing Need**, determine relative housing and infrastructure need between communities in the municipal area
- ▶ **Technical and Social feasibility**: evaluate the current and planned projects, to determine their technical and social feasibility for implementation.
- ▶ **Trigger issues** (i.e. Generating LED, Agricultural dev): evaluate projects to determine whether they have the potential to trigger other essential development.

Stage two of the suggested prioritisation model requires the political verification and/or potential adjustment of the prioritised projects through council's the approval process.

SECTION B: PROJECT PREPARATION

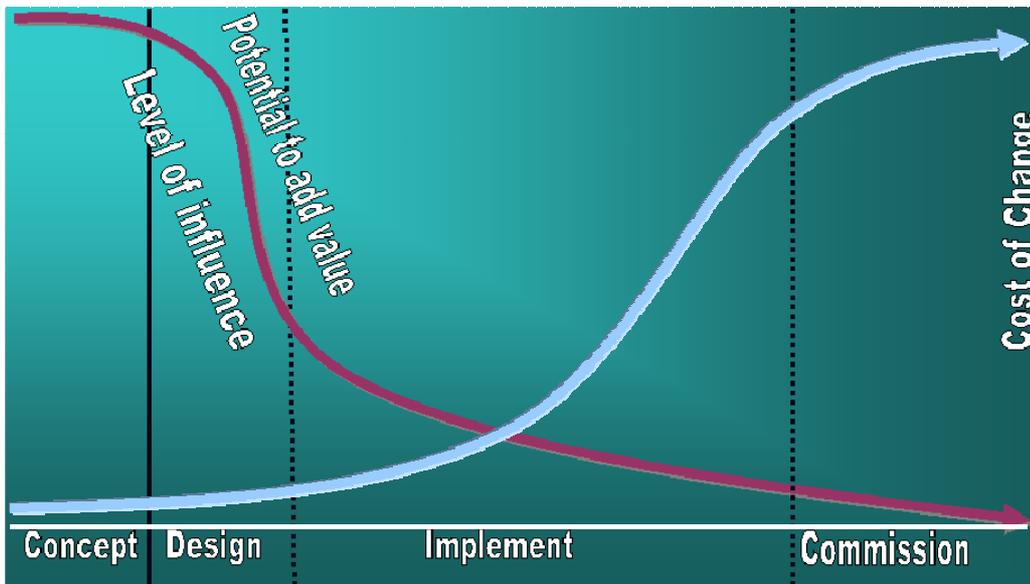
Section B details the generic project preparation principles including projects life cycle and PPT's process for the assessment of key project risks in the packaging stage.

3 PROJECT PREPARATION

3.1 Project Preparation and the Project Life Cycle

Housing sector plans need to go hand in hand with systematic project feasibility and preparation work. There is a serious risk where funding is allocated to projects prior to adequate preparation and feasibility work having been done. Historically budgets have been often allocated without sufficient project and community information, seriously undermining the delivery of viable and appropriate projects at a grassroots level.

Municipalities need to make efforts to source the necessary preparation funding (from the DOH) and ensure that they have sufficient capacity to undertake effective project preparation.



Graph 1: The importance of project preparation

The graph above highlights the importance of effective packaging and feasibility work in the initial stages of a housing project. As the project moves from concept through design toward implementation and commission the project manager and his/her team has less and less influence on the project outcomes, and therefore its success. Furthermore as the project life cycle elapses the cost to change aspects of the project increases exponentially.

The key message is therefore that the early stages of project are vitally important for its eventual success. The preparation process is a staged process which minimises risks and maximises opportunities. The most effective way to achieve this is to concentrate on the primary project risks, these risks can also be referred to as the project basics. These are factors which are fundamental to project success, without them project will surely fail and with them project is most likely to succeed. However if these threats are not effectively managed or resolved they will become the key threats to the projects success in the future. These project basics are outlined below:

- Demand / proven need
- Funding availability
- Site suitability
 - IDP and HSP compatibility
 - LOCATION suitable
 - ACCESSIBLE to beneficiaries
 - SOCIAL SERVICES available (schools, health, transport etc)
 - EMPLOYMENT opportunities available
 - LAND availability (audit and assembly)
 - GEOTECHNICAL conditions “OK” (soil & rock)
 - ENVIRONMENTALLY “OK”
 - SLOPE
 - BULK services availability:
 - water
 - roads
 - electricity (where appropriate)
 - telecommunications (where appropriate)
 - sewers (where appropriate – or other sanitation solution possible))
 - solid waste disposal (where appropriate)
- Stakeholder support
 - Beneficiaries

- Municipality (local/district)
- Funders (e.g.: DoH, MIG) / implementation partners / relevant government departments (e.g.: Dept Housing; Dept Water Affairs; Private Sector / equity partners; Donor Funders)
- Availability of a professional team (specialists) to do the work required (usually essential for pre-feasibility and feasibility stages)

Project preparation results in the early identification of key project risks, weaknesses or threats. Where these cannot be resolved within the available project timeframes and resources, this can result in early termination of the project or the provision for special activities or sub-projects to address the threats (e.g.: dedicated land assembly process and funding). This usually implies that the project will take place over a longer time-frame and therefore the project will have to be re-programmed and the implication for capital budgets would have to be considered.

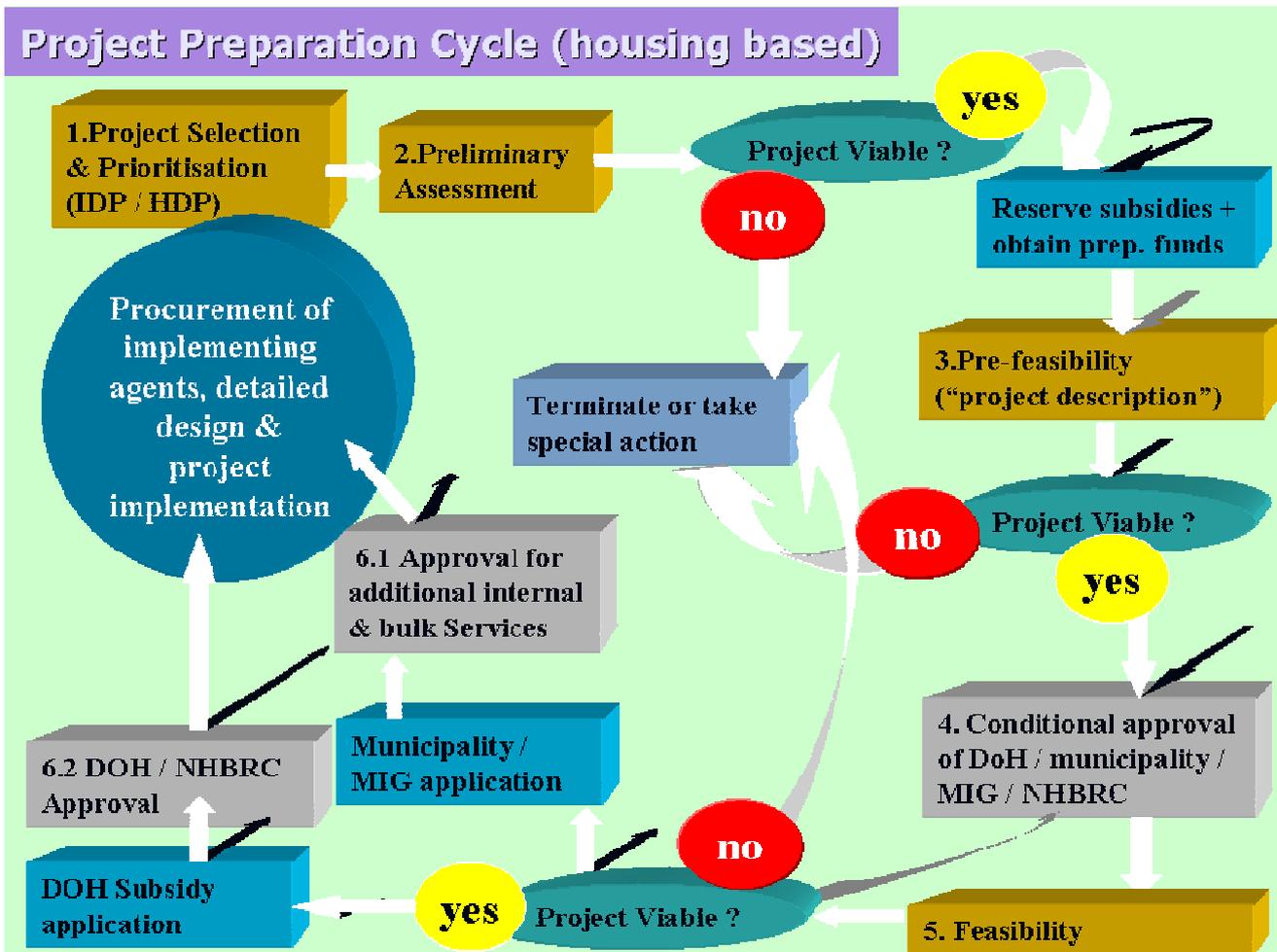


Fig 2: Stages of the project preparation life cycle (source PPT)

3.2 Stages of the Housing Project Life Cycle

Note: Based on greenfield or insitu upgrade projects

3.2.1 Project Identification and Prioritisation

This stage involves evaluation of a number of the municipality's current and planned projects to ensure rational project selection and housing focus. Projects can then be correctly programmed over time ensuring the initiation of the right projects, in the right place, at the right time. This information should be captured in the HSP which confirms the projects links with the IDP and Spatial Development Framework. This prioritization process ensures that the volume of projects prepared and subsidy applications submitted is in line with the volume of subsidies allocated by and available from the DoH KZN. Furthermore if the initial project evaluation process is correctly

implemented selected projects have a greater prospect for success. Housing Sector Plans capture the information compiled in this stage.

3.2.2 Preliminary assessment

This stage involves a lightweight upfront project assessment which is mainly desktop, and usually requires a site visit where relevant stakeholders can also be met. Risks and opportunities are identified before commencing with full scale and costly pre-feasibility. It is in this stage that the rough budget and scope for pre-feasibility and feasibility are defined. Information collected in this stage should form the basis for motivating for the release of preparation funding.

3.2.3 Pre-feasibility

It is in this stage that project preparation starts in earnest and significant project budget is required. It entails careful assessment of the project basics (e.g.: land availability, site suitability etc) by a team of specialists. The project concept and rough capital and operating budgets are produced. Key risks are eliminated, quantified or referred to the feasibility phase for resolution. The risks clarified in this stage form the basis for the projects success or failure. This stage equates to the conditional approval stage in relation to the DoH's approval process detailed in Chapter 3A of the Housing Code.

The main project risks clarified in this stage are as follows:

- ❖ Land Audit
- ❖ Initial social facilitation (community and other stakeholder support)
- ❖ Environmental scoping report (preliminary)
- ❖ Assessment of Bulk Services (*of less importance in rural housing projects*)
- ❖ Preliminary Geotech (*of less importance in rural housing projects*)
- ❖ Planning issues - site constraints and yield (*of less importance in rural housing projects*)

3.2.4 Feasibility

It is in this stage that more detailed work by project team takes place. The focus is to resolve outstanding risks (from the previous stage) and to finalise the project concept, design and cost parameters. Information clarified in this evaluation results in a final applications to the DoH for full project approval, through the PLS application form.

The main project activities carried out in this stage are as follows:

- ❖ Land assembly / land agreements
- ❖ Further social facilitation
- ❖ Socio-survey
- ❖ Social compact
- ❖ Preliminary town planning layout (*Settlement plan required for rural housing projects*)
- ❖ Preliminary engineering design and costs (*of less importance in rural housing projects*)
- ❖ Top-structure delivery
 - i. Designs and cost estimates
 - ii. PHP plan if required

3.2.5 Review

This final stage, after project implementation, involves the assessment of how effective the project and the project preparation process have been to enable learning for future improvements. Quantitative and qualitative indicators are used to define the projects success. This information can be collected via telephonic interviews, community interviews and site visits. A review report on the main findings should be circulated to key stakeholders. This stage is usually absent in most development projects at both the project and program level, resulting in limited improvement in development methodology over time.

SECTION C: INTEGRATED DEVELOPMENT

Section C defines integrated development and establishes its links with sustainable development. The distinction is made between integration at a project level and integration at a planning level. The need for integrated development at both these levels is emphasized. The process of Integrated Development Planning is introduced. The principles underlying the model for the alignment of the housing program with integrated development planning are presented.

4 INTEGRATED DEVELOPMENT

4.1 Definitions

Integrated development can be defined as development which:

1. is receptive and responsive to specific local needs (*and is therefore participative*),
2. is multifaceted (*a range of reinforcing interventions and support*),
3. involves multiple funders and support agents working together.

Integrated development is thus a participatory development process, which focuses on a range of supports related to different powers, functions and legislative requirements including better education, health care, economic development, food security, housing and infrastructure. It entails identifying and meeting the needs of the community as a whole, rather than looking at different aspects of development separately and in isolation from each other.

In 1995 the Forum for Effective Planning and Development (FEPD), an intergovernmental committee established by the RDP office, defined **integrated development planning** as:

“A participatory approach to integrate economic, sectoral, spatial, social, institutional, environmental and fiscal strategies in order to support the optimal allocation of scarce resources between sectors and geographical areas and across the population in the manner that provides sustainable growth, equity and the empowerment of the poor and marginalised.”³

³ FEPD, 1995, Vol 1

Robinson defines *integration* in a number of complimentary senses⁴:

1. “A key concern of integrated development planning is to move beyond fragmented projects that do not link to one another, and that do little to address causal issues. Integration, in this sense, refers to the development of plans, programmes and projects that are mutually reinforcing and that combine to address the real strategic issues in an area. This may be called the **strategic framework** dimension of integration.
2. Achievement of this in practice will require good internal linkages and consistencies within a plan, well-coordinated actions within a local authority, and between local government plans and the actions of other spheres of government. This is often referred to as **vertical integration**, while **horizontal integration** refers to co-ordination between various line function agencies.
3. In another sense, integrated development also refers to understanding **cross-cutting** issues, such as environment, gender, poverty, etc., which inform the social, economic, biophysical and spatial dimensions of development problems. These cross-cutting issues are fundamental in formulating strategies, programmes and projects.
4. Similarly, **spatial integration** emphasises networks and linkages between places and areas, the respective role that each plays in the space economy, and relative investment needs.
5. In another sense, integrated development involves explicit attention to the **links between planning and implementation**.
6. A sixth dimension of integration involves achievement of a sense of **consensus** among role players about the issues to be addressed, the strategies and priorities”.

There is an important link between integrated development and sustainable development where **sustainable development** can be defined as development which:

1. cannot be achieved without integrated development,
2. must bring about decreased dependency on outside support agents,
3. must have as its core objective the development of people.⁵

⁴ Robinson, P, Methods of achieving integration independent planning: Early experiences from South African municipalities, P3

⁵ PPT, Project Packaging and Evaluation Training Program, Module 4, Integration

In the context of integrated development planning, to achieve sustainability two key aspects have to be considered throughout the planning process:

1. The use of resources to meet the needs of present generations in such a way as to ensure that the needs of future generations can also be met; and
2. To achieve sustainability as an outcome of the planning process, all dimensions of development (social and economic) as well as the natural environment within which it occurs needs to be considered when planning.⁶

4.2 The Need for Integrated Development

Integrated development is necessary for many reasons including the following:

- The need to optimize scarce development resources,
- The need to ensure projects are adapted to local needs, conditions, assets,
- The need to ensure a multi-sectoral approach to development,
- The need to ensure community participation.

The concept of integrated development has been the topic of many policy documents and publications prepared by National, Provincial and Local spheres of Government as well as the private sector since 1994. Due to the severe development backlogs in rural areas, these areas have become the target of special focus for integrated development strategies and initiatives. In South Africa we have many examples of where integrated development planning has not been implemented and where projects have been undertaken without adequate reference to the spatial planning context. In many instances the resultant projects have been ineffective or unsuccessful.

Many of these initiatives have failed due to a lack of effective participation of local communities or a lack of basic situational analysis, primary ingredients in all integrated development planning processes. One of the greatest challenges for rural municipalities therefore lies in translating IDP strategies into projects for implementation and the subsequent management of the integrated implementation process. The process by which this integration can be achieved through the Housing Sector Plan is detailed in **(See: Section 2.8)**.

⁶ DPLG, IDP Guide pack, Section v, 2004, P13

The legislation of integrated development planning through the Municipal Structures Act and the formalization of municipal service delivery process and responsibilities through the Municipal Systems Act and Municipal Demarcation Act has laid the foundation for effective integration in South Africa. With this foundation firmly in place and planning process improving in each round, it is hoped that the historical process of scattered, un-coordinated and ad-hoc development which has often had limited effectiveness in rural areas, will soon become a thing of the past.

4.3 The Need for Project Level Integration

Often when the concept of integrated development is discussed, sole reference is made to IDP's and their role in the development. In reality however, IDP's although extensive, have not been effectively focused to a project or community level. Whilst IDP's and HSP play an important role in co-ordinating and enabling development, additional work is required to ensure that they translate into meaningful integration at the project level. This would facilitate development that is multi-faceted or multi-sectoral and therefore truly answers to the specific needs and circumstances of communities on the ground.

It is thus critical that the distinction is clearly understood between integration at the broad IDP and HSP level and integration at the project level. It is also critical that integration is enforced at both of these levels. There is a need for government and others involved in development to work both from the top down (i.e. utilizing IDP, HSP frameworks) as well as from the bottom up (i.e.: consulting with communities on the ground, understanding needs and community assets, identifying appropriate projects, and then feeding these back into the IDP and budgeting processes).

Integrated development planning should therefore include all levels from IDP and HSP level down to project level integration, but usually it fails at the project level.

Project level integration is concerned mainly with ensuring that development at the community or project occurs in a manner that is holistic, multi-sectoral, appropriate and sustainable. This means ensuring that housing is accompanied, not only by the necessary water road, water and sanitation infrastructure, but also by other forms of development such as:

- agricultural and economic development (e.g.: support to de-facto micro enterprises),

- the provision of appropriate social facilities such as those relating to education and primary health care,
- assistance to special needs groups (e.g.: those infected or affected by HIV / AIDS, orphans and vulnerable children, the aged etc).

Referred to above as cross-cutting integration, there are three main elements that are necessary to support such project level integration:

- The existence of adequate HSP's which translate the delivery of housing through clear spatial development frameworks at the local level;
- Co-operation and partnership between different sector departments;
- Appropriate participation of and consultation with communities on the ground to ensure that development projects and other support respond to local needs and optimize community assets.

An integrated approach formulated in the HSP must ensure the appropriate prioritization of projects or supports that will most effectively gear up local community initiative and energy, thereby reducing dependency in the long run.

4.4 Integrated Development Plans (IDP's)

Integrated development planning is a process through which municipalities prepare a strategic development plan, for a five-year period. The Integrated Development Plan (IDP) is a product of the integrated development planning process. The IDP is a principal strategic planning instrument, which guides and informs all planning, budgeting, management and decision making in a municipality. IDP's also serve as a "basis for engagement between local government and citizens at local level"⁷.

According to the Municipal Systems Act of 2000 all Municipalities must undertake an integrated development planning process to produce integrated development plans (IDP's). As the IDP is a legislative requirement it has a legal status and it supersedes all other plans that guide development at local government.

The IDP is made up of the following five core components:

⁷ DPLG, IDP Guideline Pack, 2004

- The analysis
 - an assessment of existing level of development, which includes identification of communities with no access to basic services
 - development strategies
 - the municipalities vision (including internal transformation needs)
 - the council's development priorities and objectives
- The council's development strategies
- Projects
- Integration
 - a spatial development framework
 - disaster management plan
 - integrated financial plan (both capital and operational budget)
 - other integrated programs
 - key performance indicators and performance targets,
- Approval⁸

The IDP should guide where national and provincial sector departments allocate their resources at the local government level. Therefore it is important that the municipality take into consideration the sector departments policies and programs when developing its own policies and strategies. Furthermore it is in the interests of the sector departments to participate in the integrated development planning process to ensure that there is alignment between its programs and that of the municipalities.

Ideally, IDP's should ensure the vertical and horizontal integration of various spheres of government and co-ordination between functional agencies, but in reality additional work is required to ensure that this actually occurs at the level of grassroots project delivery. There are various activities that need to accompany IDP's in order to ensure their effective implementation but which do not form part of the IDP process itself. The most important of these are HSP's, sector forums and Land Use Management Systems (LUMS) or equivalent local level integrated development plans. It is further noted however, that the implementation of these activities in most areas is still not complete which in turn compromises the effectiveness of IDP's in delivering integrated and sustainable development at the local, community level.

⁸ Information Package on Integrated Development Planning, DPLG, Aug 2001, pg 43

IDP's are therefore designed primarily to create an enabling environment for integrated development, especially at the broad planning level. Additional activities are required to ensure that IDP's deliver at grassroots, project level and that sustainable needs based development at a local level is therefore achieved.

As a municipality implements an IDP, it is important that it checks that project delivery is happening in a planned integrated manner, that resources are being employed efficiently, that the quality of delivery is acceptable and that overall delivery has the planned effect on the lives of the communities in the municipality. This is achieved through the implementation of a performance management system and undertaking an annual review of the IDP. This performance management system is framed by the 'Best practice guide for municipal organisational performance management in KwaZulu Natal', and is a requirement of the Municipal Systems Act.

The IDP sector planning process is clearly outlined in Guide 3 of the IDP guideline pack, while this complicated planning process is still in its teething stage the process for cross-cutting sector integration at a project level is virtually non-existent. While service provider forums are the medium for sectoral integration at a planning level the lack of effective sectoral plans which link to the IDP's often hampers this integration process.

The IDP guidelines propose that project level integration should be based on inter-sectoral, multidisciplinary project task teams to input into the design of projects. However the pressure to deliver, expend finances and the lack of incentive for integration usually ensure that these task teams are non-existent.

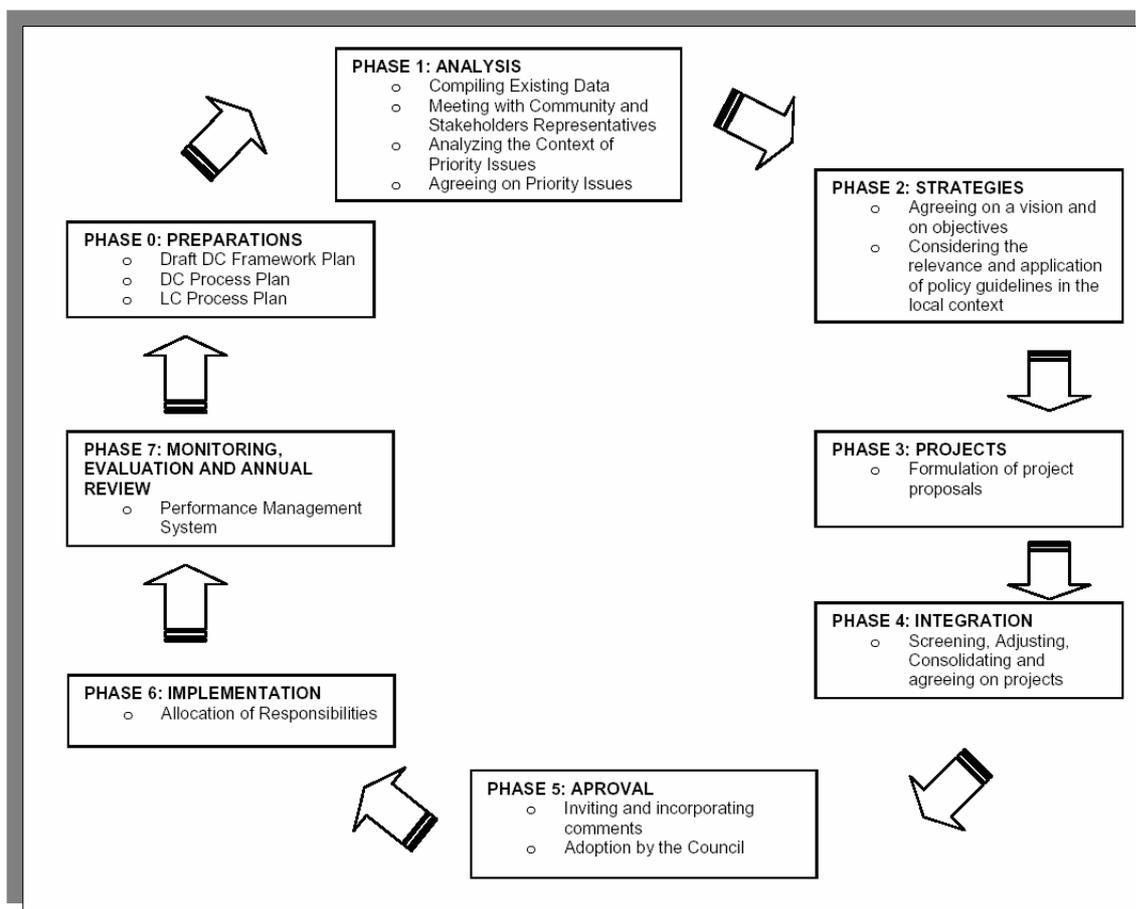


Fig 3: Phases of the IDP process⁹

In addition to what is outlined above, the following important points relating to IDP's are noted:

- IDP's should not be considered as rigid roadmaps for development but as living documents. They need to be flexible and adapted over time in response to feedback and changes in their operating environment (including changes in: conditions on the ground, available funding, and government policy).
- Inputs from sector forums and sector plans as well as local spatial development plans such as LUMS need to be considered as extensions of IDP processes.
- Most IDP's were based on only very preliminary community consultation (due to time and resource constraints) and additional community participation is desirable at the local level.
- It should be recognised that original, consultant lead IDP's will not contain a comprehensive project list (although some projects may be identified). Ideally IDP's should therefore have project priority lists attached to them or incorporated in them (or

⁹ Adapted from: Draft guideline document for service providers and Municipalities on how to engage in the IDP process of the 2005/2006 IDP review.

drawn from sector plans such as housing and local spatial planning inputs). Such lists / sector plans would need to be updated from time to time and approved by Council.

- IDP's require an appropriate process for prioritising projects based on credible developmental criteria and not only political imperatives.
- IDP's cannot solve development challenges or backlogs although they can assist in creating an enabling environment to do so. Ultimately these challenges need to be solved at the community or project level.
- It should be recognised that these points are generally covered in the IDP process but have not as yet been implemented in most cases.

4.5 Model for the Alignment of the Housing Program with Integrated Development Planning

The housing programme alignment model was developed and submitted to the Department of Housing in September 2004. This model has two main objectives firstly to provide an overview of internal and external factors which hinder integration of the housing programme with the local spheres of government, and secondly to develop guidelines for the integration of housing with integrated development plans.

There are four main principles which guide the model for alignment:

4.5.1 Sustainable settlement development and asset creation

This relates to the shift in current policy from shelter provision to sustainable human settlements and communities. Housing sector interventions should aim to maximise the value of housing as an asset to the resident household (as a usable support for a sustainable livelihood and as a bankable or saleable asset) and to local government (as a component of a well performing city or town with a strong rates base), and improving its value with the financial and other sectors (linked to stimulating the emergence of a secondary housing market).

This approach rests on a three main factors.

- ❖ Firstly, the achievement of multi-sectoriality and co-ordination at project, policy and institutional levels is required.
- ❖ Secondly, spatial integration concerns are also noted, in respect of city scale interventions, access to well located land, easing land assembly as well as supporting settlement development through the lens of making places of opportunity out of existing settlements and when developing new settlements.

- ❖ Thirdly, supporting the long-term aim of poverty reduction is defined as entailing the provision of security of tenure and improving access to urban land and services.

4.5.2 Demand-defined and supply-negotiated approach

Current strategic concerns of the Department emphasise the promotion of development which is demand-defined (by households according to their needs, and through local government-based processes such as the Integrated Development Planning process) and is supply-negotiated with housing suppliers once the nature of the demand has been established through an empowering and participative process which results in well located, quality housing environments.

4.5.3 Restructuring of the institutional architecture for housing

In order to leverage individual and collective responsibility for meeting the housing demand, changes in the roles being performed as well as the need to mobilize and enable new actors to perform these roles are needed. The model calls for the establishment of partnerships between local government, communities and the private sector in which risks and resources are more evenly spread and mechanisms are developed to mobilise and distribute resources efficiently and equitably.

4.5.4 Transformation of the intergovernmental planning and fiscal system

The Turnaround Strategy emphasise the need to bring housing policy instruments and their implementing agencies into greater alignment so that the funds flow better and achieve the desired outcomes more effectively. Trends emerging in the overall governmental approach to development emphasises the role of municipalities as the place where demand is being defined and supply negotiated across a range of sectors.

The introduction of the Municipal Infrastructure Grant (MIG), pooling together a range of previously separate conditional grants is set to afford municipalities much greater flexibility to support demand defined and supply negotiated planning and implementation. Further, efforts are also being made to bolster policy and programme co-ordination in the other spheres. The introduction of multi-departmental clusters aims to support cross-sectoral co-ordination in respect of shared policy objectives. Finally, support is being mobilised to enhance municipal capacity to plan and undertake implementation.

SECTION D: LEGISLATIVE FRAMEWORK

Section D introduces the context and legislative framework for Housing and Integrated Development Planning within South Africa. Thereafter the framework within which housing sector planning is carried out is discussed.

5 LEGISLATIVE FRAMEWORK

5.1 The Legal Context for Housing Provision in South Africa

5.1.1 Constitution: Bill of Rights

The Bill of Rights contained in the Constitution of the Republic of South Africa entrenches certain basic rights for all citizens of South Africa including: "The right to have access to adequate housing" (Article 26), where "adequate housing" is defined in the RDP White Paper of November 1994, in the following terms: "As a minimum, all housing must provide protection from weather, a durable structure, and reasonable living space and privacy. A house must include sanitary facilities, stormwater drainage, a household energy supply, and convenient access to clean water. Moreover, it must provide for secure tenure in a variety of forms."

The Constitution also describes the objectives of local government, including regional council as

- ❖ The provision of services to communities in a sustainable manner,
- ❖ The promotion of social and economic development
- ❖ The promotion of safe and healthy environments, and
- ❖ The encouragement of community and community organization involvement in matters of local government

This section goes on to state that a municipality must strive, within its financial and administrative capacity, to achieve the above objectives.

With regard to the development duties of local government, a municipality must:

- ❖ Structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community; and
- ❖ Participate in national and provincial development programmes

5.1.2 National Housing Code

The purpose of the National Housing Code is to set out clearly, in one comprehensive document, the National Housing Policy of South Africa. National Housing Policy comprises an overall vision for housing of South Africa and the way in which this vision should be implemented. The requirements for the establishment of the National Housing Code are set out in Section 4 of the Housing Act, 1997 (Act No. 107 of 1997). This act requires the Minister of Housing to publish a code to be called the National Housing Code. The code must contain National Housing Policy and administrative guidelines, in order to facilitate the effective implementation of the National Housing Policy. The code does not replace the key legislation and laws relating to National Housing Policy. Rather it is a statement of present policy, providing an overview and confirmation of the existing policy that is in place. As National Housing Policy is continually changing and evolving, so will the code continually change.¹⁰ Besides outlining the National Housing Policy, the code also provides guidelines and suggestions as to how this policy should be implemented.

The code comprises the following parts:

1. A user-friendly guide which is a summary of the code and an overview of the information available
2. Part 1, is an overview of the National Housing Policy
3. Part 2, is an overview of the Housing Act, No. 107 of 1997
4. Part 3, details the National Housing Program including the Housing Subsidies Scheme, the Discount Benefits Scheme and Hostel re-development program.
5. Part 4, covers new developments such as current policy relating to Social Housing and the Rental Act.

The National Housing Policy is implemented primary by three spheres of government namely the National Government, Provincial Government and Municipalities, each of which have clear roles and responsibilities.

The Constitution of South Africa broadly outlines the roles of the different spheres of government where: *(housing sector plan and housing targets in italics)*

¹⁰ National Housing Code, 2000, National Department of Housing, P1-3

1. **National Government** has the power to develop laws and policies that deal with matters that apply at a national level. Therefore at a national level Housing Policy is developed to facilitate an effective and equitable housing sector. *National housing targets, goals and objectives are developed at this level.*
2. **Provincial Government** has the power to make specific laws and policies for the province in terms of all functional areas including housing. *National Housing targets are subdivided amongst local municipalities based on housing needs analysis and delivery targets for each Municipality.*
3. **Municipalities** have the power to administer matters such as housing and all others relating to implementation of development projects in their areas. *Municipal housing objectives and targets are defined in the Housing sector plan.*



Fig 4: Roles of spheres of Government

5.2 Municipal Legislative and Policy Framework for Housing Sector Plans

5.2.1 The Constitution 1996

According to the Constitution of the Republic of South Africa, adopted on the 8th of May 1996 (sections 152 and 153), local government is responsible for the development process in Municipalities and for municipal planning. The constitution further states that municipalities are responsible for integrated development planning in order to meet the following objectives:

- to ensure sustainable provision of services,
- to promote social and economic development,
- to promote a safe and healthy environment,
- to give priority to the basic needs of communities,
- to encourage involvement of communities.

5.2.2 Local Government Transition Act 1995

While the Local Government Transition Act of 1993, provided for revised interim measures with a view to promoting the restructuring of local government and the establishment of appointed transitional councils, amendments to that act introduced in June 1995, made provision for the establishment and management of Transitional Rural Local Government structures.

Since then a number of further and positive changes have been introduced in the broader rural policy environment, and are outlined below.

5.2.3 Rural Development Framework 1997

In 1997, the Rural Development Task Team as part of the old RDP office prepared the Rural Development Framework for the National Department of Land Affairs. This framework advocated a holistic approach to rural development and poverty alleviation, focusing on local democracy, rural local economic development and development of rural infrastructure.

5.2.4 White Paper on Local Government 1998

In March 1998, the White Paper on Local Government was published advocating the developmental role of local government. Amongst the responsibilities and obligations defined for “Developmental Local Government” as defined in the White Paper were the following:

- to take responsibility for countering the racial divisions of the local space imposed by apartheid;
- to create unified urban and rural areas, where all community members have equal access to municipal services;
- to promote the active participation of local communities in decision-making through community participation in the budgeting process;

- to assemble municipal developmental priorities through the Integrated Development Planning (IDP) process;
- to monitor municipal performance through the Performance Management System.¹¹

5.2.5 Municipal Demarcation Act 1998

The re-demarcation of municipal boundaries was effected through the Municipal Demarcation Act of 1998, the Municipal Structures Act of 1998 and the Municipal Systems Act of 2000. This re-demarcation has allowed for wall-to-wall local government throughout the country, removing historic confusion over responsibilities for areas, which fell outside of local municipalities, and creating the platform for more equitable development.

5.2.6 The Municipal Structures Act 1998

The Municipal Structures Act 1998 (Act No. 117 of 1998): provides for the establishment of municipal categories and for the appropriate division of functions and powers between these categories of municipality.

A district municipality has the following functions and powers in terms of development planning:

- ❖ Integrated development planning for the district municipality as a whole, including a framework for integrated development plans for the local municipalities within the area of the district municipality, taking into account the integrated development plans of those local municipalities.

Furthermore a district municipality must seek to achieve the integrated, sustainable and equitable social and economic development of its area as a whole by;

- ❖ Ensuring integrated development planning for the district as a whole;
- ❖ Promoting bulk infrastructural development and services for the district as a whole;
- ❖ Building the capacity of local municipalities in its area to perform their functions and exercise their powers where such capacity is lacking;
- ❖ And promoting the equitable distribution of resources between the local municipalities in its area to ensure appropriate levels of municipal services within the area.

¹¹ Integrated Development Planning and rural local government in South Africa, Pycroft, C, 2000, P90

5.2.7 Municipal Systems Act 2000

The Municipal Systems Act of 2000 formally introduced Integrated Development Plans (IDP's), as the form of planning to be adopted by all metropolitan, district and local municipalities throughout the country. Section 24(1) of the Act specifies that the planning undertaken by a municipality must be aligned with and complement the development plans and strategies of other affected municipalities and other state organs / government departments

Section 24(3)(a) puts the onus on service providers to align their actions with that of the municipal IDP: "If municipalities are required to comply with planning requirements in terms of national or provincial legislation, the responsible organs of state must ... align the implementation of that legislation with the provisions of Chapter 5 of the MSA dealing with integrated development planning." It is clear that alignment is the responsibility of all Spheres of Government¹².

5.2.8 The National Housing Act (107) of 1997

The National Housing Act of 1997 defines the roles of different spheres of government in relation to the delivery of housing in South Africa. In terms of the responsibilities of Local Government in relation to housing delivery it states (Part 4 Sec 9.1);

Every municipality must as part of the municipality's process of integrated development planning take all reasonable and necessary steps within the framework of national and provincial housing legislation and policy to:

- a) Ensure that:
 - ❖ The inhabitants of its area of jurisdiction have access to adequate housing on a progressive basis;
 - ❖ Conditions not conducive to the health and safety of the inhabitants of its area of jurisdiction are prevented or removed:
 - ❖ Services in respect of water, sanitation, electricity, roads, stormwater drainage and transport are provided in a manner which is economically efficient:
- b) Set housing delivery goals in respect of its area of jurisdiction;
- c) Identify and designate land for housing development;

¹² Draft guideline document for Service providers and Municipalities on how to engage in The IDP process of the 2005/06 IDP Review

Therefore the Department of Housing requires municipalities to formulate a housing strategy and delivery goals, as part of their IDP process. While the capturing of goals and strategies is defined in the legislation, the manor by which the municipalities capture this information is not defined. However the establishment of separate Housing Sector Plan, to provide a housing voice to the IDP, is suggested by the provincial department of housing KZN. As housing is seen as one of the primary service delivery components, most municipalities have been proactive in accepting this suggested methodology to improve housing delivery in their municipal areas.

SECTION E: KEY DOH POLICIES AND STRATEGIES

Section E includes main points of departure for the delivery of housing in South Africa as outline in the National Housing Code as well as the description of the most current and relevant policies that relate to housing. A summary of the relevant points from the 'Breaking New Ground' policy document, the Expanded Public Works Program (EPWP) and the Provincial Housing Priority Programs are presented. The Department of Housings Municipal Capacity Building Program and current capacity building initiatives are outlined.

6 POLICY ENVIROMENT

6.1 A Comprehensive Plan for the Development of Sustainable Human Settlements, 'BNG' strategy

The "Breaking New Ground" document was approved by Cabinet and presented to MINMEC on 2 September 2004. This document suggests a number of progressive changes to the delivery of housing in South Africa. Since the documents approval in September 2004 a number of these suggested changes have been incorporated, the following is a summary of the major relevant shifts in housing delivery strategy currently being incorporated into policy based on this document.

The new human settlements plan reinforces the vision of the Department of Housing, to promote the achievement of a non-racial, integrated society through the development of sustainable human settlements and quality housing. Within this broader vision, the Department is committed to meeting the following specific objectives:

- Accelerating the delivery of housing as a key strategy for poverty alleviation
- Utilising provision of housing as a major job creation strategy
- Ensuring property can be accessed by all as an asset for wealth creation and empowerment
- Leveraging growth in the economy
- Combating crime, promoting social cohesion and improving quality of life for the poor
- Supporting the functioning of the entire single residential property market to reduce duality within the sector by breaking the barriers between the first economy residential property boom and the second economy slump.

Major relevant Changes suggested through this document include:

- ❖ The new human settlements plan moves towards more holistic, integrated, flexible and responsive mechanisms which address the multi-dimensional needs of sustainable human settlements.
- ❖ As part of an approach which envisages that municipalities will play a significantly increased role in the housing process, municipalities must take the lead role in negotiating the location of housing supply to facilitate spatial restructuring. This will also encourage integration between housing delivery, spatial planning, infrastructure provision, Municipal IDP and budgetary coherence.
- ❖ Enhancing Spatial Planning, through greater coordination and alignment of various planning instruments and economic policies, lies at the heart of sustainable human settlements. This requires more than mere coordination between departments but there needs to be a single overarching planning authority and/or instrument to provide macro-level guidance to support the development of sustainable human settlements.
- ❖ The housing chapter of Municipal Integrated Development Plans must be considerably enhanced to include municipal housing needs assessment, the identification, surveying and prioritisation of informal settlements, the identification of well located land for housing, the identification of areas for densification, the linkages between housing and urban renewal and the integration of housing, planning and transportation frameworks, and will link these to a multi year implementation plan. *(These suggestions have been incorporated through the Housing Sector Plan and its suggested format)*
- ❖ It is important that the programme respond to the capacity needs of communities, ensuring that they are empowered to constructively engage with municipalities in identifying and fulfilling their housing needs.
- ❖ Municipal capacity building is highlighted as critical to the success of the new housing plan. A comprehensive programme for capacity building in the housing sector is suggested.
- ❖ Some changes were suggested to subsidy bands including the collapsing of the 3 subsidy bands below R3500 and the introduction of finance products/instruments to medium income households (earning R3,500 to R 7,000 p.m.).
- ❖ Progressive Informal Settlement Eradication is a primary aim of the new policy. Informal settlements must urgently be integrated into the broader urban fabric to overcome spatial, social and economic exclusion. *(This aspect had already been recognized by the KwaZulu-Natal Minister of Housing, Mr. Dumisani Makhaye in 2001/2 through the Slums*

Clearance program, prioritizing the insitu upgrading of informal settlement as the DoH's primary focus.)

- ❖ Promoting densification and integration of previously excluded groups into the city and the benefits it offers and to ensure the development of more integrated, functional and environmentally sustainable human settlements, towns and cities. One aspect of this process can be achieved through supporting urban renewal and inner city regeneration
- ❖ An overall strategy to facilitate the release of well-located public land to municipalities is being developed, furthermore funding for the acquisition of private land for housing purposes will no longer form part of the housing subsidy. *(The responsibility for the acquisition of land for housing development now rests with the Department of Land Affairs, (See: Section 2.3.3))*
- ❖ Developing a rural housing programme which is to deal with a comprehensive range of rural housing related issues, such as tenure, livelihood strategies and broader socio-cultural issues. *(This policy has now been compressively developed and the initial rural housing projects are now being implemented in KZN)*
- ❖ The document also suggested greater use of the 'social housing instrument' to facilitate the production of effectively managed institutional housing in the areas where demand for institutional or managed housing, of all types, exists.

In summary the discussion document places greater emphasis on the process of housing delivery (emphasizing planning and engagement), the quality of the housing product (both in terms of location but also in terms of final housing form) and the long-term sustainability of the housing environment (leading to a focus on institutional capacity).

Additionally it should be noted that the Expanded Public Works Programme (EPWP) is aimed at alleviating and reducing unemployment by the provision of work opportunities. The principles/guidelines of the above plan/programme should be taken into account when housing projects are undertaken.

6.2 Current Provincial Housing Priority Programs

The Provincial Minister of Housing identified the following priority programmes for the Department for the 2005/2006 financial year.

1. Slums Clearance/Informal housing removal

2. Rural Housing
3. Violence damaged houses
4. Credit linked Housing
5. People's Housing Process
6. Hostel Upgrade
7. Rental Housing
8. Special Projects

6.3 Municipal Capacity

The success of the proposed use of local municipalities as the service delivery arm of national government rests on the capacity of local municipalities. The 'breaking new ground' policy document highlights the need for a comprehensive program for capacity building in local municipalities. To this end the KZN Department of Housing has embarked on a number of initiatives to strengthen the delivery of its housing program in the local municipalities.

6.3.1 Capacity building and training program

The Department has implemented a province wide training program for the DoH and Municipal housing officials. This program is managed by a joint venture training consortium made up of experienced professionals in the housing field. The program consists of the following main courses;

- ❖ Introduction
- ❖ Project management
- ❖ Project facilitation
- ❖ Project packaging
- ❖ Project implementation
- ❖ Project close outs
- ❖ Contracts and legal
- ❖ Rental Housing Tribunal
- ❖ Policy
- ❖ Hostel upgrading

It is envisioned that a further course focusing specifically on the delivery of housing in rural areas is to be developed in 2006 for implementation in early 2007.

6.3.2 Municipal Housing component initiative

A program implemented by the DoH with financial assistance from the Flemish Government, aims to create well structured and capacitated housing components at municipal level. These components would include all the required resources (human, financial, and IT) needed to undertake effective and efficient housing planning and delivery at a municipal level. The project will also include extensive capacity building programmes for municipal officials, traditional leadership and housing consumers in the area. A pilot project has been implemented within the Uthukela District, with the next phase of the project aiming to spread the initiative to other municipalities.

6.3.3 Departmental web site

The Department has developed an internet website, in order to make housing related information freely and instantly available to the public. The Website will serve as a 1-stop portal of information for the public at large, with a vast array of resources covering all aspects of housing.

And finally it should be noted that it is the responsibility of the housing plan service providers to ensure that the Housing Sector Plan is used as a tool to build the capacity of the local municipal officials. It is hoped that with sufficient capacity municipalities will, in the future, develop their own plans without the assistance of external service providers.

SECTION F: HOUSING SUBSIDY INSTRUMENTS

Section F provides a brief outline of the main housing subsidy instruments available, Rural Housings Policy and practical requirements for Rural Housing delivery are also presented.

7 HOUSING SUBSIDY INSTRUMENTS

7.1 Subsidy Instruments and Components

Specific policy intention of each subsidy instrument and components thereof:

7.1.1 Individual Subsidy

- ❖ Promotion of individual ownership to individual households with names registered against the national database. The subsidy promotes a scheme linked to credit finance.
- ❖ Includes developer driven process for small projects promoting emerging developers. *(This subsidy mechanism has now been suspended by the minister until loopholes in the system have been addressed)*

7.1.2 Project linked subsidy

- ❖ Promotion of mass housing with individual ownership to a group of households who together comprise a project. Includes both greenfields and insitu projects. Promotes the involvement of municipalities, communities, developers and development consultants. The vast majority of projects / subsidies are of this type. Beneficiaries are required to make a R2479 cash contribution (unless PHP is utilised).

7.1.3 Consolidation subsidy

- ❖ Promotion of community building and personal investment, so as to maximise the impacts of previous investment (e.g.: IDT). Promotes the consolidation of top-structures on properties which have already been serviced and acquired by individual households.

7.1.4 Relocation subsidies

- ❖ Often referred to as right sizing subsidies promotes the concept of borrower responsibility by allowing individuals to “right size” to more appropriate and affordable housing.

7.1.5 Institutional subsidies

- ❖ Used mainly for the promotion of rental / social housing (including special needs / HIV AIDS relief) in an effort to achieve international norms of social housing stock being in the order of 30% of total stock. Allows the option of direct sales as well as rent to buy schemes.
- ❖ Has in the past been used in KZN as an alternative instrument for the delivery of rural housing or projects encountering land legal difficulties?

7.1.6 Transitional subsidies

- ❖ This is a sub-type of the institutional subsidy (see special needs below) where a subsidy is allocated to a bed in an institution and the beneficiary’s name is not registered against the national database (100% of the subsidy currently available – increased from 70%).

7.1.7 Rural subsidies

- ❖ This is set out in Ch 11 of the Housing Code, the key principle being that of ‘functional tenure’ (as opposed to full title). The intention is to promote equity between rural and urban areas in terms of housing. Historically only the institutional mechanism was used to deliver housing in rural areas. Due to the complexities in KZN relating to the role of traditional leaders vs. Municipalities a comprehensive KZN rural policy has been finalized which paves the way for more effective delivery of rural housing and more flexible and appropriate contract documentation. **(See: Section 7.3)**

7.1.8 Peoples housing process

- ❖ Promotion of choice and self-management amongst communities. Effectively entails an alternative means of top-structure delivery and should be viewed as an enhancement to any existing subsidy instrument, which promotes maximum beneficiary involvement, informed choice and self-management.

Beneficiaries on PHP projects are exempt from paying the beneficiary contribution of R2,479.

7.1.9 Special needs projects

- ❖ Definition of Special needs: Special Needs Housing is housing which benefits those who are affected by poverty and who in addition are further disadvantaged in any of the following ways:
 - Infected or affected by HIV/AIDS;
 - Orphans and vulnerable children (OVC's);
 - Seriously ill;
 - Old and infirm;
 - Disabled;
 - Homeless / on the street.
- ❖ DoH provides housing and not operational or maintenance budgets (these are typically provided by Dept. Welfare, Dept. Health, donors etc). Projects are generally linked to Dept. Welfare or Dept. Health grants (e.g.: foster care). The viability of these projects is primarily dependant on the capacity of the operating institution (e.g.: NPO) and the availability of operational funding.
- ❖ Usually make use of the transitional subsidy (sub-type of institutional mechanism – see above)

7.1.10 Social housing

- ❖ Essentially a rental scheme usually implemented utilising the institutional mechanism. Key challenges include effective management of the stock and cost recovery through rental collection.

7.1.11 Housing assistance in emergency circumstances

- ❖ Chapter 12 of the code sets out the framework for this programme, geared towards disaster management such as fires, floods and outbreaks of disease. programme can also be used for assistance in instances of relocations in insitu upgrade projects.

7.1.12 Procurement policy

- ❖ Use should be made of one of the following suites of documents
FIDIC (1999)

GCC works (1990)

JBCC 2000

NEC engineering and construction contract

- ❖ Use should be made of the standard format for the compilation of procurement documents
- ❖ Targeted procurement procedures should be used to implement preferential procurement policies (refer to Housing Code, Chapter 3 and User's Guide)

7.2 Basic Points Of Departure For Housing Projects

All projects should conform to the basic points of departure set out in part 1 of the housing code as follows:

- ❖ Sustainable (socially, financially etc)
- ❖ Effectively balances the need for increased housing delivery
- ❖ Recognizes and reinforces the wider economic impact and benefits of housing provision in the domestic economy
- ❖ Maximize social and economic benefits to the local community
- ❖ Ensures security of tenure
- ❖ Maximizes the freedom of the individual to exercise choice
- ❖ Facilitates coordination between various sectors
- ❖ Generates broad-based support and involvement
- ❖ Promotes the establishment of socially and economically viable communities
- ❖ Upholds the principle of vertical and horizontal equity,
- ❖ Only people in real need should benefit (v)
- ❖ Comparative value must be received by beneficiaries with the same eligibility profiles (h)
- ❖ Maximizes the involvement of the community and leads to the transfer of skills
- ❖ Promotes social, economic and physical integration
- ❖ Establishes and insures equity, transparency and accountability
- ❖ Leads to effective state intervention and maximizes sustained non-state involvement in housing provision
- ❖ Deals sensitively and responsibly with impact of housing development on the environment

7.3 Implementation of The Kwazulu-Natal Rural Housing Policy, 2004/5

In recognition of the unique difficulties associated with the implementation of the rural housing policy within KwaZulu Natal. The Department of Housing and the Department of Local Government and Traditional Affairs have produced a number of guideline documents to assist municipalities and development practitioners in this process.

Development rights agreement:

The development rights agreement drawn up between the Municipality and the Ingonyama Trust Board establishes the terms and conditions for the implementation of rural housing projects on Ingonyama trust land.

The Development rights agreement allows the relevant local Municipality to apply for funding, and to use the approved funding received in order to provide bulk and internal services and to construct top structures for the beneficiaries in rural areas. Furthermore the agreement allows the Municipality to confirm the existing tenure rights of the beneficiary to the extent required in the subsidy scheme (functional tenure). The agreement also confirms the support of the Traditional Authority in the area through the Traditional Authorities consent document, which is attached to the agreement.

Assessment of in-situ housing projects on Ingonyama Trust Land, Information document, July 2004:

In July 2004 the Department of Local Government and Traditional Affairs after a number of workshops with key stakeholders, produced a guideline document for the assessment of housing projects on Ingonyama Trust land.

The Department of Local Government and Traditional Affairs is required to give planning consent for rural housing projects on Ingonyama Trust Land. The chief directorate Development Planning is *inter alia*, responsible for the promotion of orderly development on land in urban and rural areas in the province and the Chief Directorate Traditional Land Administration is responsible for the management of land tenure processes in Traditional Authority areas in the province.

This guideline document proposed the establishment of a Technical Committee (TC) to evaluate development proposals, similar to the Development Tribunal outlined in the DFA. The guideline established that the implementing agent is required to submit an 'information package' to the Department of Housing in order to obtain planning consent. The Department of Housing was then responsible for forwarding this 'information pack' to Development Planning and Traditional Land Administration while simultaneously scheduling a date for the TC to meet. This meeting would then result in a 'planning decision' with attached conditions that would be provided to the Department of Housing.

The guideline also provides details of the required documents needed in order to compile the 'information pack'. It is interesting to note that the TC aims to assess applications by adhering to the general principles outlined in the DFA. One of the central principles outlined in this act is item 1(c) (i) 'Policy, administrative practice and laws should promote efficient and integrated land development in that they-

(i) Promote the integration of the social, economic, institutional and physical aspect of land development.¹³

Part 1: Pre-feasibility approval of rural (Ingonyama Land) housing projects, Version 1:

This application pack document provided by the Department of Housing in September 2004 provided a guideline for the pre-feasibility packaging of rural housing projects on Ingonyama Trust land.

Part 2: Tranche 1/2 application for rural subsidies, Version 1:

These application packs provided by the Department of Housing in September 2004 provided guidelines for the feasibility packaging of rural housing projects on Ingonyama Trust land.

This document seeks to provide alternatives and additional guidelines in order to cater for the main concerns of some traditional authorities with respect to:

1. The use of the section 21 company as a development vehicle for traditional land
2. The registration in the deeds office of long term common law leases

¹³ Development Facilitation Act, No 67 of 1995, Item 3(1)c (i), P5