



human settlements

Department:
Human Settlements
PROVINCE OF KWAZULU-NATAL

Policy Communiqué

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NATIONAL HOUSING NEEDS REGISTER (NHNR)

1. Introduction

The introduction of the Integrated Residential Development Programme (IRDP) created challenges for the administration of all existing waiting lists and/or housing demand data bases. Housing Development through the National Housing Programme not only targets housing subsidy beneficiaries as in the past but is oriented towards achieving integration and the establishment of sustainable human settlements.

In addition, broadening the scope of the National Housing Programme to include households earning up to R7000,00 per month, created a vacuum on all existing housing needs registers or waiting lists. Persons earning in excess of R3 500,00 per month have not registered their housing needs with municipalities and/or provincial housing departments, due to the knowledge that the State program excluded them from assistance until recently.

The new policy directives and opportunities require a new approach to the management of housing needs registers and/or waiting list, and more specifically the way in which housing opportunities created by the organs of State are to be allocated.

2. Purpose of the NHNR

The purpose of the NHNR is to create a single integrated database of potential human settlement beneficiaries. It is a tool to support a fair, equitable, transparent, and inclusive selection and approval process for all housing development projects undertaken through the Integrated Residential Development Programme.

3. Benefits of the NHNR

- a) It allows for the allocation of housing opportunities in a manner that greatly reduces malpractices and corruption
- b) It is a web based system requiring users to connect to the internet and be registered to gain access eliminating the need for physical installations thereby reducing the time required for implementation.
- c) Municipalities and Provinces will be able to obtain a better understanding of the country's housing need and backlog.
- d) It serves as a reliable planning and budgeting tool enabling the delivery of housing based on identified needs.
- e) It will help to understand the different dynamics and needs of potential beneficiaries.

.....**END**.....

STAGE 1 PROJECT PROCESS

Background

The KZN Project Process documents have been developed to outline the project process adopted by the Province and forms the basis of standard operating procedures for implementers. The current Project Process was approved by the MEC on 2 April 2012 and the MEC delegated the authority to the Chief Operations Officer to amend the project process documents administratively subject to agreement by the Management Committee (MANCO).

The annual review was to address any policy gaps that may arise in time due to changes in policy and procedures. In view of the changes adopted in the planning stage of projects, the stage 1 process reviewed. On 25 August 2014 the Chief Operations Officer approved the revised stage 1 project process.

The revisions included alignment to policy changes such as the application of the Spatial Development Framework as part of the planning process as well as process steps that have been adjusted or changed to be appropriately placed in terms of the actual activity and responsibility.

- a)** The term “prefeasibility” to label the stage has been replaced by “Stage 1”
- b)** Municipalities make application for reservation of project funding in terms of the Spatial Development Framework (SDF)/ Housing Sector Plan.
- c)** Include “procurement of professionals”
- d)** The task of “MEC confirms reservation of project funding...” has been moved after desktop risk assessments are undertaken.
- e)** Conditional/Project Description approval has been removed. Projects will be assessed at this stage by Integrated Planning before proceeding through to Stage 1 approval.

The following have been added at the Risk Assessment step:

- a)** Risk assessments may be undertaken by a service provider appointed through the Integrated Planning component.
- b)** Integrated Planning to determine if preparation funding is required by the municipality before they make application.

Revised project process table 2014

No.	Task	Notes	Responsibility
KZN PROJECT PROCESS : STAGE1			
1.	MEC Receives Provincial Housing Subsidy Allocation from National	MEC receives Provincial Housing Subsidy allocation from the National Department of Housing according to the housing needs / projects identified in the Provincial Integrated Development Plan. Allocation of funds according to different programmes.	NDoHS / MEC / Provincial Department of Human Settlements
2.	Municipalities apply for reservation of project funding i.t.o SDF/approved IDP and agreed priorities	Municipalities apply for reservation of project funding in terms of Spatial Development framework / approved IDP and agreed project priorities.	Developer (Municipality as implementing agent)
3.	Municipality calls for land availability proposals where required	Municipality calls for land availability proposals where required.	Developer / Land owners / Municipality
4.	Adjudication of land proposals in relation to IDP's and selection of priority land	Adjudication / consideration of land proposals in relation to IDP's and selection of priority land.	Developer / Municipality
5.	Municipality secures land, undertakes risk assessment (land audit, prelim geo-tech, EIA, Bulks/basic services & Social issues), prepares project descriptions and compiles acquisition agreements <ul style="list-style-type: none"> ▪ Preparation Funding 	Municipality secures land, undertakes risk assessment, prepares project descriptions and compiles acquisition agreements / Land Availability Agreement where applicable. <ul style="list-style-type: none"> ▪ Application is made if preparation funding is required to undertake prefeasibility risk assessments. 	Developer / Municipality/ IP/ MEC
6.	MEC confirms reservation of project funding per municipality -Assessment by Intergrated Planning (IP)	MEC confirms reservation of project funding in terms of the relevant housing programme per municipality. Assessment by Integrated Planning (IP)	Provincial Department of Human Settlements/MEC / Municipality
7.	Development Strategy(Procurement of Professionals/ Appoint core team) Turnkey, Traditional Preplanned or Development Contract	Procurement method: Turnkey project – Developer responsible for whole project. Pre-planned project – Only the town planning part of the project is done. Development project –Only the development part of the project is done A Municipality will normally appoint a project team to assist with the delivery of housing programmes. The choice of a project team is crucial and could affect the timely completion of the project and quality of the end product. Hence, it is suggested that careful consideration be given to the appointment of the said project team. Factors like local knowledge, capacity, experience and track records are of utmost importance.	Developer / Municipality DoHS
8.	Quality Management Plan (QMP)	A quality management plan (QMP) must be adopted By establishing the correct project brief & scope and flow through all phases of the project until final close-out. A QMP must be submitted with the application for project approval and be included in the project agreement.	Developer / Municipality
9.	Finalise Acquisition of Land	A Municipality finalises the acquisition of the Land in respect of agreements etc.	DoHS / Municipality
10.	Assessment by Integrated	DoHS, Integrated Planning Component will	DoHS (IP)

No.	Task	Notes	Responsibility
	Planning	assess application by municipality to determine if all risks have been addressed.	
11.	Submission of project application	Implementing agent / supporting organization prepare and submit project application to MEC via Regional / District Office. Ensure all required supporting documents are included.	Implementing agent / supporting organisation
12.	Evaluation of project application & submission to MEC via DoHS Assessment Committee	Regional / District Office evaluates project application and if compliant with policy prescripts submit to DoHS Assessment Committee for recommendation to MEC	DoHS Project Management/ Contracts/ Planning & Product Development
13.	Project application approval: Stage 1(Tranche 1) funding	Project application is recommended by DoHS Assessment Committee, approved by MEC.	HEAC/ MEC
14.	Record of project decision	PDoHS records project on HSS and inform municipality of decision	DoHS/ Municipality
15.	Project agreement: Stage 1 funding	Project agreement concluded	DoHS/ Municipality/ IA
16.	Payment of subsidies	Payment of subsidies commences in accordance with milestones achieved within Stage(Tranche) 1	DoHS /IA/ Municipality
17.	Project & Contractor enrolment with NHBRC & CIDB	Project is enrolled with the NHBRC. Building contractors to be enrolled with the CIDB.	NHBRC /CIDB/ Developer / Contractors
18.	NHBRC project enrollment	NHBRC issues a Project Enrolment Certificate	NHBRC / Developer

Closeout

Closeout

NB: The revised process flow chart is attached as annexure A

.....**END**.....

ALIGNMENT OF FUNDING FOR BULK SERVICES

The Minister of Human Settlements recently approved the enhancement of the National Norms and Standards for the Construction of Stand Alone Residential Dwellings and Engineering Services with effect from 1 April 2014.

The policy enhancement in respect of internal municipal services granted approval that Provincial Human Settlement/Housing Departments and Municipalities may decide to install either A Grade or B Grade levels of services as required by the development context of each project area. Typically A Grade level of services will be required in new Greenfield developments where the Integrated Residential Development Programme is applied to finance the development of holistic, all inclusive and integrated township, providing access to the variety of housing, business and institutional land uses.

While B Grade level of services will be feasible in Informal Settlement upgrading areas, infill schemes in areas where such services are the norm, etc. The minimum level of services as prescribed in Volume 2: Technical and General Guidelines of the National Housing Code, 2009, must be adhered to in all cases, except in projects where the Rural Housing Subsidy Programme: Informal Land Rights are applied.

The delivery of the abovementioned services is dependent on the appropriate infrastructure being planned and provided for by the municipality. The Department has observed that the implementation of human settlements projects are being jeopardized due to bulk services not being in place. This is posing a challenge for delivery in predominantly urban areas. The Department therefore requests that municipalities institute proper planning measures to ensure alignment of their Municipal Infrastructure Grant (MIG) and Human Settlements grant funding.

In an effort to address the risk, future projects without such alignment will not be supported by the department for implementation.

.....END.....

COST NORMS FOR PREPARATION FUNDING

On 14 July 2014 the MEC approved the enhancements to the cost norms for preparation funding and the amount for preparation funding to R90 per site. The policy enhancements were approved to ensure that projects are aligned to the national and provincial development plans and relevant planning legislation. The alignment to the planning legislation will ensure that projects are planned in development nodes

These policy enhancements must be read together with the guidelines for preparation funding and the additional provisions for preparation funding. These documents are available on the department's website: www.kzndhs.gov.za

Chapter 3 of the Housing Code makes provision for the Provincial MEC to provide funding to municipalities for project preparation costs. Project preparation entails a detailed pre-feasibility assessment of a potential project and includes assessments of the planning context, bulk services availability, land audit, social facilitation, preliminary geotechnical assessment and project management. The information from the aforementioned studies forms an important part of the risk assessment and funding allocation of project.

The need to review the guideline was identified as the costing contained in the approval dated 23 September 2004 was considered to be outdated. In view thereof the application for preparation funding needed to be evaluated in terms of current costs estimates.

Financial Implications

The costs were explored and as per the responses received the costs are as follows:

Activities	Rural	Urban
Preliminary Environmental Assessment	R12 000- R20 000	R15 000-R300 000
Preliminary Geotechnical Assessment	R6000-R20 000	R12 000-R25 000
Land Audit	R8000-R10 000	R12 000-R25 000
Social Facilitation	R5 000-R10 000	R15 000-R20 000
Bulk Services	R12 000-R20 000	R15 000-R20 000
Planning and Context	R10 000-R15 000	R10 000-R15 000
Project Management	R20 000	R23 000 or 20% of preparation funding budget

The preparation funding amount as per the review is R90 000 for both urban and rural projects.

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 such funding should be applied for during the feasibility study phase.

Policy Enhancement

The project preparation funding guideline is enhanced to include the following:

Planning

- a)** To ensure that the planning of human settlements are sustainable and a well-planned pipe line of projects area-based planning is encouraged and Project planning must be aligned with National and Provincial Development Plans, Provincial Growth and Development Strategy and relevant planning legislation which will ensure greater access to social and economic amenities and that development initiatives support rural development thus achieving sustainable human settlements.
- b)** The development principles of the Spatial Development Framework and Land Use Act, Act 16 of 2013 (SPLUMA) must be taken into consideration to ensure that the needs of the previously disadvantaged are considered, to redress the imbalances of the past particularly with regards to informal settlements, former homeland areas and areas characterised by widespread poverty and deprivation and provide access to land by disadvantaged persons and communities.
- c)** When developing their housing sector plans municipalities must prioritise projects in terms of need and the deliverables in terms of outcome 8.

Requests for Project Preparation Funding

- a)** Applications for preparation funding will be considered on merit and the maximum allowable as per the subsidy quantum breakdown may not necessarily be granted.
- b)** In instances where area-based planning is undertaken funding may be requested from OPSCAP. It must be noted that under no circumstances will double subsidisation be allowed.

.....**END**.....

ANNEXURE A

KZN PROJECT PROCESS FLOWCHART

KZN PROJECT PROCESS FLOWCHART*

Stage 1

- Municipality calls for land availability proposals where required.
- Municipality secures land & undertakes risk assessment (Planning, Land, EIA, Bulks, Social, Geotech)
- Prepares project descriptions and compiles acquisition agreements
- MEC confirms reservation of project funding

1. MEC Receives Provincial Housing Subsidy Allocation from National

2. Municipalities apply for reservation of project funding i.t.o approved SDF/Housing Sector Plan and agreed priorities

3. Municipality calls for land availability proposals where required

ISU Greenfields (IRDP) Rural & ITB

4. Adjudication of land proposals in relation to SDF/Housing Sector Plans and selection of priority land

Planning Team appoints Service Provider

5. Municipality secures land, undertakes risk assessment: Planning, Land, EIA, Bulk, Social, Geotech prepares project descriptions and compiles acquisition agreements

Application for Prep Funding by municipality

ISU Greenfields (IRDP) Rural & ITB

6. MEC confirms reservation of project funding per municipality and requests project descriptions

7. Procurement of Professionals & appoint Core Team

- Development Strategy:
- Turnkey
 - Traditional Preplanned
 - Development Contract

8. *Quality Management Plan

9. Finalise acquisition of land

10. Project Description assessed by Integrated Planning (IP)



