



human settlements

Department:
Human Settlements
PROVINCE OF KWAZULU-NATAL

Policy Communiqué

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353-363 Dr Pixley Ka Seme Street, Room No: 2022, 20th Floor, Eagle Building, Durban. Tel: +27 31 336 5363, E-mail: Dlaine.Duval@kzndhs.gov.za
Web: www.kzndhs.gov.za Copies obtainable from www.kzndhs.gov.za/index.php/policy-communicues

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SOCIAL HOUSING PROGRAMME

1. INTRODUCTION

In recent years South Africa has seen the number of people renting accommodation increase to high home prices and home loan costs making buying your own house less of a possibility. There is a growing realisation that South Africa's housing programme in its current form cannot be sustained as Government cannot financially afford a commitment to the eradication of informal settlements and the provision of fully subsidised, stand-alone houses for low-income households.

Government is shifting its policy emphasis towards informal settlement upgrading, site and service schemes, affordable housing for ownership, social housing and affordable rental accommodation. According to statistics South Africa's community survey (2016), approximately 20% of households in the country rent the accommodation in which they reside. Within these national statistics, there are provincial variations, with Gauteng having by far the largest number of renting households, followed by the Western Cape, and KwaZulu-Natal.

A 2014 study published by the Financial and Fiscal Commission (FFC) entitled "Understanding Housing Demand in South Africa" identified important trends and shifts, which are extremely relevant for the rental-housing sector. It was determined that demand for rental housing is highest in inner urban areas which are the CBD and intermediate suburbs and that rental is the most appropriate and most aspired form of housing in such locations. There has been a shift from freestanding houses to flats or townhouses as the preferred typology.

2. RENTAL HOUSING OPPORTUNITIES

The National Department of Human Settlements has the following 2 key Rental Housing Programmes as one of its initiatives towards the eradication of housing backlogs, through the provision of rental housing for low income persons who cannot be accommodated in the formal private rental market.

- 1) The Social Housing Programme, and**
- 2) The Community Residential Units Programme**

The programme seeks to contribute to the governments agenda of redressing the imbalances of the past by:

- ❖ Bringing lower income people into areas where there are major economic opportunities and from which they would have otherwise been excluded because of the dynamics of the land market;
- ❖ Promoting a mix of race and classes;
- ❖ Promoting spatial access to economic opportunity and job creation.
- ❖ Better quality of urban environments; and
- ❖ Contribute to the densification of the South African cities.

Government's interventions in the rental housing market is targeted at rectifying gaps where market failure exist. This is particularly pertinent in South African urban spaces and more specifically in our larger cities where there are substantial affordability and supply challenges for households in the income band R1 500 to R15 000.

The intent of the social housing programme is driven by 2 primary objectives.

- ❖ Firstly, to contribute to restructuring South African society in order to address structural, economic, social and spatial dysfunctions thereby contributing to Government's vision of an economically empowered, non-racial, and integrated society living in sustainable human settlements.
- ❖ Secondly, to improve and contribute to the overall functioning of the housing sector and in particular the rental sub-component thereof, especially as social housing is able to contribute to widening the range of housing options available to the poor. This is by providing good quality well managed formal rental stock for low and moderate income households where there is an identified gap in the market.

3. WHAT IS SOCIAL HOUSING?

A rental or co-operative housing option for **low income persons** at a level of scale and built form which requires institutionalised management and which is provided by accredited social housing institutions or in accredited social housing projects in **designated restructuring zones**.

4. RESTRUCTURING ZONES (RZs)

Restructuring Zones are geographic areas that are:

- ❖ Identified by the Local Authority and a Council resolution to that effect must be in place;
- ❖ Supported by province for targeted, focused investment and subsidy commitment;
- ❖ Agreed with the National Department of Human Settlements;
- ❖ Restructuring Zones cannot be project sites, or township renewal projects, but they can be aligned to the Municipal Spatial Development Frameworks, Integrated Development Plans, Urban Development Zones, nodes and corridors.

4.1 CHARACTERISTICS FOR AREAS TO BE DESIGNATED AS RESTRUCTURING ZONES (RZs)

The characteristics of RZs are as follows:

- ❖ Areas with adequate economic and social infrastructure;
- ❖ Areas with potential for economic, spatial and social integration, which means areas where some or all aspects of such integration are currently lacking;
- ❖ Well-located areas where the introduction of social housing would prevent the displacement of currently residing working poor people during slum clearance or urban renewal programmes; and

- ❖ Areas which would not be impossible to zone/re-zone for residential/mixed-use development such as green belts/conservation areas, areas below flood lines or with impossible topographic/geotechnical development conditions.

5. ROLE OF THE NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS

National Government is responsible for:

- ❖ Creating and uphold an enabling environment for social housing, by providing the legislative, regulatory, financial and policy framework for the delivery of social housing;
- ❖ Ensuring compliance with its constitutional responsibilities;
- ❖ Addressing issues that affect growth, development or sustainability of the social housing sector;
- ❖ Instituting and funding the social housing programme;
- ❖ Institute and fund the social housing programme as a national housing programme to promote the development and supply of social housing stock for low to medium income persons;
- ❖ Designate restructuring zones submitted by provinces and identified by municipalities and specifically provided in a municipality's integrated development plan;
- ❖ Establish capital and institutional investment grants;
- ❖ Allocate funds from the Department's budget for the operation in costs and commitments of the Regulatory Authority in accordance with the approved social housing investment plan and the social housing regulatory plan respectively; and
- ❖ Determine Norms and Standards to be adhered to by provinces and municipalities, and other delivery agents.

6. ROLE OF THE PROVINCIAL DEPARTMENT OF HUMAN SETTLEMENTS

The Provincial Department of Human Settlements is responsible for:

- ❖ Ensure fairness, equity and compliance with national and provincial social housing norms and standards; ensure the protection of consumers by creating awareness of consumer's rights and obligations;
- ❖ Facilitate sustainability and growth in the social housing sector;
- ❖ Mediate in cases of conflict between a social housing institution or other delivery agent and a municipality, if required;
- ❖ Submit proposed restructuring zones to the Minister;
- ❖ Monitor social housing projects to ascertain that relevant prescripts, norms and standards are being complied with;
- ❖ Approve, allocate and administer capital grants, in the manner contemplated in the social housing investment plan, in approved projects; and
- ❖ Administer the social housing programme, by approving projects.

7. THE ROLE OF SOCIAL HOUSING REGULATORY AUTHORITY (SHRA)

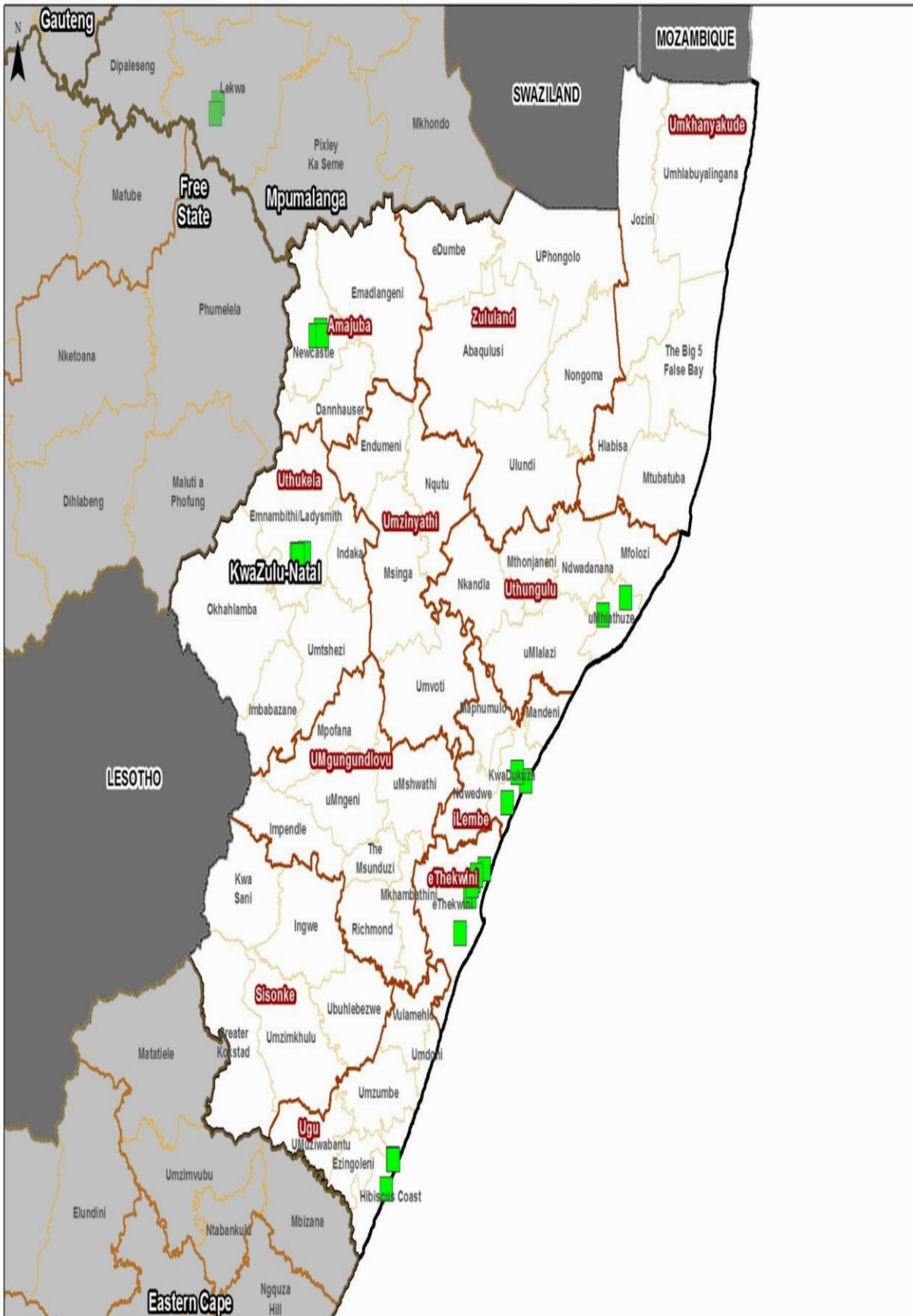
The SHRA is responsible to:

- ❖ Promote the development and awareness of social housing and promote an enabling environment for the growth and development of the social housing sector;
- ❖ Provide advice and support to the Department of Human Settlements in its development of policy for the social housing sector and facilitate national housing programmes;
- ❖ Support provincial governments with the approval of project applications by social housing institutions and assist, where requested, in the process of designation of restructuring zones;
- ❖ Enter into agreements with provincial government and the National Housing Finance Corporation (NHFC) to ensure that implementation by these entities is coordinated;
- ❖ Provide financial assistance to SHIs through grants to enable them to develop institutional capacity, gain accreditation as social housing institutions and submit viable project applications;
- ❖ Accredit institutions as well as approve, administer and disburse institutional investment grants and capital grants;

8. RESTRUCTURING ZONES IN KWAZULU-NATAL






The following map illustrate the current approved RZs in the Province.

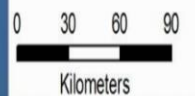
KwaZulu-Natal Restructuring Zones



land@thehda.co.za

Legend

-  Restructuring Zones
- Admin. Boundaries**
-  National Boundary
-  Provincial Boundary
-  District Municipality
-  Local Municipality



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COMMUNITY RESIDENTIAL UNITS (CRU): POLICY GUIDELINE ON STANDARDS & COSTING

The Community Residential Units Programme aims to facilitate stable and secure rental tenure for low-income persons. The programme targets low-income earner and persons who earn below R3500 and who cannot be accommodated in the formal private rental and social housing market. Qualifying indigent groups should be able to pay some form of rental and services/utilities. If the property is owned by a municipality, this will be determined by the implementation of each municipality's own rental assistance policy. The rental stock financed by this programme should be owned either the Provincial Department or a municipality and cannot be sold or transferred to individual residents.

In an effort to support the delivery of units in the CRU programme in KZN the MEC for Human Settlements and Public Works approved a Guideline on Standards and Costing for CRUs in 2014. The CRU policy provides for a rate per square metre to be paid for construction works, professional fees and other services.

1. MINIMUM STANDARDS

The size of CRU's will be 35m² (one bedroom) and 45m² (two bedroom). The mix of units will be informed by the detailed needs analysis for each area. This exercise should be undertaken with each CRU development.

The standards seek to ensure the following:

- ❖ Efficient use of material
- ❖ Quality of design
- ❖ Quality of residential development

2. FUNDING ARRANGEMENTS

The minimum norms and standards and costing

Item Description	Cost per item in 2014
35m ² Unit with convention foundation	R211 335.00
35m ² with piled foundation	R273 001.86
45m ² Unit with conventional foundation	R269 466.82
45m ² with piled foundation	R348 751.53
9m ² Guard house with conventional foundation	R72 937.02
9m ² Guard house with piled foundation	R113 200.61
20m ² Office block with conventional foundation	R177 074.87
20m ² Office block with piled foundation	R236 650.83
Playground equipment	R7 834.08

NB: the above costs include construction costs, preliminaries and general at 9%, professional fees at 10%, an allowance for social facilitation (R316.41) per unit) and tenant administration (R300 per unit) and Vat. There will be no allowance for disbursement and municipalities are advised to appoint professionals within their area.

The guideline for Standards and Costing of CRU developments must be read together with the CRU Programme in the National Housing Code, 2009. All Community Residential Units projects in KwaZulu-Natal must be implemented using this guideline that can be accessed on <https://www.kzndhs.gov.za/index.php/features/guideline-documents/community-resident-unit-typologies>

The Department is currently in the process of reviewing the 2014 policy guideline and the revised document will be communicated once approved.

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