



KZN Human Settlements
uMnyango Wezokuhlaliswa
Kwabantu
ISIFUNDAZWE SAKWAZULU-NATALI

HOUSING POLICY COMMUNIQUÉ

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KZN Housing
Private Bag X54367
DURBAN
4 000

Tel : 033 - 392 6406
Fax : 033 - 3926482
Website: www.kznhousing.gov.za

***Department of Human Settlements/uMnyango wezokuHlaliswa kwaBantu/
Departement van Menslike Nedersettings***

INDEX

POLICY GUIDELINE TO CATER FOR THE LOCATION OF THE DEVELOPMENT SITE	PAGE 3
EMERGING CONTRACTOR POLICY FRAMEWORK	PAGE 6
PREPARATION FUNDING: REVISED FUNDING GUIDELINES	PAGE 11

POLICY GUIDELINE TO CATER FOR THE LOCATION OF THE DEVELOPMENT SITE

The article was initially published on the 22 December 2009: Circular No.5/2009. Recent applications indicate that this guideline is currently being applied incorrectly.

The purpose of this policy guideline is to identify the major centres for KZN and to allow for the application of the location allowance based on distance. The major centres listed should be used to determine the variation to allow for additional costs relating to the delivery of materials to remote areas only. The following areas are emphasised to ensure correct application:

1. INITIAL MAIN CENTRES

The following major centres have been identified:

Uthungulu	Richards Bay, Empangeni, Eshowe, Melmoth
Zululand	Pongola, Vryheid, Paulpietersburg, and Nongoma
Amajuba	Newcastle
Umzinyathi	Dundee, Nqutu, Tugela Ferry
Umkhanyakude	Ingwavuma, Mtubatuba
Ilembe	Mandeni, (KwaDukuza) Stanger
Ethekwini Metro	Amanzimtoti, Ballito, Bluff, Durban central, Kwamashu, Isipingo, Pinetown, and Umlazi
Ugu	Port Shepstone, Umzinto
Umgungundlovu	Pietermaritzburg, Howick
Uthukela	Ladysmith, Estcourt
Sisonke	Ixopo, Kokstad
Eastern Cape	Matatiele

2. KILOMETER CALCULATION

The distance to be determined as follows:

- The major centre closest to the project area is to be used, irrespective from where the material is sourced.
- The 20km inclusive distance of the development site from a major centre, will be a radius of 20km from the city/town hall (or nearest policy station in the case of a suburb).
- The distance beyond the 20km radius, must be measured in one direction along a road from the town/city hall to the development site that can accommodate a 10 ton truck. The reason for this is that the electronic calculator (spreadsheet updated annually by the national Department, already contains a factor that multiplies the distance by 2 to account for the return trip.

This factor was derived as follows:

10 companies were phoned at random in to establish the cost per kilometre for a ten ton truck to make 2 trips (in excess of 20 km) to deliver materials, in one direction. The average cost was then determined (at the time of finalising the calculator in 2007 it was approximately R7.45/kilometre). This amount is adjusted annually by the National Department to take into account the escalation of delivery, labour and fuel.

The formula can thus be summarised as:

Distance in excess of 20km = a +20

Average cost of ten ton truck to deliver materials (2 trips) in one direction in excess of 20 km = b

Annual adjustment factor for escalation (including fuel, labour and delivery fee) = c

Total variation amount (to a maximum of 5% of the subsidy quantum at the time) = f

Thus, f= (a+20km) x (bxc)

The value of (f) is programmed not to exceed 5% of the subsidy quantum.

- a) Use a map (These maps are available with the entire policy document on the Departments website www.kznhousing.gov.za) to identify a 20 kilometre radius from the nearest major centre
- Application for locational (material delivery costs) to be considered only for areas outside the periphery
- The kilometre distance to be measured from the location of the site office to the nearest area municipal (or where applicable, suburb boundary e.g. Durban areas).
- This can be done by:
 - ⇒ actually travelling the distance
 - ⇒ using electronic means such as “Google Earth”
 - ⇒ measurement by “AA”- maps, “Brabys” Global positioning systems (GPS) or GIS
- In larger areas, additional points for measuring is suggested, as follows:
 - ⇒ Measure from the closest area listed (determined as having more than 1 well known supplier) as indicated in the table below:

Ethekwini Metro	Amanzimtoti, Ballito, Bluff, Durban central, Kwamashu, Isipingo, Pinetown, and Umlazi
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3. HOW TO CLAIM FOR THE LOCATION ALLOWANCE

The National Department of Housing Variation Manual calculator will be used to calculate the location allowance. (The calculator can be sourced on the Departments website www.kznhousing.gov.za)

- The distance measured from the city or town hall as outlined in paragraph 1 must be captured under section 12 (location adjustment) of the calculator questionnaire
- The calculation sheet will automatically calculate the allowance based on the information captured on the calculator questionnaire.
- The Implementing Agent must submit a map showing the distance of the development site from the major centre. This should be verified by the Region by either (1) actually traveling the distance; (2) using electronic means such as “Google Earth”; or (3) measurement by “AA”- maps, “Brabys” Global positioning systems (GPS) or GIS

4. MONITORING AND EVALUATION

The major centres will be monitored for the next 3 years and reassessed to determine whether more centres can be identified, particularly in areas with few suppliers, and whether the application of the allowance has assisted in ensuring a sound standard of top structure is achieved.

The policy guideline can be accessed on the Department’s website at www.kznhousing.gov.za

=====END=====

EMERGING CONTRACTOR POLICY FRAMEWORK

1. Background

The Kwa-Zulu Natal Department of Human Settlements has made significant strides in trying to implement the empowerment projects for the previously disadvantaged groups that include, inter alia women and youth. Due to the lack of a policy or a strategic framework that would guide the implementation, the projects have not been sustainable. The projects were mainly focused on theoretical training, information sharing sessions, forums with no clear exit points for the emerging contractor groups.

It is against this backdrop that the Department of Human Settlements, together with stakeholders, has developed a framework that will make available comprehensive programmes that are effective and sustainable, with a view to empowering the emerging contractors.

2. Objectives

- To develop a pool of housing entrepreneurs who will ensure the creation of sustainable human settlement from the previously disadvantaged groups.
- Facilitate the environment that will ensure the advancement of emerging contractors to fully fledged contractors/Developers.
- To build partnerships with sector stakeholders, including but not limited to Financial institutions, NHBRC, Training Authorities, FETs, and private sector business and interest groups to advance the interests of the previously disadvantaged groups
- Facilitate access to finance for emerging contractors from the previously disadvantaged groups
- Facilitate skills development, through training, mentorship.
- Provide proper exit strategy for the emerging contractors in capacity building interventions that will ensure their sustained growth.

3. Target Groups

- Historically Disadvantaged Women (60%)
- Unemployed Youth (30%)
- Disabled(5%)
- Other(5%)

4. Key Principles

- BEE compliance to be enforced in all contracts and tenders awarded by the KZN Department of Human Settlements.
- Set specific targets for procurement for emerging contractors
- Facilitate empowerment and participation through skills development and mentorship.
- Ring fence Projects for mentoring and exit opportunities
- Provide monitoring framework.
- Align ECDP with Women and Youth in housing projects

5. Approach

- 5.1 The approach would entail both empowerment and participation in order to address the skills gap and also to advance the emerging contractors to be fully fledged contractors.
- 5.2 This will be further facilitated through the establishment of an emerging contractors forum to ensure an enabling environment is maintained for contractors to participate in the creation of sustainable human settlements.
- 5.3 The Department will ensure its programme and databases are aligned with sector departments to avoid duplication and to ensure a wider spread of participation.
- 5.4 The ECDP will be aligned to the existing women and youth in housing empowerment programmes of the Department.
- 5.4.1 The target groups will be taken from our existing data base and will comprise 60% disadvantaged women, 30 disadvantaged youth and 5% disabled and 5% other. The start should be the creation and the continuous updating of a reliable database. The Department will form partnerships with key relevant stakeholders nationally and provincially.
- 5.4.2 Stakeholders will include inter alia:
- National Home Builder Registration Council-NHBRC for training
 - NURCHA for accessing finance
 - CETA-for training and accreditation
 - FET-for training
 - SEDA Training Incubation for mentoring and training
 - Private construction firms and built environment professionals
- 5.4.3 The programme will ensure affirmative access to holistic training development opportunities (skills, entrepreneurial (business, financial and tendering training) and mentorship training).

5.4.4 Empowerment and participation will include:

- Skills development
- Entrepreneurial (business, financial and tendering management)
- Mentoring and Incubation
- Preferential Procurement
- Ownership of enterprise
- Project ring- fencing
- Facilitating Access to Finance

5.4.4.1 Skills Development

There is a need to address the skills shortage among the emerging contractors, particularly Women (60%), Youth (30%) and other (10%) in line with the skills development act of (2003) as amended.

Skills development will focus on training and mentoring on construction management and enterprise development. This will include the following:

- Brick laying
- Plastering
- Dry walling
- Painting
- Roofing
- Tiling
- Excavation
- Plumbing
- Business Development

5.4.4.2 Mentoring/Exit opportunities

The Department will work in partnership with NHBRC and CIDB in order to facilitate placement and mentoring of emerging contractors in housing projects. Each emerging contractor should be allocated at least 10% of projects work in each project under an experienced mentor until the construction of all houses is finished.

5.4.4.3 Facilitate Access to Finance

Organisations such as Nurcha will be involved with assisting emerging contractors with access to finance by linking them with the financial institutions, commercial banks.

Financial Assistance from the National Department of Human Settlements will be facilitated through the Provincial Department (Capacity building Unit). The National Department will also set aside the preparatory funding to assist the emerging contractor to start their project. The DoH will engage with NURCHA to assist with providing access to finance with reduced interest for emerging contractors

5.4.4.4 Joint Ventures

The Department is presently drafting a Joint Venture Strategy. The Department through the implementation of the Joint Venture Strategy will encourage and facilitate joint ventures between experienced Implementing Agents and Emerging Contractors

5.4.4.5 Targeted Tendering

Tenders will be awarded in terms of the Preferential Procurement Framework Act, 2000 which takes into consideration previously disadvantaged group, women, youth and disabled.

5.4.4.6 Assessment

NHBRC and the Mentor will do quality assessment on the product and award a certificate of completion.

5.4.4.7 Penalties

If the Emerging Contractor fails to meet the target in terms of housing delivery, the number of houses will be reduced or withdrawn depending the nature of default.

The details of the specifications of the product and time frames for development (development programme) will be part of the contract that will be entered into between the Department of Human Settlements and the Emerging Contractor.

5.4.4.8 Accreditation (both NHBRC registration and CIDB grading system)

Once qualified, the emerging contractor will be issued with the certificate of competence by the accredited service provider (Mentor) and be graded accordingly. The emerging contractor will then be graduated from emerging to fully fledged contractor. This should be modelled along the lines of the Departments of Transport and Public Works groundbreaking programmes

The Department of Housing, through project management will consider the intake of 20 emerging contractors every second year for the period of five years in order to allow for project completion.

6. Roles and Responsibilities

- 6.1 The Project Management Chief Directorate will be responsible for identifying projects that will be ring fenced for joint ventures and targeted procurement.
- 6.2 The Project Management Chief Directorate will be responsible for negotiating joint ventures between emerging contractors and experienced Implementing Agents. And/or contractors

- 6.3 The Capacity Building Directorate will be responsible for developing capacity building programmes for emerging contractors in the built environment.
- 6.4 The Capacity Building Directorate will be responsible for developing mentorship programmes, and for facilitating an emerging contractors forum.
- 6.5 The Capacity Building Directorate will be responsible for facilitating access to finance for emerging contractors from the National and Provincial departments, financial institutions, including NURCHA, and other stakeholders.
- 6.6 The Supply Chain Management Directorate will be responsible for procuring the services of emerging contractors and maintaining a database.
- 6.7 The BEE Sub-directorate will be responsible for monitoring the targets and indicators for emerging contractors.

7. Monitoring and Evaluation

The target and indicators must be consistently monitored by the BEE Directorate of the Department. Quarterly statistics with key performance indicators should be submitted to the BEE directorate.

The policy framework can be accessed on the Department's website at www.kznhousing.gov.za

=====END=====

PREPARATION FUNDING: REVISED FUNDING GUIDELINES

In light of the research undertaken the 2 main issues identified were the costing as well as the delays experienced in the approval of a preparation funding application. The following are suggested in attempting to deal with the identified issues

1. Revised Costing

Activities	Rural	Urban
Preliminary Environmental Assessment	R15 000 – R18 000	R10 000 – R15 000
Preliminary Geotechnical Assessment	R12 000 – R15 000	R8 500 – R12 000
Land Audit ¹	R0 – R5 000	R5 000 – R8 000
Social Facilitation	R5 000 – R8 000	R5 000 – R8 000
Bulk services	R12 000 – R15 000	R10 000 – R15 000
Project Management	R15 000 – R20 000	R20 000 – R25 000

It should be noted that the studies that need to be undertaken constitute desktop investigations and as such the funding requested should be in line with the proposed estimates. Should more detailed investigations be required funding for it should be applied for during the feasibility study phase.

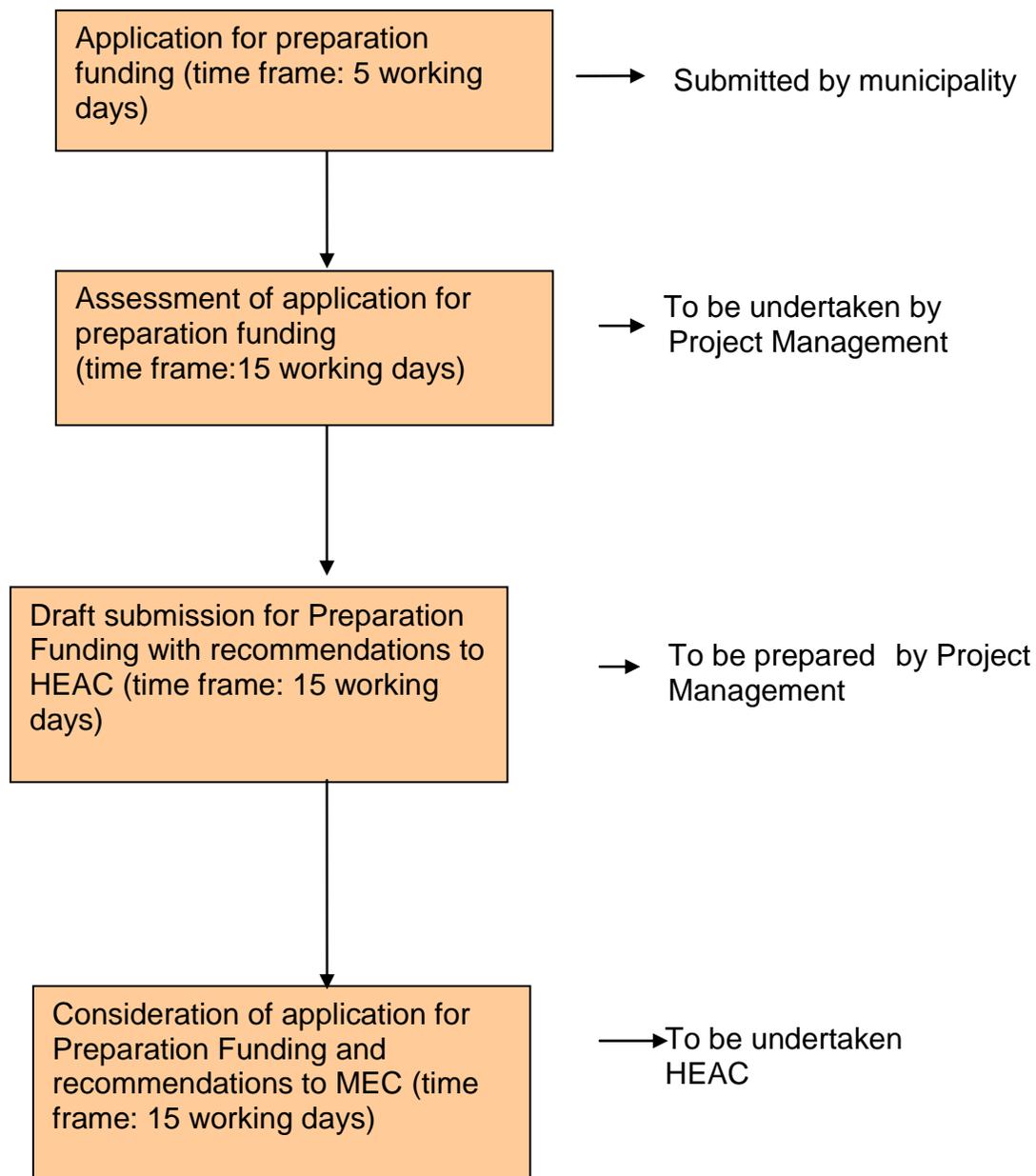
2. Procedure

The following are suggested in terms of procedure:

2.1 Procedure to follow on receipt of application:

- Regional office to inspect application within 5 working days for completeness and advise municipality if it is not.
- A submission should then be drafted by the Regional Office advising as to whether the application should be approved or not (within 15 working days).
- The application for project preparation funding must be submitted to Housing Evaluation and Assessment Committee (HEAC) for consideration and recommendation to the MEC for approval (15 working days). It being noted that the HEAC approval process has improved therefore there are no envisaged delays with such applications.
- Project preparation Costs must be inflation linked each financial year as per the BER indices

PROCEDURE FOR APPLICATIONS FOR PROJECT PREPARATION FUNDING



The guidelines can be accessed on the Department's website at www.kznhousing.gov.za

=====**END**=====