



## human settlements

Department:  
Human Settlements  
**PROVINCE OF KWAZULU-NATAL**

# Policy Communiqué

Circular No.2/2013

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## INTERIM DIRECTIVE IN RESPECT OF THE INTERIM ADJUSTMENT OF THE SUBSIDY QUANTUM

Policy Communiqué 1/2013 advised stakeholders of the interim adjustment of the subsidy quantum as communicated by the Director General, National Human Settlements. This led to varying interpretations and confusion in its application specifically in respect of existing projects requiring alignment.

The following directive is to provide clarity on any misinterpretation in the application of the interim subsidy quantum increase effective from 6 December 2012. The adjustment is subject to the condition that ***it may only apply to housing projects that have not been contractually committed to any building contractor as on 6 December 2012.*** The National position further states that under no circumstances may the adjusted subsidy quantum be applied to current contractual committed project to cater for project cost escalation, neither may it be applied to enhance contractors' profit margins and/or enhance the quality or norms and standards of houses currently under construction.

Projects assumed to automatically qualify for alignment by virtue of their contract agreement must note that this adjustment is as determined from time to time by the National Minister or Director-General and in this instance is subject to the abovementioned condition.

The challenges in alignment of projects have been communicated to the National Department and a directive is awaited. In the mean time, stakeholders are advised that conflicting information has been submitted from various stakeholders on the ability to deliver within the quantum, and these are dependent on a number of factors such as ability to negotiate bulk prices, location, delivery models, etc.

Notwithstanding the aforementioned, the provincial department in its efforts to support and ensure service delivery in the Province and prevent projects from being blocked will assess requests for alignment to the interim subsidy increase on a case-by-case basis. These applications must be submitted through the Regional Office for assessment.

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## **POLICY DEVELOPMENTS AND UPDATES**

### **1. Adjustment of the Subsidy Quantum for 2013/14**

The National Department of Human Settlements is presently engaging with Provinces on the review of the current norms and standards. The norms and standards will be aligned to the revised Building Regulations. The design that is presently being considered will result in an improved product with greater environmental and energy efficiencies. It includes improved designs for wheelchair bound individuals. There is also consideration for a higher grade of services to accommodate densification initiatives in the Integrated Residential Development Programme (IRDP).

### **2. Allocation Guidelines for Housing Opportunities\***

The Department is drafting Allocation Guidelines for Housing Opportunities due to the many challenges experienced with the allocation of housing subsidies. The allocation guidelines seek to address these challenges and to ensure that housing subsidies are allocated in a fair, equitable and transparent manner.

The objectives of the guideline are:

- To promote sustainability and good governance in the allocation of housing subsidies
- To prioritize the needs of previously disadvantaged group and special need categories such as the aged and disabled, women-headed households, child-headed households and the youth.
- To obtain relevant and accurate data for housing planning purposes through verification and updating of applicants information.
- To apply a uniform and consistent approach that will have to be adhered to when allocating houses to potential beneficiaries.
- To determine the housing demand for various tenure options in the Province.

### **3. Operation Sukuma Sakhe Guidelines\***

Operation Sukuma Sakhe (OSS) is a provincial programme that was founded on the premise of taking government to the people in a coordinated manner. "Sukuma sakhe" is a Zulu phrase which means stand up and build. The programme has been launched in all 11 districts municipalities and 51 local municipalities under them. It involves co-ordination amongst sector department.

The OSS initiative prioritises households that need urgent interventions. Once a need is identified through the Sukuma Sakhe war rooms, relevant officials in the department are notified. The departmental inspectors and project managers visit the identified site to assess the problem, and then the extent and urgency is confirmed and recorded. The programme prioritises the poorest of the poor, mostly falling within the definition of "vulnerable groups" these includes the indigents, women, children and disabled persons.

The Department of Human Settlements has drafted a guideline to formalise the manner in which it deals with OSS initiatives. The document aims to achieve a structured approach internally and most importantly it aims to assist Service Providers in understanding their role in the context of OSS, particularly in cases where services providers are defined as emerging contractors. Overall the document intends to provide guidelines for the implementation of Operation Sukuma Sakhe initiatives, ensure that the quality of the houses built meets the required norms and standards and improve co-ordination with other sector departments in this effort.

#### **4. Audit of Policies and Procedures**

A number of provincial policies and procedures had been adopted since 1994. Whilst some had been reviewed, a number of older policies had not been assessed. In addition to this, not all of these had been recorded on the website. This initiative will seek to achieve the following in this financial year:

- Ensure all policies currently listed on the website are properly recorded and are accessible from the website. The purpose of this activity is to ensure that the links and documents on the website is functioning and complies with the requirements of the Auditor General's Office.
- Develop a list of all departmental policies and procedures developed since 1994 and report findings and status via the Housing Evaluation and Assessment Committee (HEAC). Some of the older policies in the Department had not been uploaded on the website. While some of these policies and/or procedure might still be in use or have been amended, an audit of these is required to verify the extent thereof, relevance of the policies and/or need for adjustment or repeal, and subsequent need to upload these documents onto the website.
- Develop a spreadsheet of polices and cross reference changes from past reviews, context and relationship with other enabling policies. This is to ensure that policies and procedures and relationships with other documents are recorded to assist stakeholders in the correct application and accessibility of relevant or supporting documentation. It also provides for scheduled audits to ensure the ongoing evaluation of the policies and procedures.

#### **5. Research on Community Perceptions**

On the 29<sup>th</sup> February 2013, the MEC for Human Settlements and Public Works noted and supported a research proposal to measure community perceptions on 3 Human Settlement interventions, which are, the Finance Linked Individual Subsidy Programme (FLISP), Rental Housing in terms of demand and Densification. Generally it is assumed that communities learn of housing options offered by Government through popular media, political avenues like ward councillors, local municipalities and the Department of Human Settlement's communication and consumer education efforts. Although the Department may have several housing programs, there is a need to determine how the various

communities understand and perceive these programs. This exercise will try to measure perceptions of the various communities' understanding of these programmes.

A scientific survey will be undertaken to produce a research report providing figures and realities associated with peoples' understanding and perceptions of densification, rental housing and the FLISP demand. The research will be based on a survey sample of 50 adults in 6 accredited municipalities being Msunduzi, Newcastle, Umhlatuze, Emnambithi, Hibiscus Coast and Kwadukuza, and 5 non-accredited, predominantly rural municipalities being, Mswati, Mpendle, Bergville, Mngeni and Ulundi. The method of data collection will be face to face interviews based on a questionnaire of a combination of open and closed-ended questions that is structured to assess people's understanding, awareness and perceptions of these existing housing interventions. The final results and data analysis will be both quantitative and qualitative and will have an inference to the whole population of the Province. The main objectives of the study are to get an indication of the following:

- Affordability and demand for rental accommodation specifically in the 6 leader municipal areas.
- Awareness of the FLISP as well as affordability and demand for the programme.
- Understanding of densification and willingness to accept densification in terms of horizontal concentration of development and medium to high vertical density developments (urban, peri-urban & rural, guided by areas targeted for rural service centres and small town regeneration).

The success of this research will require the support and co-operation of the identified municipalities to reach the targeted communities. The research is planned to start in the second quarter of this year.

**\*The draft Allocation Guidelines for Housing Opportunities and Operation Sukuma Sakhe Guidelines will be published for your comments and input on the Department's website at [www.kzndhs.gov.za](http://www.kzndhs.gov.za) by the end of July 2013.**

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