



KWAZULU-NATAL PROVINCE

HUMAN SETTLEMENTS
REPUBLIC OF SOUTH AFRICA

Policy Communiqué

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KZN ENHANCED PEOPLES HOUSING PROCESS (EHP) IMPLEMENTATION GUIDELINES

The Enhanced People's Housing Process (EHP) Implementation Guidelines were approved by the Honourable MEC for implementation with effect from 5 December 2022.

The EHP is one of the approved Human Settlements subsidy programmes that is aimed at facilitating the delivery of better human settlement outcomes, based on community contribution, participatory planning, and the leveraging of additional resources through the relevant partnerships. Beneficiaries are actively involved in the decision-making and the project implementation process. It proposes to build on the strengths of the communities and the value adds they bring into the programme. It requires contribution and commitment from the community involved in a form of participation, taking up leadership responsibilities and taking ownership of the project as a pre-requisite for project approval. To this end, the EHP provides dedicated support and funding for harnessing community initiatives, job creation, poverty alleviation, community empowerment and building of community partnerships.

1. POLICY INTENT

The main aim of the EHP policy is to create an enabling environment for the upscaling and effective implementation of EHP housing projects in the Province. The programme has a strong poverty alleviation focus and ensures greater understanding and responsiveness to the needs of vulnerable groups including women, youth, the elderly, the disabled, and children. In that, way communities become initiators and drivers of their own housing processes. This is achieved by developing livelihood interventions, which leads to outcomes such as job creation, culture of savings, skills transfer, entrepreneurial development, cooperatives support where applicable, community participation and area-based development with strong linkages with other sector departments.

2. ELIGIBILITY

This Programme will assist persons as per the general qualification criteria applicable in human settlements housing programmes.

3. APPLICATION OF THE POLICY

The guidelines must be read in conjunction with the Monitoring of the Establishment and Facilitation Grant Funding guidelines, National Department of Human Settlements EHP guidelines and the National Housing Code, 2009. The programme applies to the following options:

- 3.1 Cooperatives Model;
- 3.2 Green fields developments/ brown fields;
- 3.3 In situ upgrading;
- 3.4 Informal Settlements Upgrading;

- 3.5 Rural Housing Programme;
- 3.6 Farm Worker Housing programme;
- 3.7 Site and Services (Rapid Land Release).

NB. *The KZN Department of Human Settlements will support the implementation of EPHP projects that have a maximum of 5000 housing units per project in order to ensure that the project is manageable. The project should be broken down and implemented in phases to enable an effective and practicable support of the processes.*

4. INSTITUTIONAL ARRANGEMENTS

The EPHP requires a number of essential partnerships for it to be possible, the key partners, amongst others, involve the beneficiary community, the Community Based Organisation (CBO), the Province, Metro/Municipality and the Community Resource Organisation (CRO). The EPHP programme conceptualises the establishment of a Community Based Organisation (CBO), to be the driver of the development and a **Community Resource Organisation (CRO)** to serve as an implementing agent (technical CRO) and as a fund administrator (financial CRO) of such a process to support the CBO and cooperatives where applicable.

According to the policy, CROs may be NPO, NGOs, FBOs or a specifically constituted development consortium. Partnerships between the above organisations are very critical for the successful implementation of any EPHP housing project. There has to be an approved database of CROs in the Province before an EPHP project commences and the successful CROs, once recommended by the CBO and appointed by KZNDHS, should possess the capacities as prescribed in the Implementation Guidelines.

4.1 Establishment of database for Community Resource Organisation (CRO's)

A database of Community Resource Organisations (CRO's) is being established by the KZNDHS and only those in the database can apply as CRO's for EPHP projects within the province. The KZN Department of Human Settlements Supply Chain Management (SCM) will undertake the process to procure the (CRO's).

4.2 Purpose of the establishment of the database

The ultimate aim is to facilitate procurement of well-resourced, experienced CRO's that meet the objectives and requirement of the EPHP programme and ensure that only those in the database may be considered to support EPHP projects in the province.

4.3 Criterion for Community Resource Organisation's (CROs) recognition

The following criteria will be used as a basis to guide the selection of qualifying CRO's for inclusion in the Provincial database. The qualifying CRO's must:

- a) Be a legal entity i.e., they must have legal rights and duties related to contracts, agreements, payments, transactions, obligations and penalties;

- b) Comply with the relevant municipal and provincial governments requirement for registration of CROs;
- c) Be proven track record with some of team members having worked or participated in a EPHP;
- d) Have knowledge and understanding of the National Housing Code and the EPHP Policy Framework;
- e) Have a minimum of 5 years' experience in participatory community development;
- f) Have sound Financial Management systems;
- g) A financial CRO is required to have a strong accounting background and be registered as an accountant;
- h) Have technical skills related to the built environment;
- i) Have strong administration expertise;
- j) Have conflict resolution skills;
- k) A technical CRO must be registered with the National Home Builders Registration Council (NHBR) and the South African Council for the Project and Construction Management Professions (SACPCMP).

4.4 Essential functions of the CRO

ACTIVITIES	RESPONSIBLE PARTIES
<ul style="list-style-type: none"> ▪ Compilation and submission of a preliminary project assessment and application to KZNDHS for EPHP preparation funding (i.e., for capacity building and facilitation). 	CRO
<ul style="list-style-type: none"> ▪ Map out the project delivery strategy/plan in the business plan application and set the budget required to deliver the project successfully. ▪ Indicate the required technical skills. 	CRO
<ul style="list-style-type: none"> ▪ Beneficiary registration, beneficiary workshops and identification of Beneficiary Support needs. ▪ Establishment of an institutional arrangement i.e., election of the Beneficiary Committee. 	CRO CRO, Beneficiaries
<ul style="list-style-type: none"> ▪ Equip Beneficiary Committee with skills to provide appropriate leadership. ▪ Target training includes Leadership skills, Organisational Structure, Communication and Leadership, Administration, Report Writing and Meeting Procedures, Basic Financial Management, Planning and Evaluation, Advocacy and Lobbying, Resource Mobilisation. 	CRO KZNDHS/ Municipality
<ul style="list-style-type: none"> ▪ Set up Project Management Systems for project implementation. 	CRO
<ul style="list-style-type: none"> ▪ Establishment of a site office to co-ordinate housing delivery. 	CRO
<ul style="list-style-type: none"> ▪ Preparatory work for the establishment of local builder capacity. 	CRO
<ul style="list-style-type: none"> ▪ Training of local builders. 	CRO
<ul style="list-style-type: none"> ▪ Selection of local builders. 	CRO
<ul style="list-style-type: none"> ▪ Beneficiaries sign building agreements with the CRO. 	CRO
<ul style="list-style-type: none"> ▪ Signing of Tripartite Project Agreement. 	CRO, KZNDHS / Municipality
<ul style="list-style-type: none"> ▪ Assemble a CRO construction team (Project Manager, CDO, Certifier). 	CRO
<ul style="list-style-type: none"> ▪ Roll out construction in batches of suitable numbers in line with available resources such as labour, tools etc. as stipulated in the project construction programme submitted to KZNDHS. 	CRO
<ul style="list-style-type: none"> ▪ Monitoring of quality assurance against requirements of the plans and construction specifications on an on-going basis. 	CRO, NHBR, KZNDHS/ Municipality
<ul style="list-style-type: none"> ▪ Convene weekly site meetings for the technical staff and building teams. 	CRO

<ul style="list-style-type: none"> ▪ Preparation and submission of inspection report/s to KZNDHS. 	CRO
<ul style="list-style-type: none"> ▪ Oversee payments of material suppliers. 	CRO
<ul style="list-style-type: none"> ▪ CRO prepares a hand over package which consist of an occupation letter, a defect form and a list of items to check, including house keys signed by the new homeowner. 	CRO, KZNDHS/ Municipality
<ul style="list-style-type: none"> ▪ Defects checklist is issued to the new homeowners to record and report any defects. ▪ All defects observed must be listed and submitted to the CRO. 	CRO
<ul style="list-style-type: none"> ▪ Final reconciliation of those approved by the KZNDHS and those who have received sites and completed top structures. ▪ Confirm number of top-structures certified complete. ▪ Ensure all terms and obligations have been discharged in respect of the KZNDHS-CRO-Municipal Tripartite Agreement and Beneficiary Committee - CRO MOU. ▪ Reconcile holding account with subsidy funds drawn down and paid out by AA & CRO Manager. 	CRO, Technical team

4.5 Functions and Responsibilities of Role-players

Refer to the Implementation Guidelines for a detailed breakdown of the roles and responsibilities of the following stakeholders:

- 4.5.1 *National Department of Human Settlements*
- 4.5.2 *KZN Department of Human Settlement*
- 4.5.3 *Municipality*
- 4.5.4 *Community Resource Organisation (Technical CRO)*
- 4.5.5 *Community Resource Organisation (Financial CRO-Previously known as Accounts Administrator)*
- 4.5.6 *Community Based Organisation (CBO)*
- 4.5.7 *Beneficiaries*
- 4.5.8 *Certifiers*
- 4.5.9 *Community Development Officer (CDO)*
- 4.5.10 *National Home Builders Registration Council (NHBRC)*
- 4.5.11 *Private Sector*

4.6 Key Documentation linked to roles and responsibilities

It is recommended that the following documentation form part of the package that should be used in conjunction with the guidelines to provide EPHP practitioners with a broader scope of reference material.

DOCUMENTATION	RESPONSIBILITY
Agreement	Agreement between KZNDHS and relevant Municipality. Agreement between KZNDHS /Municipality and CRO. Agreement for development phases between Municipality and CRO.
Proposals	Land availability proposals. Geotechnical investigations in respect of land selection. Development proposals invited by Municipalities.

DOCUMENTATION	RESPONSIBILITY
	Development proposals for phases of the proposed total development by a Municipality acting as a developer.
Appointments	CRO appointment. Appointment of town and regional planners. Appointment of professional consulting engineering firms to undertake internal Municipal services design and specifications. Construction of engineering services. Design and compilation of bills of quantities. Appointment of construction and procurement manager for infrastructure provision and house construction.
Procurement prescripts	Model of preferential procurement policy manual addressing the framework for selection, evaluation, and appointment of previously disadvantaged persons.
Contracts	Contract for material suppliers. Contractors/builders to undertake pre-determined phases of total approved project.
Project Management & Construction Management Tools	Certification. House construction schedules. Project cash flow diagrams. Beneficiary administration templates. Project administration templates. Financial management templates, etc.

5. FUNDING ARRANGEMENTS

The approved provincial Guidelines for the Monitoring of the Establishment and Facilitation Grant Funding ensures effective application and monitoring of the grants by providing procedures and reporting systems that guide the processes involved. This includes details regarding the disposal of assets/equipment purchased to establish the project and ensuring that business plans and agreements are prescriptive enough to cover important elements of the partnership. The guidelines also help to ensure that the grants are used only for the intended purpose and that cash flow is aligned to the development programme as per the agreement.

N. B *The EPHP Implementation Guidelines must be read in conjunction with the Revised KZN Guidelines for Monitoring of the Establishment and Facilitation Grant Funding in the EPHP programme. The applicable funding arrangements are listed below:*

5.1 Establishment and Facilitation grant funding

5.1.1 Pre-project

- a) beneficiary workshops for consultation and information sharing including;
- b) facilitating the beneficiary participation;

- c) setting up the beneficiary structures and
- d) providing organizational development support;
- e) project enumeration;
- f) preparing the Project Feasibility and Business Plan;
- g) Submission of Business Plan to Province for approval.

5.1.2 During the project

- a) This will include organizational development to set up the operating procedures and systems including systems to manage project finances;
- b) Planning and setting up various components to get the project up and running and operating sustainably;
- c) Provide technical support;
- d) Facilitate skills transfer and training of staffing.

5.1.3 Project closure

- a) Handover of the completed houses to the beneficiaries;
- b) Project closure report, financial reconciliation to KZNDHS, and Municipality;
- c) Training on house maintenance (aftercare), and responsibilities of the new homeowner;
- d) Advice on requirements for additions and alterations.

5.2 Capital Funding

- a) Dedicated capital subsidy from the Human Settlement Development Grant;
- b) Municipal funding: the municipality will finance land, infrastructure, Environmental Impact Assessments;
- c) Special enhancements e.g., geo-tech or disability variation allowances, etc.

5.3 Community Contribution

For the project to qualify as an EPHP, at least 4 or more of the following community contributions/equity are to be considered and need to be incorporated into the project. Community contributions include:

- a) Time, leadership, participation, ownership of the project;
- b) Agreeing on and selecting an accredited CRO;
- c) Material contribution (must adhere to basic SABS standards);
- d) Land may be a contribution, whether it is collectively owned or donated;
- e) Top-up funding through forged partnerships such as employers, local industry etc;
- f) Demonstrated knowledge/skills/expertise;
- g) Special community initiatives such as a community centre for development;
- h) Community volunteers (student internships/ learnerships, employer volunteers, etc).

5.4 Bridging Finance

Bridging finance may be necessary to ensure programme momentum and to reduce the risks for CROs. This facility will be project specific and will need to be mobilised and organised by the CRO and the community. The CRO can engage the National Housing Finance Corporation to request bridging finance. The Business Plan submitted to the province by the CRO for the project should indicate if bridging finance has been secured and whether it will be utilised in the project in order to manage the various risks involved.

6. STAGES OF THE EPHP PROJECT

6.1 Stage 1: Project Initiation and Prioritisation

This phase is where the project gets initiated and involves engagement with various stakeholders who need to be in agreement before the project can commence.

Initial community orientation information sessions and Consumer education workshop(s) outlining the broad principles, intentions, and requirements of EPHP. ***Refer to the Implementation Guidelines for the activities involved in Project Initiation & Prioritisation.***

6.2 Stage 2: Project Preparation and Planning

The purpose of this phase is to develop the Project Business Plan Application for submission and approval by the KZNDHS and build appropriate capacity to support project implementation. The aim is also to set up management systems with the participation of the Beneficiary Committee and ensure appropriate pre-construction housing consumer education through workshops and training. ***Refer to the Implementation Guidelines for the activities involved in Preparation and Planning.***

6.3 Stage 3: Project Implementation

The purpose is to ensure delivery of top-structures which meet an appropriate specification and ensure effective community ownership and choice over the top-structure delivery phase of the project. The stage is about the delivery of top-structures within the planned timeframes, provide adequate project management and management of the functioning of the site office. ***Refer to the Implementation Guidelines for the activities involved in project implementation.***

6.4 Stage 4: Project monitoring and control

This stage runs throughout the other stages of the EPHP process and whilst it is not a stand-alone or separate process, it is captured nevertheless as a standalone heading due to its importance.

6.5 Stage 5: Project closeout

The purpose of this stage is to close out the project following all contractual, financial and development facilitation arrangements. It involves conducting financial, technical, administrative, and HSS developmental reconciliations. Transfer of ownership to new beneficiaries and reconciliation of the subsidy, and both the establishment and facilitation grants. ***Refer to the Implementation Guidelines for the activities involved in Project close out.***

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The KZN EPHP Implementation Guidelines may be accessed on the Department's website using the following link:
<https://www.kzndhs.gov.za/index.php/features/policy-documents/provincial-policies>