

PROJECT NUMBER:
PROGRAMME MANAGER

## SUBMISSION

TO : THE PROVINCIAL HOUSING DEVELOPMENT BOARD OF KWAZULU-NATAL

FROM : THE CHIEF DIRECTOR : TECHNICAL SERVICES DEPARTMENT' OF LOCAL GOVERNMENT & HOUSING

PROJECT : POLICY AND CRITERIA IN RESPECT OF IMPLEMENTATION OF THE PROPOSED NATIONAL NORMS AND STANDARDS WITH RESPECT TO ENGINEERING SERVICES FUNDED FROM THE HOUSING SUBSIDY

### NORMS AND STANDARDS

#### 1. **PURPOSE**

The purpose of this submission is to obtain approval for the policy /criteria under which

- The proposed National Norms and Standards will be implemented in KwaZulu-Natal, and
- Deviations for approval by the MEC will be allowed.

#### 2. **BACKGROUND**

- 2.1 A submission entitled "Determination of National Norms and Standards in respect of Permanent Residential Structures" was approved by MINMEC on 23 November 1998 and has previously been tabled with the PHDB KZN for information.
- 2.2 The MINMEC submission set a maximum standard / level of service that may be subsidised from housing funds as follows:

Service	Level	Ave. Cost
Water	Metered Standpipe / erf	R1 225
Sanitation	VIP / erf	R1 490
Roads	Access to each erf with graded or gravel paved road.	Ft1 383
Storm water	Lined open channels	R1 600
Street lighting	High mast, where feasible/ practicable	300
		<b>R5 998 *</b>

\*Excludes Land Costs and Professional Fees

\*The LOS is highlighted in the attached schedules.

2.3 Extensive problems have been encountered with Municipal Authorities which have requested levels of services (LOS) far in excess of that set out in the table above.

This has had the effect of the full housing subsidy amount being utilised on engineering services with nothing left over for the top structure.

2.4 The municipalities' requests have not been without reason:

- their prime motivation is long term maintenance/sustainability of the services, which invariably requires a higher up-front capital cost.

2.5 The policy now clearly stipulates a maximum service level that may be provided for from the subsidy; the implication being that if a Municipality requires a higher service, it must fund the difference from other sources.

2.6 A maximum variation of 15% of the full subsidy amount may be applied for, for the construction of the services or on the basis of a combination of the services and the permanent residential structure depending on the requirements of the situation. *Where the conditions are so adverse that this is insufficient to address abnormal development costs*, the MEC may approve additional amounts as per the table contained in Annexure B.

2.7 The policy does provide for deviations, but only on approval of the Housing MEC. This submission therefore sets out those conditions/criteria which should exist in order for deviations from policy to be approved.

### 3. MOTIVATION

#### 3.1 **Definition of** scenarios requiring MEC approval.

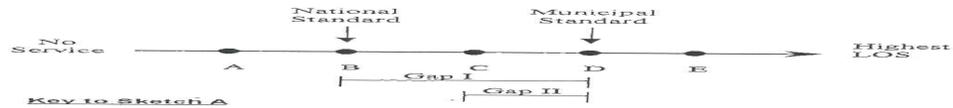
A project prioritisation procedure/policy now exists. At the pre-qualification stage (PR1), specific, written consent must be obtained from the municipalities/services providers, acknowledging that what is proposed for the project is acceptable to them. Although the *developer's design engineer would not yet have produced a detailed design, he would at that stage know enough about the project's conditions (ie. geotechnics and topography) to be able to specify the types/LOS for the project.*

The municipality's requirements will also be known, and it is therefore possible at this stage to define the "gap".

The National Norms and Standards define a maximum LOS that the subsidy may be used for. Wherever a Municipal Standard is higher than the National Standard, a "gap" will exist which must be funded by the municipality/service provider.

In order to develop a decision-making framework, the following sketch is used

## SKETCH A : Continuum of levels of service to illustrate the "Gap"



### Key to Sketch A

- i. i, A, B, C, D, E = various design options for projects (set down by the appointed professional engineer).
- ii. ii. Assumed that the "Municipal Standard" always exceeds the "National Standard" (the gap between the two will vary between municipalities),
- iii. iii. Assumed that design options A to E are designs that a Professional Engineer has proposed as being practicable/responsible for the particular circumstances of the project.

### Options

- A. If "A", then scope exists to increase the LOS to the National Standard, the additional cost coming from the subsidy. No MEC approval is required. If the municipality requires the services to be upgraded the "Municipal Standard", the additional cost will be for the Municipality to fund,
- B. If "B", then Gap I applies, which the municipality must fund. No MEC approval is required because subsidy money is not being utilised to fund the Gap.
- C. If "C" applies, then MEC approval is required for the increased service level because subsidy money will be utilised to fund the difference between the National Standard and "C", and Gap II applies, which the municipality must fund.
- D. If "D" applies, then MEC approval is required for the increased service level, no Gap exists, and the full service is funded from the subsidy.
- E. If "E" applies (unlikely scenario), then scope exists to reduce to the Municipality Standard, MEC approval is required, no Gap exists, and the full service is funded from the subsidy.

It follows then, that where a municipality/service provider does not have the available funds to cover the "gap", the project cannot proceed.

### **3.2 Control Processes**

The designed level, especially where it exceeds the National Standard should not be simply accepted as the correct level. The DLGH should have the leeway to appoint an independent engineer to audit the proposed LOS.

The control which prevents projects being approved by the PHDB is inherently built into the process now as :

- a completed PLS application must include a valid services agreement between the municipality and the developer;

- the services agreement defines the acceptable LOS to the municipality, and by comparing with the National Standard, the "gap" can be derived;
- confirmation must be obtained from the municipality that they are willing to fund the "gap", either during construction of the project, or as a capital upgrade over time (ie they commit to budget for it in order to allow the project to proceed now). If this confirmation is not obtained, the project is not submitted to the PHDB for approval, because it would not have complied with the prioritisation protocol,

It is proposed that in order to assist the MEC in approving departures from the National Standard, Tables 5.1 to 5.4 of Annexure A to the MINMEC submission be adopted as the framework in which deviations occur. (Tables 5.1 to 5.4 attached herewith as **Annexure A**)

### 3.3 Circumstances for Deviations

It is proposed that the "Benchmark" LOS be accepted as follows:

	<u>Service</u>	<u>Benchmark Level</u>	<u>Table</u>
i.	Water	Intermediate - 3	5.1
ii.	Sanitation	Intermediate -1	5.2
iii.	Roads	Basic - 3	5.3
iv.	Storm water	Intermediate - 3	5.4

It is proposed that circumstances under which deviations to the National Standard are permitted, are

- projects operating under the Rural Subsidy and in-situ upgrade projects, but that the deviations still be motivated and approved by the MEC. Specific reason must be given as to why the National Standard cannot be applied, i.e. approval of a deviation is not automatic;
- where the communities' wishes are for a higher LOS than the National Standard then
  - DLGH social empowerment to verify
    - ❖ the community is fully informed of the consequences;
    - ❖ the community has been properly represented, and that such representatives have been duly elected.
- where the professional engineer's design requires a higher LOS, than the National Standard.

It is proposed that the procedure for deviations is communicated as follows

- PHDB submission and recommendation to the MEC;
- MEC submission and approval;
- MEC approval to municipalities (via DLGH/PHDB)

### 3.4 Additional Increase to Subsidy : Adverse vocational, Geotechnical and Topographical Conditions.

The approved MINMEC submission referred to in 2.1 above further provides for an additional

15% variation on the subsidy (for the R16 000 subsidy the additional 15% is (R2 400) to cater for abnormal development costs arising from locational, geotechnical and topographical conditions.

It goes further to state, that where the conditions are so adverse that the R2 400 is insufficient to address abnormal development costs, the MEC may in respect of the area concerned, at his or her discretion, approve the following maximum additional amounts based on the table contained in Annexure B, namely:

i. Adverse Slope

For sites with excessive slopes an additional amount of R1 025,00/site may be applied for. The construction costs of foundations and stormwater control measures can increase considerably on projects where a large percentage of sites have excessive slopes. A slope analysis report should be undertaken in this instance to substantiate the application.

ii. Adverse Geotechnical Conditions

For sites developed on predominantly sandy soils an additional amount of R900/site may be applied for. Special attention needs to be given to surface and subsurface storm water control measures. A geotechnical report on soil conditions shall be submitted with the application.

For sites on predominantly medium dolomite an additional amount of R1 950,00/site may be applied for. Again a geotechnical report confirming the soil conditions should be submitted to substantiate the application.

It is Important to note that the respective additional amounts are expressed as an "Extra Over" amount over the standard 15% increase, but are not given as an additional subsidy amount. Instead, the "Extra-over". amount is converted to a square-meter building area using a building rate of R333/m<sup>2</sup>. The size of the 30m<sup>2</sup> top-structure is therefore permitted to be reduced by the corresponding calculated square meter area to 27m<sup>2</sup> and 24m<sup>2</sup> as set out in table B.

The conditions for qualifying for the "Extra-over" amount and subsequent reduction in the top-structure could occur at any of the service levels A, B, C, D, E given in the sketch in 3.1.

The MEC may also approve an increase to the minimum 30m<sup>2</sup> house size where it is feasible to cap the amount in respect of services at a lower level than R7 500, or where construction costs make it practicable. This scenario could occur at service level A and B given in the sketch 3.1.

### **3.5 Legal Framework**

A review of the relevant sections of the constitution, and the Housing Act, Act 107 of 1997, indicates that the norms and standards which are being set by the National Department of Housing are in keeping with that Department's obligations in terms of the above legislation.

It is clear now that the National Department of Housing's intention is that the subsidy is to be used to subsidise the provision of services, and not to wholly provide for all internal services. When considering this in the context of section 152(1)(b) of the constitution - which sets out that one of the objectives of Local Government is to ensure the provision of services to communities in a sustainable manner -- the Local Authority is obliged to provide for the increase to the LOS in so far as the required LOS exceeds the subsidised LOS.

### **4. RECOMMENDATIONS**

It is recommended that the Provincial Housing Development Board of KwaZulu-Natal resolves that

4.1 The proposed National Norms and Standards in respect of Engineering Services -contained in the MINMEC submission, be adopted by PHDB -- KwaZulu-Natal under the following protocol

- i. No PHDB project approvals to be given unless the PLS pro-forma application is accompanied by (inter-alia) a completed services agreement signed by the developer and the relevant municipality, which services agreement shall detail clearly what level/standard of municipal infrastructure has been agreed to, and where the required standard of infrastructure exceeds either the National Standard and/or the developer's engineers' standard, a signed undertaking by the municipality to fund the "gap", as set out in 3.1 above.
- ii. Where the requirements of 4.1(1) above have been complied with, and the PHDB is satisfied that a deviation to a higher standard is necessary, it shall recommend to the MEC for approval to implement the alternative standard, which approval/refusal shall be communicated to the municipality via DLGH/PHDB, provided always that deviations shall be considered on a project basis and not as a general dispensation in a municipality area.
- iii. Conditions which shall exist to permit a deviation from the National Standard shall be :
  - a. where the professional engineer is of the opinion that a lower standard will pose a risk to health and safety of communities occupying the project;
  - b. where the community has a firm opinion that it requires a higher standard, and has been fully informed of the circumstances, and it has been ascertained that the community representatives are indeed representative of the community and have been duly elected, and such deviation shall not lead to the creation of slums or unsightly living areas where the balance between services and top-structure is inappropriate,
- iv. **Deviations to the standards** shall be within the framework of Tables 5.1 to 5.4 of "The Housing Code : Engineering Norms and Standards". (attached)
- v. Projects being Implemented under the Rural Subsidy Mechanism and in-situ upgrade projects shall not receive automatic exemption from the National Standard, and deviations to the Standard shall be motivated to the MEC.
- vi. All projects shall comply with the procedures defined by the PHDB-approved prioritisation procedure, which will provide the integrity that 4.1(i) above is complied with.
- vii. The DLGH have the right to appoint an Independent professional Engineer to audit the developers LOS proposed.
- viii. The MEG may at his or her discretion approve the following maximum additional amounts should the 15% variation of R2 400,00 be insufficient due to adverse locational, geotechnical and topographical conditions:

<b>Condition</b>	<b>"Extra-over"</b>	<b>Conversion Rate</b>	<b>Reduction in area of House</b>
> Excessive slopes	R1 025,00	R333/m <sup>2</sup>	3m <sup>2</sup>
> Sandy soils	R 900,00	R333/m <sup>2</sup>	3m <sup>2</sup>
> Medium dolomite	R1 950,00	R333/m <sup>2</sup>	6m <sup>2</sup>

which amounts shall not be given as an additional subsidy but which are converted into a square-meter area at the rate of R333/M<sup>2</sup>, in order to provide a framework for a permissible reduction in the house size

from 30m<sup>2</sup>.

- ix. The MEC may at his or her discretion approve an increase to the house size above 30m<sup>2</sup> where it is feasible to cap the amount In respect of services at a lower level than R7 500 or where construction costs make it practicable.

## **ITEM B1-2**

### **POLICY AND CRITERIA IN RESPECT OF IMPLEMENTATION OF THE PROPOSED NATIONAL NORMS AND STANDARDS WITH RESPECT TO ENGINEERING SERVICES FUNDED FROM THE HOUSING SUBSIDY**

#### **Resolved:**

*1. That the proposed National Norms and Standards in respect of Engineering Services - contained in the MINMEC submission, be adopted by PHDB - KwaZulu-Natal under the following protocol:*

- i) No PHDB project approvals to be given unless the PLS pro forma application is accompanied by (inter-alia) a completed services agreement signed by the developer and the relevant municipality, which services agreement shall detail clearly what level/standard of municipal infrastructure has been agreed to, and where the required standard of infrastructure exceeds either the National Standard and/or the developer's engineers' standard, a signed undertaking by the municipality to fund the "gap ", as set out in paragraph 3.1 of the report.*
- ii) Whether the requirements in paragraph 4.1(i) of the report have been complied with, and the PHDB is satisfied that a deviation to a higher standard is necessary, it shall recommend to the MEC for approval to implement the alternative standard, which approval/refusal shall be communicated to the municipality via DLGH/PHDB, provided always that deviations shall be considered on a project basis and not as a general dispensation in a municipality area.*
- iii) Conditions which shall exist to permit a deviation from the National Standard shall be:*
  - > where the professional engineer is of the opinion that a lower standard will pose a risk to health and safety of communities occupying the project;*
  - > where the community has a firm opinion that it requires a higher standard, and has been fully informed of the circumstances, and it has been ascertained that the community representatives are indeed representative of the community and have been duly elected, and such deviation shall not lead to the creation of slums or unsightly living*

areas where the balance between services and top-structure is inappropriate.

- iv) Deviations to the standards shall be within the framework of Tables 5.1 to 5.4 of "The Housing Code: Engineering Norms and Standards".
- v) Projects being implemented under the Rural Subsidy Mechanism and in-situ upgrade projects shall not receive automatic exemption from the National Standard, and deviations to the Standard shall be motivated to the MEC.
- vi) All projects shall comply with the procedures defined by the PHDB-approved prioritisation procedure, which will provide the integrity that paragraph 4.1(i) of the report is complied with.
- vii) The DLGH have the right to appoint an independent professional Engineer to audit the developer LOS proposed.

The MEC may at his or her discretion approve the following maximum additional amounts should the 15 % variation of R2 400, 00 be insufficient due to adverse locational, geotechnical and topographical conditions:

<u>Condition</u>	<u>"Extra-over"</u>	<u>Conversion Rate</u>	<u>Reduction in area House</u>
> Excessive slopes	R1 025,00	R333/m <sup>2</sup>	3m <sup>2</sup>
> Sandy soils	R 900, 00	R333/m <sup>2</sup>	3mz
> Medium dolomite	R1 950,00	R333/m'	6m <sup>2</sup>

which amounts shall not be given as an additional subsidy but which are converted into a square-meter area at the rate of R333/mz, in order to provide a framework for a permissible reduction in the house size from 30mz.

- ix) The MEC may at his or her discretion approve an increase to the house size above 30mz where it is feasible to cap the amount in respect of services at a lower level than R7 500 or where construction costs make it practicable