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INSTITUTIONAL BLOCKAGES
IN THE
HOUSING DELIVERY
SYSTEM

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SYNOPSIS

The Government's National Housing Subsidy System was implemented in early 1995. Following an initial slow pace of delivery, a steady and rapid growth in project-linked subsidies ensued. Indeed by late 1998 delivery levels had reached a stage that severely tested the implementing or executive system of the national program.

The aim and objective of this thesis is to clearly articulate the low-cost housing delivery development process, and then to critically assess it from an efficiency point of view. The objective is to uncover and recognize areas in the system where bottlenecks occur. It is believed that with a little attention to such areas the system overall could be made more efficient.

In analyzing the slow delivery of assisted housing in the CMA, problems at the Local, Provincial and National Government levels, as well as problems experienced by the Private Sector also need to be considered, which has a direct impact on the product driven process. Presently the Department of Housing of the Western Cape is under-spending its budget allocation. The reason for this is according to the Constitution of South Africa, housing affairs are the concurrent responsibility of both the Central and Provincial Government. This is reflected in the Local Government Transitional Second Amendment Act, which does not include housing as a Local Government function. However, the Housing Act (107 of 1997) provides for a new and substantial role for Local Government in housing delivery. In terms of the Housing Act, every Municipality is required as part of its process of integrated planning, to take all the necessary steps to ensure that the inhabitants of its area of jurisdiction have access to housing and services.

The research was undertaken to assess the housing delivery process with the main objective of highlighting the institutional blockages and problem areas, particularly focussing on the project based developments such as Greenfields projects and consolidation projects in the Western Cape.

March 2001
CHAPTER 1

Introduction
Context
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CHAPTER 1

1.1 INTRODUCTION

The National Housing Subsidy System has been in operation since early 1995. Following an initial slow pace of delivery, a steady and rapid growth in project-linked subsidies ensued. Indeed by late 1998 delivery levels had reached a stage that severely tested the implementing or executive system of the national program. This program has developed against a backdrop of refracted cities and where violent conflicts occurred during the 1980s. Social struggles have placed the questions of housing cost, location and delivery firmly on the agenda of change, alongside the national political and constitutional questions. This chapter explores the interpretations of the housing question held by reputable urban scholars as well as major South African urban policy decision-makers. Underlying assumptions about people and society form the basis for a wider rationale for comprehending causal relationships between contingent events in the housing field.

The purpose of this thesis is to clearly articulate the low-cost housing delivery development process, and then to critically assess it from an efficiency point of view. The aim is to uncover and recognize areas in the system where bottlenecks, for example staff shortages and legal encumbrances prevail. It is believed that with a little attention to such areas the system overall could be made more efficient.

It is acknowledged that there is a major crisis in the delivery of assisted housing in the Cape Town Metropolitan Area (CMA), mainly due to the large mismatch between demand for housing, the supply and the availability of funds\(^1\). A further aspect that has affected the capacity of Local Government to deliver, has been the restructuring of Local Government and, with the recent Uni-City elections, a further restructuring process is now taking place.

In analyzing the slow delivery of assisted housing in the CMA, problems at the Local, Provincial and National Government levels, as well as problems experienced by the Private Sector also need to be considered, which has a direct impact on the product driven process. The reason for this is according to the Constitution of South Africa, housing affairs\(^2\) are the concurrent responsibility of both the Central and Provincial Government. This is reflected in the Local Government Transitional Second Amendment Act, which does not include housing as a Local Government function. However, the Housing Act (107 of 1997) provides for a new and substantial role for Local Government in housing delivery. In terms of the Housing Act, every Municipality is required as part of its process of integrated planning, to take all the necessary steps to ensure that the inhabitants of its area of jurisdiction have access to housing and services.

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\(^1\) Cape Metropolitan Council, (1991) Accelerated Managed Land Settlement, Cape Town, CMC

\(^2\) Bedderson S Chief Director PAWC
After the previous Local Government Elections in 1996, it took two years to restructure Local Government. Now, due to the recent December 2000 Local Government Elections, major restructuring is taking place in accordance with the Unit-City concept. It is therefore considered an appropriate moment to assess what problems, and in particular what institutional blockages, have been experienced within the current housing delivery system.

The research was undertaken to assess the housing delivery process with the main objective of highlighting the institutional problem areas, particularly focussing on the project-based developments for example Greenfields projects and Consolidation projects.

1.2 CONTEXT

Housing in South Africa, broadly defined, impacts on almost all dimensions of an individuals and family’s life. From a societal perspective, widespread conditions of inadequate housing contribute significantly to social instability, as was previously witnessed by the tragic violence in black townships under the previous government, and the general attitudes of despair and desocialisation\(^3\) of the community.

In the so-called Third World there has been a shift from conventional mass housing between 1960 and 1993 to subsidized site and service, upgrading programs, market based policies and demand led strategies. There have been many commentaries on these shifts, their desirability and their weaknesses\(^4\). What has not been widely documented is why these changes in thinking have occurred and about the role of the World Bank and the other multilateral development banks in that process\(^5\).

The factor that makes the issue of housing complex is that ‘housing’ does not simply relate to the provision of shelter. In obtaining ‘a dwelling space’ the individual in fact gains access to a number of different products. These products all have the potential to contribute to an improved quality of life and thus to generate a range of objectives which should direct the formulation of a housing policy.

The research undertaken comprised of a series of interviews and discussions conducted with the major role players in the housing delivery arena to assess the Institutional Housing Development Process and any related problems that are occurring. Information has been sourced from the Public Sector (Provincial and Local Government), Directors, Middle Management and line order Administrative staff as well as the Private Sector (Developers, Building Contractors and Project Managers) and community leaders.

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\(^3\) Dewar D (1997) The housing issue in South Africa, Cape Town, Nai Publishers


It became apparent from the outset that all personnel involved were keen to cooperate and promote housing development, but there were major constraints inhibiting "speedy delivery" working within the present system. To explore the reasons for this the housing development process has been analyzed in the following categories:

- township establishment,
- sale and administration,
- construction of services,
- housing development and
- final hand over procedure.

It was found that there were certain blockages and delays in the development process. This study examines in detail the step by step stages of the project based development process, as well as the areas where blockages are taking place. The thesis endeavors to find solutions and recommendations to the various problems encountered.

The Government has created and developed the housing code. The Housing policy focuses on creating partnerships between the various spheres of government, the private sector and communities. This is seen as a fundamental prerequisite for the sustained delivery of housing. It requires all parties not only to argue for their rights, but also to accept their respective responsibilities and to work together in unity and with a common purpose⁶.

The quality and affordability of the housing delivered is of central importance. The housing policy is about ensuring homes for all South Africans on a sustainable basis, at a price they can afford. Such houses must be habitable, in neighborhoods offering security, services and access to facilities and jobs. The housing policy focuses on creating a wholesome living environment conducive to attracting private investment, both of individuals and private sector investors into the housing sector. Investor confidence holds the key to a vibrant housing economy.

In October 1994 the National Housing Accord was held at Botshabelo in the Free State. This Accord was significant in that all the key parties including government, business, communities and individuals agreed to work together to achieve a common housing vision.

The Housing White Paper published in 1994 set the stage in defining the roles that the different actors would play and the road that they would follow in achieving the national housing vision. All policy and policy refinements fell within the framework set by this White Paper. With the promulgation of the Housing Act, 1997 (Act No. 107 of 1997) the legislative framework for housing policy was established. This Act is now the supreme housing law in the land, repealing all other housing legislation that came before it. The Housing Code is therefore not a new statement of policy.

but a confirmation of existing policy. It sets out the linkages between various policy programs. From government's first housing policy statement, the Housing White Paper, to the most recent proclamation, the Housing Act, and including all policies adopted in between, the Housing Code represents the culmination of governments thinking and practice as it relates to housing in South Africa.

National Housing Policy comprises an overall vision for housing in South Africa and the way in which this vision should be implemented. National Housing Policy is contained in a range of reports, debates, laws, legislation and government papers. The National Housing Code seeks to bring together this extensive range of documentation into one overall document, so as to facilitate understanding and ensure that all implementers work towards a common vision. The requirement to develop the National Housing Code is set out in Section 4 of the Housing Act, 1997 (Act No. 107 of 1997). This Act requires the Minister of Housing to publish a code to be called the National Housing Code (the code). The Code must contain national housing policy and administrative guidelines, in order to facilitate the effective implementation of the National Housing Policy.

The Code does not replace the key legislation and laws relating to National Housing Policy. The Code represents a statement of present policy, providing an overview and confirmation of the existing policy that is in place.

The Code comprises the following:

Part 1 is an overview of National Housing Policy. This Part provides the reader with an understanding of the framework and context for housing development in South Africa. It comprises a background to current housing policy and outlines the underlying premises of the policy. In addition it details the key strategies comprising the Policy. Part 2 is an overview of the Housing Act, No 107 of 1997 (Housing Act). This Part comprises a detailed review of the Housing Act and outlines the institutional arrangements and the administrative systems needed to plan, manage and monitor the implementation of the National Housing Policy. Part 3 details the National Housing Programs including the Housing Subsidy Scheme, the Discount Benefit Scheme and the Hostel Redevelopment Program. This part outlines the tasks that are needed to implement the Housing group Policy by providing the detailed implementation rules that have been set down in order to govern the National Housing Programs. Finally, part 4 includes New Developments. This Part highlights present policy with regard to social housing and includes the Rental Act.

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1.3 LITERATURE

The attempt to unlock conventional end-user finance for low-income people has been governed by a Record of Understanding (ROU) concluded in October 1994 between the Department of Housing (DOH) and the Association of Mortgage Lenders (AML), following negotiations aimed at creating a ‘stable public environment’ which would be conducive to the resumption and extension of lending to low-income borrowers. Agreement was reached on persuading township residents to abandon bond boycotts, and mortgage lenders agreed to return to the low-income market and provide 50 000 mortgages in the first year.

The ROU was negotiated against a background of discussions in the National Housing Forum (NHF) on how to encourage the re-entry of financial institutions into the low-income market after their almost blanket exit form into the early 1990s ostensibly in response to their inability to secure mortgage loan repayments, which was often attributed to bond boycotts.

The risk involved in providing loans to first-time buyers, coupled with an inappropriate mortgage-linked product, had prevented the financial sector from participating in the housing process. “The financial sector should move away from the conventional mortgage-linked products to micro loan products which could be linked to savings schemes, stokvels and underwriting institutions such as the National Housing Finance Corporation”, he said. Many Local Authorities have increased financial burdens, as new homeowners have neglected to pay their rates. This burden reduces Local Authority commitment and the ability to expand social and community services, leaving many towns without necessary community facilities.

Despite the financial market instability created by Asian prices during the course of 1998, the macro economic performance of South Africa has been much better that most other emerging economies during 1999. During this period the convergence of banking, insurance and investment services gathered momentum in South Africa – a trend which continues given:

- The benefit of size in a more globally competitive industry,
- Reduced costs through economies of scale,
- The need for more spending on information technology,
- Extending the value net by combining overlapping customers in the domestic market to enhance service delivery.

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8 Record of Understanding between the Department of Housing and Association of Mortgage Lenders for a resumption at scale of lending to Lower Income Borrowers, 20/10/94.
10 C Lombaard Housing Environments (1999) Johannesburg
Difficulties which have presented themselves to banks and other players in the housing environment during the past few years, have included:

- The inability of banks to find money, because capital subsidies for credit linked applications, started drying up. It is incorrect to assume that banks should be viewed as the primary source of funding for low-income housing. The primary obligation of banks is towards their shareholders and is commercially based. Unrealistic expectation of banks in this regard, have frustrated many unrealistic initiatives over the past few years.
- Financial difficulties restricting local and provincial authorities from developing housing initiatives to capacity
- The fact that developers are struggling to get subsidies approved, to get banks to evaluate the projects timeously and to find buyers who qualify for finance\textsuperscript{11}.

To support housing development the key objectives of the banking industry should be to develop a range of products, which meets the needs of different income groups within the community and this will result in reducing blockages in housing delivery.

Thinking is currently focused on special purpose housing vehicle; specialist interventions for specific target groups aimed at overcoming the delivery, affordability and consumer illiteracy problems manifested in the low-income market\textsuperscript{12}. These institutions would be established to deliver a variety of tenure types, including rental, rent-to-buy, deed of sale and share block, none of which require a mortgage.

Tortuous efforts by the government and business directed at lowering risk and bridging affordably have largely failed; witness the negligible lending to households earning less than R3 500 a month. For those households able to access a bond, it has proven an onerous instrument through which to finance their housing needs. Not only does it bind them to a long-term financial noose, it often reduces the value of the investment due to the costliness of the lending instrument.

The view of Hendler (1991) is that the market should be shaped to the advantage to the working class residents. Housing should cease merely to serve the narrow interests of the state and employees in the reproduction of the workforce and the developers in pursuit of capital\textsuperscript{13}. Hendler states that the production of housing for maximum profit and creation of home loan credit as a means solely for accumulating money-capital, and a fixation with private tenure and individual home-ownership as the sine qua non of development, are likely to pose serious threats to community attempts to rescue residents from further impoverishment and degradation. Social conflict around housing is increasingly being channeled through bargaining/negotiation processes, which require new forms of organization.

\textsuperscript{11} IHSA Housing Journal (November 1989) p.1. Johannesburg
\textsuperscript{12} Nell M and Associates. (1997) Special purpose housing vehicles, presentation made by M Nell and Associates at the Masibambane Trust workshop on developing a union housing project.
\textsuperscript{13} Hendler P (1991). The Housing Crisis – Apartheid City in transition, Oxford University Press, South Africa
A more fundamental question concerns the structures through which residents can empower themselves and at the same time improve their material living conditions. While they lack the necessary resources, community organizations might have to be satisfied with joint ventures negotiated with developers and financiers.

The development of the Peoples housing Process Policy by Government has gone a long way to empowering the previously disadvantaged. The development of this policy occurs within the environment of a huge demand for housing and in particular housing subsidies from the Government. Subsidies are insufficient to meet this demand and there is a need to spread the resources as far as possible. The pressures to gear up the available subsidies in a number of ways has led to the need to explore mechanisms to obtain as much house as possible and maximize extra benefits. In addition the need to ensure broader development principles such as the poor participating in the process, opportunities for the involvement of women and the aged, was crucial. The PHP offers an ideal opportunity for all these. A national framework and vision has been established through the approval of the policy, supporting The People’s Housing Process. Provincial responsibility for implementation looks to Local Authorities and communities to take up the challenge on the ground.\textsuperscript{14}

National policy has not ensured that communities participate in a structured and effective manner. Policy only enshrines directives, for public participation. Because the nature of change at municipal level has not been fundamental; and meaningful, participation has also taken place in a disjointed manner. Where there has been strong advocacy, and competence to organize, it has been meaningful. But this cannot be said to be indicative of these processes throughout\textsuperscript{15}.

The policy directive with regard to Local Government is primarily set out in Chapter 7 of the constitution. The objects stated in 1521(1), are:

- To provide democratic and accountable government for local communities;
- To ensure the provision of services to communities in a sustainable manner;
- To promote social and economic development;
- To promote a safe and healthy environment; and
- To encourage the involvement of communities and community organizations in the matters of local government.

The constitution directs a municipality, to structure its processes in such a way as to give priority to the basic needs of the community, as its developmental duties. The White Paper on Local Government was published in 1998 and section B of the White Paper explores the notion of “developments local government”, and defines it as: “......local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic, and material needs and improve the quality of their lives.”\textsuperscript{16}

\textsuperscript{14} D Sapere October 1999 Technical Paper, Department of Housing, Pretoria
\textsuperscript{15} Mazaza K 2000 Legislation for Participation, a legislative framework for Municipal public participation, London, South Bank University
Commenting on Local Government democracy within the Uni-City, Ebrahim Rasool writes: "Applied to the challenges of Local Governance, the crisis does not refer to the imminent collapse of Local Government in the Cape Metropole, but certainly to the inadequacy of the traditional paradigm to cope with the realities facing us. The traditional paradigm sees Local Government as a service deliverer; that entity which collects our dirt, should provide a clean habitat, provides water, electricity, and some other services and amenities and sometimes has housing stock for rental."

The metropolitan area of Cape Town has, since 1996, been governed by a two-tier local government structure. Within the boundaries of the co-ordinating Cape Metropolitan Council, there are six largely autonomous Local Councils, including the current Cities of Cape Town and Tygerberg. In terms of the national Municipal Structures Act 117 of 1998, these seven entities are to be amalgamated in late 2000/early 2001 into a single "Uni-City" which will assume the title of "City of Cape Town".

The future UniCity will serve a population of about 3 million people and deliver services over a vast area (some 2 300km²). Some of the challenges the new UniCity will have to tackle will include:

- Building a globally competitive urban economy to maximize the tourism and investment potential of its magnificent natural setting, rich cultural heritage and relatively skilled labour force. (The City contributes some 10% to the national GDP and some 80% to the regional GDP);
- Reducing the poverty in which about one million people live and preventing another million who are living on the edge of poverty from becoming poorer. At the same time social issues such as crime, violence and poverty disease need to be addressed;
- Reversing the steady deterioration in public transport, the environment, housing, health and safety which is typical of cities in the developing world; and
- Building a new integrated municipal administration of 28 000 employees with a budget of R8 billion which is able to deal with these challenges.

Recent theoretical literature in development studies has begun to reflect broader 'post-structuralist' concerns about the need to recognize diversity, both in the populations which are the subject – or, too often, the object- of 'development' and in the processes of social change which are its manifestation. Many development theorists now routinely accept the idea that societal development path, at various levels from the 'macro' to the 'micro', are highly diverse and that, to be appropriate or effective, development policies and strategies need to take this into account (Booth 1993). Generally, however, policy makers - as distinct from theorists – have been slow or reluctant to take these concerns seriously, and much development practice remains immured in a mode of 'homogenizing', indeed 'normalizing' discourse about the needs of the people which it is intended to address.

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17 Rasool E 2000, Participation and the practicalities of direct democracy, Paper, Cape Town
18 Solomon S 2000, Community partnership in Cape Town's Uni-City, Paper, Cape Town
19 Spiegel A, Watson V, Wilkinson P, Devaluing Diversity, Cape Town
The most important feature of the new framework have been determined by its overall commitment to what has been termed the 'incremental approach' to public housing provision. This approach - sometimes labeled, more prosaically, 'aided self help' or the peoples housing process - is closely associated with what has undoubtedly become, during the 1980's, the dominant 'paradigm' in housing policy and practice internationally; the 'support approach'. In general, a defining characteristic of policies framed in terms of the 'incremental approach' is their acceptance that public intervention in the housing process should be limited to the provision of a serviced site, possibly with some minimal 'superstructure' such a floor slab or toilet or 'wet core', on and around which beneficiary can then construct houses in an incremental fashion through their own efforts or 'sweat equity'.

The primary specification of housing need should be in terms of its basic 'shelter' and 'service' dimensions, rather that in terms of location - or any other - consideration, so that intervention efforts can be directed to achieve the widest possible impact through the provision of some standardized minimum unit of accommodation.

1.4 HYPOTHESIS

Housing the Nation is one of the foremost challenges facing government. The challenge relates not only to the enormous size of the housing backlog and the divers needs of the homeless and others who are inadequately housed, but also to the housing environment which has many weaknesses. Poverty, unemployment, economic stagnation and negative behavior, together with financial and capacity constraints, makes the task even more daunting.

It has been assumed that with the establishment of the housing Policy Legislation and the Housing Code, there were sufficient tools in place to expedite housing delivery. The study will evaluate the development process in order to understand the intricacies of the administration linked to the process.

Research was undertaken and a series of interviews organized with all major role players in the housing field such as:

- Provincial Administration Department
- Provincial Housing Development Board
- Local Authorities
- Private Sector Consultants and Project Managers
- Building Contractors
- Attorneys and Conveyancers
- Community Groups

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20 Hamidi, Nabeel and Goethert, Reinhard, 1989, Habitat International,
In order to identify where possible blockages occur, it was important to extrapolate the flow diagram and determine in more detail the personnel and staff requirements necessary, to undertake the functions and duties in the process of housing development.

Research on policy documentation, and interviews undertaken, revealed certain areas where blockages, or the slowing down of the approval process occurred. It is important to note that certain norms and standards were adopted with regard to economies of scale, which have an impact on the development process.

With Government Legislation and the Housing Code in place, the research reveals the various shortcomings in the housing delivery process.

1.5 LAYOUT OF THE THESIS

The thesis on Institutional Blockages in the Housing Delivery System comprises of seven chapters. The introduction sets the scene of the present housing policy process. Various academic works have been researched and points of view acknowledged. The thesis is set in the context of a working housing policy and investigates shortcomings in the housing delivery process.

The chapter on methodology sets out the investigation process, and categorizes possible blockage areas in the housing delivery process.

The housing development process has been divided up into four sections comprising of township establishment, sales administration, land servicing and house construction. It was important to identify all the relevant stages in order to enquire from relevant personal and people involved in the development process, where possible blockages may occur.

In order to determine a flow diagram of the housing development process a full understanding of the present housing policy and legislation at national, provincial and local government level is required.

Chapter 4 identifies the implications of the various subsidy mechanisms for housing delivery at national and provincial level. Chapter 5 sets out a flow diagram identifying all the various stages of development.

The analysis of the development process focused on township establishment, sales and administration, stakeholder relationships, land servicing and house construction.
CHAPTER 2

METHODOLOGY

The Housing Process
The Delivery Process
Blockages in the Housing Delivery Process
CHAPTER 2

METHODOLOGY

1. The Housing Process

South Africa is standing at the brink of one of the most challenging periods in the delivery of homes to the poor. The scourge of HIV/AIDS and its impact on the local population, and more specifically, low-income earners destroying families and leaving orphans. The critical need for strengthening of the local human resource base to cope with new challenges such as mentoring and promoting talent to increase and swell the ranks of housing practitioners in the country. There is an urgent need to establish a credible and reliable database as well as innovative answers to respond to the challenges of housing delivery. The AIDS epidemic will have a profound impact on the housing policy as the present government subsidy scheme will have to be amended to cater for housing thousands of orphaned minors. The change in policy will also impact on the housing process and initial speed of delivery. There is a need to support the generation and production of knowledge. It is important to explore the full range of urban design and aesthetics to put an African face to buildings to reflect our proud heritage and foster a national identity and improve the quality of the built environment. There is also a need to enhance people's participation, and particularly that of women, in the main stream of industry. The Minister stated that six Years after the formulation and successful implementation of the local Housing Policy, there are still people referring to the lack of transformation in the Industry.

Government transformation has meant implementing what others regard as a time consuming process, by ensuring full-scale participation from all stakeholders. A measuring of the impact of these programs on society, and particularly the poor, followed. "Being conscious of the national agenda and political imperatives have to a great extent, helped us to focus and register substantial gains the Minister Ms Sankie Mthembi-Mahanyele stated at a IHSA Housing Conference in Durban October 2000. Maintaining the balance between policy formulation, implementation an monitoring, as well as direct service delivery, while at the same time being mindful of the broader issues around the transformation of our society.

Government supported Grootboom judgement as it essentially underscores one of the cornerstones of our constitution, namely section 26(1) and 28. By emphasizing that everyone has a right to have access to adequate housing, and that the state must take reasonable measure within its available resources, to achieve the progressive realization of this right.

National Housing policy is formulated by National Government and sets out all government activities in terms of housing. It responds directly to the environment and the problems and opportunities that occur in the regard. In addition it is formulated through discussion, negotiation and debate, both within government and

22 Minister Ms Sankie Mthembi-Mahanyele, IHSA Conference 2000 Durban, SA.
between government and communities, individuals, non-governmental organizations, community representative organizations and the private sector. Primarily the three spheres of government implement the National Housing Policy. These are namely National Government, Provincial Government and Municipalities, each of which have clear roles and responsibilities. In addition Government has established a number of institutions, organizations and committees that have a specific focus.

The National Housing Policy is set down in an extensive range of document that form part of the law and policy making of South Africa. Some of these documents directly relate to the Housing policy. Others do not directly address housing issues, but have and influence on how the Policy should be implemented. The Code incorporates all of these documents and shows their relevance and influence on National Housing Policy in South Africa. The publication of this Housing Code was a milestone in the housing policy process. It sets out clearly, in one comprehensive document, the overall vision for housing in South Africa. In addition it shows the significant achievements that have been made towards resolving our housing problem. For the first time in South Africa's history a single, comprehensive housing policy is in place, that is streamlined, transparent and equitable for all South Africans.

There are also conflicting views on government policy as expressed by Mr Hans Smit in a paper presented at the National Housing Conference in Nelspruit in October 1999. "The number-chasing approach adopted by the National Housing Department is not conducive to the development of healthy communities." Mr Smit immediate past president of the South African Institute for Housing said that although the National Housing Department should be commended for its performance – despite severe budget cuts- its number chasing approach had many flaws. The State must set realistic minimum standards for the construction of housing. The maximum size of houses currently being delivered – within the constraints of the housing subsidy – was not conducive to the development of healthy families. It was stated that State’s minimum requirements were forcing competent developers to leave the housing industry as a result of reduced profits and increased risk.

2. The Delivery Process

In order to obtain sufficient information about the development process, and understand the intricacies of the administration linked to the process, a flow diagram was drawn up. The focus of the research centered on the Local Authority approval process, Provincial Housing Development Board and the Provincial Administration beneficiary approval process.

The time taken by the Local Authorities and Provincial Departments to approve the various aspects of the project were monitored and tracked as indicated in the flow diagram in the following chapter.

J.H Smit IHSA Conference (1999, Nelspruit, SA)
The flow diagram and process listed, helped in the understanding of the major processes and was also used to identify problem areas.

It must be noted that there were a number of activities that happened simultaneously and have been identified in the section dealing with time frames in the Development Process.

In order to obtain a normative quantity relating to approximate project size, a number of projects were visited. It was found that the average project size is 1000 units (due to economies of scale). Most projects were then divided up into phases of approximately 250 units.

In order to determine the flow diagram of the housing development process a full understanding of the present housing policy and Legislation at National, Provincial and Local Government level is required and extensive research was undertaken with regard to legislative and administrative procedures.

All the steps to be taken in the development process were listed and grouped in sequential order. It was important to fully understand the process and linkages between different Government and Local Authority Departments.

The next step was to conduct a series of interviews and collect information from major role players and stakeholders in the Housing Development Industry as follows:

- Provincial Administration Department
- Provincial Housing Development Board
- Local Authorities
- Private Sector Consultants and Project Managers
- Building Contractors
- Attorneys and Conveyancers
- Community Groups

Many of the Housing Projects developed in the Cape Metropolitan area fall in the category of Local Authority as developer. The Authority owns the raw land. For example, West-Bank - Oostenberg Municipality; Delft project and Integrated Serviced Land Project (iSLP) area – PAWC; West Lake – South Peninsula Municipality; Tambo Square – City of Cape Town; De Noon – Blaauwberg Municipality and Greenpoint Khayelitsha – City of Tygerberg, are all Local Authority projects. There are some exceptions, the Marconi Beam 2 250 Housing Project was privately developed. The lengthy tender procedures have far reaching implications as the Authorities are bound by the Provincial Ordinances governing the approval and tender procedures adopted when any development takes place. Private Sector developments are able to “short cut” or fast track certain aspects of the development. For example when calling for tenders and negotiations with suppliers (not having to follow the prescribed tender procedure).
In the Township planning and approval process, developers from the private sector highlighted certain delays, namely the time taken to obtain Local Authority approval of the project in principle in order for them to proceed with formal applications to the PHDB. This seems to be because certain Local Authority Committees only meet on a monthly basis and often deadlines are missed as agendas have been closed. Further factors are the differences of opinions between professionals in the Public and Private Sector. Timing of submissions of documents with clear and precise information plays a key role in expediting the approval process.

The questions about capacity consistently revealed a dearth of skills in their bureaucracies, which acts as a brake on their ability to transform themselves and become effective housing deliverers. With financial resources becoming increasingly constrained, it is not clear how these problems will be resolved. While the devolution of housing functions to local governments' appears to be a step forward, national government has paid little attention to councils' funding and capacity constraints. Despite their limited resources, and the difficult processes of internal restructuring they are undergoing, they must attempt to deliver services which were once the preserve of a few to entire populations. Although councils may allocate housing subsidies, housing responsibilities are being transferred to them largely as an 'unfunded mandate'; i.e., councils are expected to take on new tasks without being given the resources to do so. The result may be impaired housing effectiveness and an increased strain on local government's ability to perform its other tasks.

Local government officials have a much clearer understanding of their limitations than the housing stakeholders who call for greater involvement by the public sector in housing delivery, particularly of rental stock. All the authorities interviewed were keen to rid themselves of the onerous task of managing the rental housing inherited from the previous government, and have no intention of becoming directly involved in delivering new rental stock. One of the key factors determining the success of a housing project is the nature and degree of beneficiary participation. Since private delivery has not satisfied beneficiaries, ensuring that beneficiaries are adequately included in the delivery process is a responsibility that must be taken on by government. 

Public and private sector partnerships require significant capacity from local governments – to represent voters' needs, negotiate those needs with private deliverers, and monitor the ensuing agreements. Therefore, partnerships do not eliminate the problem of 'unfunded mandates'. While it is highly unlikely that municipalities will receive resources from 'higher' levels of government to help them address these constraints, it does seem likely that the role they will be able to play, and their gains form having these responsibilities transferred to them, will be more modest than national government expects.

24 Tomlinson M, (1998) Looking to the Local: Local Governments and Low Cost Housing delivery. Center for Policy Studies, University of Witwatersrand
25 Tomlinson M (1998) Looking to the local; Local Governments and Low cost Housing delivery; Center for Policy Studies, University of Witwatersrand
During the negotiations on the new housing policy, the focus was on delivery to the 'poorest of the poor' through 'tenured incremental housing' which the poor would consolidate over time. This led to the adoption of a 'progressive' policy which would initially guarantee tenure and 'health and safety' to beneficiaries. The goal was to stimulate affordability among the very poor rather than provide higher-quality housing for better-off beneficiaries. Government would create a 'staple public environment', based on a 'vigorous and unprecedented campaign' which would persuade consumers to pay for the services they consumed. The subsidy policy either gave little attention to how beneficiaries of serviced dwellings were to pay for services – or its architect overestimated the positive impact on poor people's budgets of a subsidized dwelling.

3. Blockages in the Housing Delivery Process

In order to identify where possible blockages occur, it was important to extrapolate the flow diagram and determine in more detail the personnel and staff requirements necessary, to undertake the functions and duties in the process of housing development.

A Blockage in the Institutional Housing Development Process was determined when under normal circumstances, delays were experienced, where the flow of the work was being hampered, and this would have direct impact on carrying out the next stage of the work in the development process.

Research on policy documentation, and interviews undertaken, revealed certain areas where blockages, or the slowing down of the approval process occurred. Project facilitators play a key role in negotiating with the Local Authority and surrounding Communities alike. It is important to ensure that the needs of each different interest group are physically, politically, and economically viable. Community and political negotiations with the developer can be bogged down by self-interest and thus blockages occur.

When project submissions and applications are submitted to the Provincial Administration of the Western Cape, the various provincial departments are usually given 28 days in which to respond. Certain delays have been experienced in the area; namely, interdepartmental reports are not submitted to the PHDB secretariat in time, before agendas close. The Board will no longer consider late items, as information required is often not available at the time, in order to make a comprehensive decision. Developers that do not submit all the relevant information make it difficult for officials, who are required to follow up and obtain outstanding information, before submissions can be submitted to the Board for approval. On receipt of all relevant comments from various PAWC departments the PHDB officials' submit the project recommendations to the Board for consideration. Delays have been experienced with some project submissions due to lack of information submitted to the PHDB.

The developer is responsible for community involvement and the beneficiary allocation procedure. It has been found that delays do occur in this process if all
stakeholders are not drawn in as part of the procedure. There are a number of linkages between the various role players, as illustrated in the "Stakeholders Relationships" diagram.

As the funds for a serviced plot and top structure is set at R16 000 (plus 15% allowance for geo-technical conditions) it is important to look at more affordable methods of construction. Local Authorities however are adamant that to "cut corners" or accept a lower standard of service will mean higher maintenance costs in the long run. In certain cases there have been certain delays due to lengthy negotiations between Developers, Consultants and Local Authority Officials around the standards of service which has a direct impact on the amount of money left over for the top structure. An example of delays at this planning stage of the development was the Kalkfontein Project in the Oostenberg Municipality.

Reports from developers have been positive regarding Local Authority Plan approval procedures in most local areas. It must be noted that the speed at which plan approval and agreement on specifications for the housing units to be constructed, varied from Local Authority to Local Authority. The approach and the understanding of the officials concerned were very important.

In the larger development projects, the developers will call for tenders from building contractors. In most projects it is mandatory that local labour and sub-contractors be used from the previously disadvantaged community. Very stringent quality control is necessary as inexperienced builders do not always provide the workmanship and quality accepted by Local Authorities (i.e. Kalkfontein housing project). This has an impact as sometimes work has to be redone. The cost is to the Developers/Contractors accounts. It has also been found that inexperienced sub contractors are unable to correctly read building plans and this has an impact on the building process and can cause delays. Basic training of sub contractors is often ongoing with extra supervision being provided in large building contracts.

Previously disadvantaged and emerging contractors are mainly used in the larger projects as sub-contractors. The exception has been in the City of Cape Town and Tygerberg area (iSLP projects) where these contractors, having a proven track record, have succeeded in winning the main contracts for themselves and are delivering reasonably good quality housing.

In order to eliminate or reduce blockages practitioners and developers should refer to the Housing Code. It lays out clearly the National Housing Policy and can be used as a tool to assist in mobilizing and harnessing resources for housing development in South Africa, to the benefit of individuals, communities and the private sector.

With regard to sustainable progress as well as for the general health and wellbeing of the population, settlements should be coherently planned. A common strategy is

26 Coetzee JW (1999) Chairman Provincial Housing Development Board
28 Provincial Administration of the Western Cape (2000) Procurement Policy, Cape Town, PAWC
required in order to meet the particular needs of communities in a manner that is acceptable to them. These facts were recognized by the various central and provincial government departments that supported the development of the Red Book\textsuperscript{29}. Important aspects of settlement formation have already been taken up in policy legislation e.g. the Development Facilitation Act of 1995, the Housing Act 1997, and the Urban Development Framework of 1997.

\textsuperscript{29} PAWC (2000) The quest for quality living environments; creating sustainable human settlements, Cape Town, PAWC
CHAPTER 3

THE HOUSING DEVELOPMENT PROCESS

Introduction to the Process
Mobilizing Housing Credit
Providing Subsidy Assistance
Principles governing Subsidy allocation
Supporting the Peoples Housing Process
Legislation and Policy impacting on the speedy release of Land
Land Development and Land use control
Land Registration and Tenure System
Infrastructure Policy and Standards
National Norms and Standards
Urban Development Framework
National Legislation
Provincial Legislation
Local Government
CHAPTER 3.

THE HOUSING DEVELOPMENT PROCESS – UNDERSTANDING THE POLICIES

1. Introduction to the Process

The full development process has been divided up into four sections, namely:
- Township Establishment
- Sales Administration
- Land Servicing
- House Construction

It was important to identify all the relevant stages in order to inquire from the relevant personnel and people involved in the development process, where possible blockages may occur.

Focus of the research centered on the Local Authority approval process, Provincial Housing Development Board and the Provincial Administration beneficiary approval process.

The time taken by the Local Authorities and Provincial Departments to approve the various aspects of the project were monitored and tracked as indicated in the flow diagram in this chapter.

The flow diagram and process listed, helped in the understanding of the major processes and was also used to identify problem areas.

It must be noted that there were a number of activities that happened simultaneously and have been identified in the section dealing with time frames in the Development Process.

In order to obtain a normative quantity relating to approximate project size, a number of projects were visited. It was found that the average project size is 1000 units (due to economies of scale). Most projects were then divided up into phases of approximately 250 units.

In order to determine the flow diagram of the housing development process a full understanding of the present housing policy and Legislation at National, Provincial and Local Government level is required.
A stable public environment, which poses no abnormal political risk to investors due to a breakdown in due legal process, is required for viable private investment and the successful implementation of government's housing programmes.\textsuperscript{30}

Historically, the low-income housing sector has been characterised as highly "risky", given land invasions, payment boycotts, high levels of building material losses, time delays in implementation, policy uncertainty, and so on. The private sector is reluctant to invest in such an environment of high and erratic risks.\textsuperscript{31} This situation also holds true for individuals who are unlikely to invest in their own housing in the context of an unstable and insecure environment. Without a stable housing environment, the principles of private sector participation and a people-driven housing process are not achievable.\textsuperscript{32}

Factors that contribute to a stable public environment, lower risk levels, and improved trust include:

- improved living environments (clean, safe neighbourhoods in which local by-laws are upheld);

- the efficient delivery and maintenance of municipal services;

- the construction of good quality housing;

- regular payment of rates, services, and rentals or mortgage payments;

- reliable and competent local governance; and

- the existence of civic pride among residents.

A stable environment is a value-based judgement reliant on a long-term intervention and the mutual co-operation of all players.

As a result of the "Record of Understanding" and the "New Deal", the following initiatives were established to stabilise the housing environment:

- the Masakhane Campaign

- the Mortgage Indemnity Fund

- Servcon Housing Solutions

- Thubelisha Homes

- National Home Builder's Registration Council


\textsuperscript{31} Louw M 1999, Communicare, Cape Town

The Record of Understanding outlined a two-point strategy for stabilising the housing environment:

1. Strategies to increase the availability of credit.

2. Risk alleviation interventions. These were:

   • a vigorous and unprecedented national and provincial campaign aimed at the improvement of service delivery and the resumption of payment for goods and services received and the reinstatement of the due process of law, through the Masakhane Campaign

   • mortgage indemnity for a fixed period on a geographic basis, through a Mortgage Indemnity Scheme, undertaken by the Mortgage Indemnity Fund

   • management of non-performing loans by rescheduling of loans or “rightsizing” households into affordable property, through Servcon Housing Solutions

   • management of existing properties in possession, through Servcon Housing Solutions

   • the introduction of a product defect warranty and self-regulation in the building industry, through the National Home Builder’s Registration Council

The major elements of the New Deal are:

   • All properties in possession and non-performing loans on 31 August 1997 and not resolved by May 1998 will be placed under a new portfolio to be managed by Servcon until resolved, for a period of 8 years (until 2006).

   • MIF cover on the relevant portion of this portfolio and other loans covered under the ROU will immediately be terminated, with no recourse under any circumstances.

   • Government and the Banking Council will participate on an equal share basis in Servcon over an eight-year period, until 2006.

2. Mobilising Housing Credit

The strategy to mobilise housing credit is closely linked with the strategy to stabilise the housing environment, in that both seek to increase the level of investment in the low-income housing sector. While the strategy to stabilise the environment seeks to decrease abnormal “political” risk, however, the strategy to mobilise housing credit seeks to manage and cushion commercial risk and to share it between the range of players in the housing sector, including the individual, the private sector, and the State. In the long term this should encourage lending to the low-income sector at scale to become normal market practice.\(^\text{33}\)

At the root of the strategy to mobilise housing credit is the fact that access by the poor to housing credit has been limited for a range of reasons beyond affordability. Phenomena such as red-lining and discrimination, as well as poorly designed credit instruments, and a lack of a consumer willingness to save, are understood as factors limiting the access of the poor to finance. Clearly, one reason why financial institutions employed such measures is related to the "unstable environment" in which lending operated. While that environment is being stabilised, however, perceptions of risk still exists and trust is still elusive. Consequently, the strategy to mobilise housing credit involves the development of mechanisms and approaches towards risk management and sharing and the development of a track record of experience in the low-income market, so that the private sector is "brought back" into the low income housing market. The aim is to change risk perceptions that inhibit lending to previously disadvantaged people.

- Mechanisms to mobilise the provision of credit on a risk-sharing basis, so that financial institutions may develop low income housing sector experience and a track record, suitable for operating on their own, without State intervention, in the long term. These mechanisms include:

  risk sharing financial products

  support for the development of the micro lending industry

  a focus on mobilising housing credit in rural areas

  a focus on social housing and mobilising credit for housing institutions

  development of a secondary mortgage market

  consumer education and protection measures

  attention to developers' finance needs, including the provision of bridging finance

The National Housing Finance Corporation (NHFC) and its subsidiary funds and institutions provide loans, guarantees and other products to support the entry of financial lenders back into the low income sector for a range of tenure types in both urban and rural areas, satisfying both areas of focus.

The National Urban Reconstruction and Housing Agency (Nuracha) provides guarantees for bridging finance (development capital), and housing loans, while also undertaking a range of other initiatives to support players in the low income housing sector to carry out their respective roles.

The Social Housing Foundation (SHF) provides training, advice and technical support to established and emerging social housing institutions, while also
supporting through policy development and other initiatives, the growth of the social housing sector.

2.1 The National Housing Finance Corporation (NHFC)

The National Housing Finance Corporation is a public company, wholly owned by government, and operating under specific exemptions from the Banks Act 1990 (Act No. 94 of 1990). Set up as a development finance institution in April 1996, the NHFC's main role is to pilot and explore ways of sustainably providing housing credit to low income earners. In time, it is expected that the NHFC's efforts will create an environment in which the capacities in the finance sector can be mobilised to service the under- and un-serviced segments of the housing market. The NHFC leverages funds outside of government sources to support its activities.

The NHFC aims to create housing opportunities for low and moderate-income families by:

- Funding intermediaries to promote broader access to housing
- Building adequate and sustainable capacity within organisations which it funds
- Partnering organisations to pioneer new finance and housing delivery approaches.

To achieve this mission, the NHFC focuses its efforts in three distinct areas:

1. Debt Finance: The NHFC makes loans available to established housing institutions, non-bank lenders and banks, for on-lending to households eligible for credit.

2. Equity Finance: The NHFC provides financial gearing capacity to social housing institutions and non-bank lenders.

3. Capacity Building: The NHFC provides assistance to emerging and new institutions to provide them with institutional capacity that will enable them to fully participate in this market.

Note: While the SHF was initiated as a programme of the NHFC on the basis set out in this figure, it is now an independent body.

2.2 Niche Market Lenders (NML) Programme

The NML Programme is the main debt-funding programme of the NHFC, and is targeted at housing institutions, non-bank lenders, and small banks. The NML Programme focuses on providing scale debt funding to lenders in the low-income housing market. The criteria for selecting clients' focuses on, amongst other things, the ability of the borrower (the Niche Market Lender) to manage its loan book.
effectively. As a result the programme has developed the capacity to assess its clients and monitor progress in the formal lending environment.

2.3 Housing Equity Fund (HEF)

The HEF is a highly innovative fund, targeted at new and emerging institutions and non-bank lenders, providing both debt and equity finance. The NHFC takes a higher risk with its equity funding than with the debt funding of the NML. Its products and diverse lending approaches are directed at four key goals:

- empowerment of new and emerging housing institutions
- introduction and testing of new lending methods through identified pilot projects
- strengthening the capital base of new and emerging institutions
- supporting vigorous competition among lenders

2.4 Rural Housing Loan Fund (RHLF)

The RHLF was established through an intergovernmental agreement between South Africa and Germany, and receives funding from the German Development Bank. The strategic aim of this programme is to develop financial mechanisms and services in rural areas of South Africa. Its support is targeted at all types of financial institutions that operate in the rural areas, including social housing institutions, non-bank lenders, housing institutions and small banks.

2.5 Housing Institutions Development Fund (HIDF)

The HIDF aims to promote the establishment of innovative and sustainable institutional capacity in the housing sector. It aims to assist institutions to improve their sustainability through the provision of finance for use towards institutional development objectives and housing stock development.

The HIDF's products are targeted at the pre-institutional establishment phase of housing institutions, at their development phases, and at capacity building and institutional development needs. Once an institution has established sufficient capacity through the assistance of the HIDF, it can apply to the NML for further debt financing.

2.6 Gateway Home Loans

In addition to its four wholesale programmes, the NHFC is developing a new programme aimed at providing sustainable housing finance at scale for the purchase of houses by people in the low and moderate income bands, using existing intermediaries. Gateway Home Loans has been established as a subsidiary of the NHFC with the mandate of addressing the gap in the housing
finance market: while mortgages are not widely available for loan sizes of less than R60 000, the micro loan industry typically provides loans of less than R10 000. Gateway seeks to address primarily the need for loan products in the R10 000 - R50 000 range.

2.7 National Urban Reconstruction and Housing Agency (NURCHA)

Nurcha was established in May 1995 as a Presidential Lead Project mandated to address the housing backlogs and inequities of the past. Operating as a non-profit (Section 21) company, it aims to facilitate low cost housing development, focusing on the needs of families earning less than R1 500 per month. Nurcha provides:

- bridging finance guarantees for developers and contractors to cover the costs of development prior to subsidies being paid,
- end user finance guarantees to assist people earning up to R1 500 per month to access loan finance in approved projects, and
- capacity building grants to communities for community development processes.

Nurcha has five strategic goals:

- to facilitate low cost housing development by guaranteeing loans made by commercial banks
- to focus on the housing needs of families earning up to R1 500 per month
- to promote small and medium enterprises in housing and urban development
- to strengthen the capacity of institutions involved in low cost housing delivery
- to assist in the development of a housing market that meets the needs of all South Africans

Nurcha's primary sponsors are the South African Government and the Open Society Institute of New York. Guarantee capacity has also been raised from the Swedish International Development Organisation, the Norwegian Agency for Development Co-operation, the Thembani International Guarantee Fund, the United States Agency for International Development (USAID), and the Futuregrowth Fund.

Nurcha has two categories of programmes:

- Guarantee Programmes: Facilitating Bridging Finance & Facilitating End User Finance
- Joint Venture Development Fund
2.8 Joint Venture Development Fund

In 1996, the Joint Venture approach towards subsidised project delivery became a key policy initiative of government. The policy is in keeping with the preamble to the Housing White Paper, which states that “a partnership between the various spheres of government, the private sector and the communities is envisaged. This is seen as a fundamental prerequisite for the sustained delivery of housing at a level unprecedented in the history of this country. It requires all parties not only to argue for their rights, but also to accept their respective responsibilities.”

2.9 The Social Housing Foundation (SHF)

In November 1997, the NHFC established the Social Housing Foundation to develop expertise and delivery mechanisms in the social housing market. The SHF’s mission is to promote, support and assist the integrated process of sustainable social housing in South Africa. In meeting its mission, the SHF seeks to improve the environment in which social housing organisations currently operate, to contribute towards the further development of the industry, and to raise the profile of social housing as a valuable contribution towards low income housing in South Africa.

The SHF has defined its role in response to the social housing environment. It has four main functions:

- The provision of training, advice and technical support to established and emerging social housing institutions. Emerging social housing institutions are taken through the “path to becoming a sustainable institution” which seeks to develop internal capacity so that the institution becomes a viable enterprise and is able to access institutional subsidies and other funding.

- Advice on the development of policy for social housing in South Africa, and undertaking research into local and international experiences in social housing. Policy proposals developed by the SHF are submitted to the Minister for consideration and further development within the department.

- The facilitation of an international networking and support programme.

- Interaction with donor organisations both nationally and internationally, raising the profile of social housing in South Africa, to benefit the industry’s funding environment.

3. Providing Subsidy Assistance

South Africa is fortunate in having a sophisticated construction industry and an advanced financial sector that have the capacity to meet the effective demand for housing products and services. This demand, however, currently constitutes only 20% of all households requiring housing. High levels of unemployment and relatively low average wage levels contribute to a major affordability problem in
South Africa, and the ability to pay for housing is severely limited among most families in the country. Consequently, government has adopted a strategy to provide subsidy assistance to households who are unable to satisfy their housing needs independently.

The strategy to provide housing assistance has given rise to a number of government housing programmes. Together, these are known as National Housing Programmes. These comprise the following:

- Housing Subsidy Scheme
- Discount Benefit Scheme
- Hostels Upgrading Programme
- The Bulk and Connector Infrastructure Grant

4. **Principles Governing Subsidy Allocation**

Government’s approach towards the allocation of subsidies is based on a number of key principles:

- **Gearing**: Measures should aim to gear non-state investment to the greatest possible extent. To this end, government has supported a policy of joint venture partnerships with the private sector in housing delivery.

- **Facilitation**: The State’s involvement should be structured to challenge non-state capacities to increasingly respond to the needs and requirements on the ground, while also complementing and strengthening existing delivery capacities.

- **Transparency & Equity**: Financial exposure to the State should be clearly identified, quantified and contained in a manner which can be effectively managed and capped. Moral hazard associated with state funding / guarantees should be minimised. This principle also relates to the policy on hidden subsidies, addressed below.

- **Creativity & Innovation**: Creativity and innovation must be actively encouraged and rewarded, requiring the flexible application of the policy.

5. **Supporting the Peoples Housing Process**

Throughout South Africa, people have been organising and building homes for themselves for ages. Experience under the new dispensation has shown that if people are given the chance to build or organise the building of their homes themselves, they can achieve a greater level of value for money. Typically this is where a family or group of families take the initiative to organise the planning, design and building of their own houses. This process of home building by the
people themselves is referred to as the People's Housing Process. In response to this process, Government has adopted a National Housing policy: to "Support the People's Housing Process".

The rationale for the policy is based on a growing awareness, that the majority of homes within South Africa, as well as in other developing countries, were built by the people themselves. On this basis, government concluded that the activities of people in housing themselves deserve formal recognition and concrete support from the State. With government support in terms of access to subsidies and technical support, communities will be able to build their own housing, supplementary to the market-driven process which commonly focuses on a developer-driven process, with or without mortgage finance. Once they have built their houses, however, the increased value of their property, (which through the subsidy scheme they will own) will place them in the formal market if they wish, and allow them to accumulate wealth as an integral part of the normal market system.

5.1 The Concept

The policy intention is to support specifically the poorest of the poor families, who usually only have access to housing subsidies and who wish to enhance their subsidies by building or organising the building of their homes themselves. Usually these families cannot access credit or accumulate significant savings to enhance their subsidies.

The process assists such households to access:

- housing subsidies, namely consolidation, project-linked, institutional and rural subsidies
- technical, financial, logistical and administrative support regarding the building of their homes, on a basis that is sustainable and affordable.

Key principles behind the policy are partnerships, and a people-driven process, skills transfer, and community empowerment. The role of communities in such partnerships is based on the understanding, that low-income communities have a large degree of resilience, ingenuity and ability to look after their own housing needs, and given appropriate institutional support and financial assistance from government, the fruits of their efforts can be improved even further.

Institutional Arrangements

i) Support Organisations

To meet these principles in a meaningful way, support organisations which must be legal entities, should be established to:

- secure housing subsidies for the families in the most direct manner;
- facilitate the acquisition of land on the basis of secure tenure; and
- provide technical, financial, logistical and administrative support regarding the building of their own homes.

A group of families may form a legal entity themselves to assume the role of the Support Organisation, or enter into an agreement with a legal entity to act as the Support Organisation on their behalf. Support functions should be carried out in an
easily identifiable locality. Such a locality could be either an existing or a new facility, and must be referred to as a Housing Support Centre.

ii) Funding
   The People's Housing Process provides for the following:
   • housing subsidies
   • facilitation and establishment grant funding for the preparation for and establishment of housing support functions

The Facilitation Grant provides funds for the preparatory work necessary before an application for funding is submitted to the Provincial Housing Development Board by the Support Organisation. The grant pays for community workshops. These workshops aim at assisting communities to form or enter into an agreement with a Support Organisation, and to prepare the subsidy project application on the basis of locally defined solutions to housing problems. The workshops allow communities to work through a process whereby they develop a detailed business plan for the development of their area.34

iii) Decision-Making
   Decision-making with regard to projects in terms of this policy measure is assigned to Provincial Housing Development Boards in accordance with the Code.

5.2 Project Application Process

Community Workshops

Communities seeking to apply for housing subsidies using the People's Housing Process route may apply for a Facilitation Grant, which pays for community workshops. The focus of these workshops is two-fold. First, they lead to the preparation of the subsidy project application. And second, they allow for the development of locally defined solutions to housing problems.

5.2.1 The uTshani Fund

In September 1996, the uTshani Fund was accredited to facilitate the channelling of housing subsidies from Provincial Housing Development Boards to the savings and loans collectives of the South African Homeless People's Federation. An intrinsic part of this agreement is a set of operational guidelines to be used by all parties to this agreement. An additional feature of the agreement allows for members of a savings and loan collective, to get credit from the uTshani Fund.

34 Republic of SA (1999) guidelines for supporting People's Housing Process, Pretoria, Department of Housing
5.2.2 The People's Housing Partnership Trust

The People's Housing Partnership Trust (PHP Trust) drives the implementation of the Government's national capacitation programme in support of the People's Housing Process. The partnership arises from an initiative between the Department of Housing, the United Nations Centre for Human Settlements - Habitat (UNHCS), the United Nations Development Programme (UNDP), and the United States Agency for International Development (USAID). Governed by a Board of Trustees, the PHP Trust is an independent, non-government body with statutory recognition.

5.3 Rationalising Institutional Capacities

South Africa's housing sector has a history of complex and fragmented institutions. By the early 1990's there were fifteen Departments of Housing, namely one General Affairs Department, three Own Affairs Departments, the Department of Development Aid, four provincial authorities, six self-governing homeland authorities, and more than 60 national and regional state corporate institutions were involved in housing delivery facilitation. These bodies were implementing some twenty distinct subsidy systems supporting highly varied housing policies all within the boundaries of what is now the Republic of South Africa. The housing sector was fragmented, inconsistently funded, and lacking in role definition and defined lines of accountability. The institutional framework, as contained in national housing policy in general, and in the Housing Act 1997, in particular, forms the basis for all activities in the housing sector. It is through institutions that the various policies are translated into implementable plans of action, and that fiscal appropriations are identified, channelled and spent in the housing sector. The strategy to rationalise institutional capacities therefore seeks to create a single and transparent system that operates within the framework of the national Constitution and which incorporates the broad principles of the housing policy.

A critical component to this strategy is the prevailing principle of partnerships and the participation of civil society in the housing process. This is articulated in the collective role played by stakeholder groupings and structures of civil society in the Provincial Housing Development Boards, and by the roles played by individual civil society structures in the process of policy development, and housing delivery process.

5.3.1 Housing Act, 1997 (No. 107 of 1997)

The Housing Act abolishes all apartheid housing legislation by a single, comprehensive enactment that reflects the priorities and principles of the current government on housing in South Africa. Its aim is to facilitate a sustainable housing development process, in which all spheres of government, the business sector, citizens, and permanent residents of the Republic co-operate to progressively realise the right to access to adequate housing (as enshrined in
Section 26 of the Constitution of the Republic of South Africa, 1996). As such, it aims to alleviate the plight of the homeless and the poorest of the poor.\footnote{Republic of South Africa (1997) Housing Act no. 107, Pretoria, Government Printer}

5.3.2 The National Capacitation Programme

Capacity building in the Department of Housing is targeted at the creation of an enabling environment at national, provincial and local level within which the regulators and implementers could fulfil their respective roles. This entails the introduction of appropriate legal and policy frameworks, the establishment of an effective and efficient workforce, and the installation of appropriate technology, equipment and systems for monitoring, evaluation and reporting purposes. The National Capacitation Programme helps to ensure that provincial housing departments and municipalities have the capacity to carry out their housing functions. Through the programme, measures to improve the efficiency of housing development boards have also been implemented.

5.3.3 Facilitating Speedy Release and Servicing of Land

The land delivery process, including the identification, allocation and development of land, is a critical component of the housing delivery process. The effectiveness of land delivery has a fundamental impact on:

- the rate and scale of housing supply
- the potential for housing supply to contribute to the socio-economic development and environment of poor communities
- the potential for housing supply to contribute to the racial, economic and spatial integration of South Africa

Access to housing opportunities is impossible if the necessary land is not available. The delays involved in accessing land not only mean that housing delivery is delayed, but also that the investments tied up in the housing delivery process are unproductive for this time. The consequence of unproductive investments is an increased cost of delivery and a concomitant decrease in value for subsidy. Delays of this nature also increase the perceived level of administrative risk and discourage new investment in housing for the poor.

The Development Facilitation Act, 1995 (Act No. 67 of 1995) is the most comprehensive Act promulgated to deal with the issue of land release and servicing. The housing department's overall approach to land delivery policy is one of promoting adherence to the principles for land development as set out in Section 3 of the Development Facilitation Act, 1995. This housing subsidy programme is summarised in Section 8.2.1 of Chapter 8 of Part 3 of the Code. A key aspect of the Development Facilitation Act is the requirement it places on local governments to prepare and maintain "Land Development Objectives" (LDO's). LDO's relate to
the objectives, strategies and targets of the local authority in relation to any land development matter, including public transport, water, health, education facilities, housing and other activities. The breadth of issues contained within the strategy to facilitate the speedy release of land and servicing are set out in the context of the Development Facilitation Act, 1995, and LDO's, below.

5.3.4 The Development Facilitation Act, 1995 (Act No. 67 of 1995)

The Departments of Housing, Land Affairs, and the former RDP Ministry collaborated in writing the Development Facilitation Act. The major focus of the Development Facilitation Act, 1995, is on expediting land development projects, especially in terms of the delivery of serviced land for low income housing, by bypassing bottlenecks in existing regulations. It does this by defining land development procedures for the subdivision, servicing, and zoning of urban and rural development. Promulgated at the national level, provinces are empowered to use it in respect of their own land legislation.

5.3.5 Development Facilitation Act (DFA) Principles:

The DFA bases its approaches to land development on a set of nationally enforceable principles. Generally, these reiterate government's overall approach to land delivery policy set out above. Within national legislation, these principles are enshrined. Actions that constitute a breach of these principles may be ruled to be an offence and punishable by law.

5.3.6 Land Development Objectives:

The DFA also seeks to promote efficient and integrated land development through requiring that a set of Land Development Objectives be developed at local government level (or if necessary, the provincial government level), as the basis for future land development. These are to be defined against the backdrop of socio-economic analysis and consultation. The strategies that arise from the Land Development Objectives are linked to key performance indicators, plans, programmes, budgets and monitoring activities.

5.3.7 Development Tribunals

The DFA introduces the concept of Development Tribunals, which the Premier in each province is entitled (but not required) to appoint. Tribunals bring together experts, officials and stakeholders to review, overturn, amend or uphold executive decisions on development. When an application for development is under dispute, the applicant must appear before the tribunal, which has the power to subpoena officials and suspend restrictive legislation, as well as to impose prescribed time frames for development decisions. The extent to which the Development Facilitation Act, 1995, expedites the delivery of land and assists in the process of consolidating stands, also has an impact on the amount of bridging finance necessary to cover the holding costs, which increase if there are delivery delays.
The DFA's use in land zoning regulations and procedures can also assist in reducing land costs.

5.3.8 Development and Planning Commission

Section 5 in Chapter II of the Development Facilitation Act, 1995, provides for the establishment of a Development and Planning Commission. This statutory commission is responsible for the formulation of policy, administrative practice, frameworks, and legislation with respect to land use planning, identification, assembly, and release, with a specific focus on the needs of low-income and historically disadvantaged communities.

5.3.9 Land Development Objectives (LDO's)

Land Development Objectives (LDO's) are prescribed by the Development Facilitation Act as a way for local government to plan how land development will proceed in its area of jurisdiction, on the basis of clear timeframes and detailed budgets. It is expected that through careful planning and focused administrative practice, the pace of land delivery will increase. The process undertaken for arriving at LDO's is specific to the local authority concerned, and should be highly participative, involving workshops with local communities and detailed consultation with local and provincial stakeholders.

6. Other Legislation & Policy Impacting on the Speedy Release of Land

While the Development Facilitation Act sets the framework for all land development within South Africa, other legislation and policy also impacts on the successful realisation of this policy area. Beyond land use planning, which is addressed by the Development Facilitation Act, 1995, government's focus on a land delivery policy seeks to address:

- land development and land use control
- land registration and tenure systems
- mechanisms for resolving conflicts in the land delivery process
- alienation of state owned land

7. Land Development and Land Use Control

Policy on land development and land use control affects all types of development, including housing. The land development process is a highly complex administrative procedure that requires detailed and fair regulatory frameworks. Within a housing context, the development process should accommodate and legitimise all valid housing processes, including formal and informal housing delivery, new residential settlements, the in-situ upgrading of existing settlements, and redevelopment of, for example, inner city areas. Broadly, the governments land development and land use control policies seek to achieve the objectives governing all land delivery policy.
8. Land Registration and Tenure Systems

There are important implications for housing delivery that flow from the policies and legal frameworks that are established nationally for registration and tenure systems. It is important to:

- recognise and address informal land transfer systems

- ensure that land registration and tenure systems are conducive to the flow of end-user finance

To achieve these key objectives, the following have been implemented by the Department of Land Affairs:

- Communal Property Association Act, 1996 (Act No. 28 of 1996)
- Interim Protection of Land Rights Act, 1996 (Act No. 31 of 1996)
- Land Reform (Labour Tenants) Act, 1996 (Act No. 3 of 1996)
- Settlement Planning Grant Policy

9. Infrastructure Policy and Standards

Government's infrastructure policy and standards apply to the provision of water, sanitation, roads, stormwater drainage and domestic energy to housing developments. The housing subsidy may only be utilised to provide certain basic internal municipal services with a funding limit of a maximum amount of R7500 for the services and the acquisition of land. The rest of the subsidy must be utilised for the housing unit. The responsibility to provide bulk and connector services rests with the municipality. These services may be funded in terms of the Consolidated Municipal Infrastructure Programme. A Provincial Housing Development Board will not approve a housing development project unless the municipality certifies that the necessary bulk and connector services are provided or will be provided to the development. Provincial Housing Development Boards will give preference to project applications where the required bulk and connector services are already available.

10. National Norms & Standards in respect of Permanent Residential Structures

The Housing Act, 1997 requires that the Minister of Housing determine, among other things, national norms and standards for housing development. The rationale for the provision in the Act relates to the fact that in many situations, the housing subsidy had been absorbed by unaffordable and unsustainable levels of municipal services. This left very little money for an adequate permanent residential structure and made it very difficult for the Department of Housing to realise its constitutional responsibility to ensure access to "adequate housing". In situations where
households were not able to add additional funding to increase the value of the housing product (80% of households qualifying for the subsidy have a monthly household income of R1 500 or less), the imbalance between expenditure on services vs. expenditure on top-structure was especially evident. The Norm and Standards therefore place a financial limit on the part of the subsidy that may be used for services, while also defining a minimum size of top-structures. In compiling the Norms and Standards, the Department of Housing consulted a range of policies and existing norms and standards in respect of basic infrastructure provision. Experience gained in housing developments was also taken into account. The Norms and Standards define two things:

- municipal services to be subsidised by the housing subsidy:
  the focus here is on the types of basic internal reticulation services that can be subsidised with the portion of subsidy earmarked for internal infrastructure, rather than the specific levels of basic services

- minimum size of top structure as well as specific standards for its construction. If a project is awarded the maximum 15% variation of the full subsidy amount to cater for abnormal development costs arising from locational, geotechnical and topographical conditions, this may be applied to either the municipal services or a combination of the services and the top-structure component of the development.

10.1 Environmental Standards

The following legislation, policy documents and guidelines set environmental standards:

- Environmental Conservation Act, 1989 (Act No. 73 of 1989)
- General Environmental Policy
- Integrated Environmental Management Policy
- Agenda 21
- White Paper on Water and Sanitation
- Health Act, 1977 (Act No. 63 of 1977)
- White Paper on Local Government

With respect to electrification, insufficient attention has been paid in the past to the relationship between the thermal efficient qualities of housing and the generating needs within the energy sector. For example, the provision of basic insulation, including the installation of ceilings, can have a real and quantifiable beneficial impact on our society and the costs of electricity incurred by individual households. A critical environmental standard relates to the need to discourage the use of asbestos in construction. Asbestos is a mineral fibre used in many building materials. Most often, it is mixed with cement and could pose a risk of lung disease, including lung cancer. There is no need to continue using asbestos.
Alternative products are easily available, often for a very similar price, though much safer.

10.2 Housing Construction and Engineering Standards

Guidelines for housing construction and engineering standards are found in three different sources.

- First, the NHBRC Technical Requirements, published in the NHBRC's Home Building Manual, set design and construction standards for NHBRC registered builders to follow. The Manual also provides guidelines to assist in achieving good quality construction and performance on site.

- Second, the National Building Regulations, relating to health and safety standards, are set out in the National Building Regulations and Building Standards Act, 1977 (Act No. 103 of 1977).

- Third, the Guidelines for Engineering Services and Amenities in Residential Township Development (commonly called the Red Book) provides information and guidance on the various options available to planners and developers in developing residential towns. The long name of the "Red Book" is "Guidelines for Human Settlement Planning and Design". The new "Red Book" covers essentially the same material as its predecessor, but set out in the following categories:
  - planning method and participation
  - a philosophical approach to settlement making
  - guidelines relating to settlement making
  - planning guidelines
  - stormwater management
  - roads: geometric design and layout planning
  - roads: materials and construction
  - water supply
  - sanitation
  - solid waste management
  - energy

10.3 Consolidated Municipal Infrastructure Programme

The Consolidated Municipal Infrastructure Programme is administered by the Department of Constitutional Development. It is designed to further the aims of the RDP, through:

- The provision of bulk and connector infrastructure in support of household infrastructure to needy South Africans in ways that enhance the integration of previously divided areas.

- Enhancing the developmental impact of the delivery process - for example by focusing on the transfer of skills and the promotion of small, medium and micro
enterprises (SMMEs), using labour intensive construction processes and maximising job creation opportunities.

The CMIP funds three categories of infrastructure:

• The installation of new bulk and connector infrastructure for greenfields development.

• The upgrading of existing bulk and connector infrastructure.

• The rehabilitation of existing bulk and connector infrastructure, and the rehabilitation of internal services where appropriate. Municipalities are responsible for identifying projects to be implemented in their areas, oversee the implementation, and take ownership of the infrastructure once the project is complete. All proclaimed municipalities are eligible to apply for CMIP funds for projects that fall within the parameters of the programme. Municipalities may delegate project management to an implementing agency, or a combination of agencies.

11. Urban Development Framework

The Urban Development Framework contains government's vision for sustainable urban settlements and provides the policy framework for co-ordinated state investment in development. Initiated by the RDP office, the Urban Development Strategy is now in the jurisdiction of the Department of Housing. The aim is to promote a consistent urban development policy approach for effective urban reconstruction and development, to guide development policies, strategies and actions of all stakeholders in the urban development process and to steer them towards the achievement of a collective vision. International experience has shown that ultimately, the success or failure of national development initiatives will largely be shaped in cities and towns. National economic success depends upon urban success. More efficient and sustainable cities are therefore crucial to government's strategies for alleviating poverty and for creating a more equitable society. Behind the need for efficient and sustainable cities is a need for creative and effective urban governance. How our cities and towns are managed, and how the various role players in government, the private sector and civil society participate in the urban development process is critical to its success.

This Urban Development Framework is pursued through four key programmes:

1. Integrating the City: This programme aims to overcome segregation, fragmentation and inequality. The focus is on integrated planning, rebuilding and upgrading the townships and informal settlements, while planning for higher density land-use and developments. This focus will require reforming the urban land and planning system, urban transportation systems and ensuring sound environmental management.
2. Improving Housing and Infrastructure: This programme involves upgrading and developing housing, restoring and extending infrastructure, promoting safety and security, and alleviating environmental health hazards. As part of this programme, mechanisms to encourage investment and increase access to finance will contribute to social development, and the building of habitable and safe communities.

3. Building Habitable and Safe Communities: Worldwide experience has shown that well-directed human settlement policies cannot be based solely on economic and physical development plans. Investment in the public environment (schools, clinics, parks, police stations, etc.) contribute to positive perceptions of a neighbourhood, enticing local residents to invest in their own environments. This programme also includes a range of social development initiatives, attention to safety and security, and a focus on the design of habitable and sustainable urban environments. In achieving the goal of habitable and safe communities, attention to environmentally sound housing is also critical.

4. Promoting Urban Economic Development: This programme aims to enhance the capacity of urban areas to build on their local strengths to generate greater local economic activity so that they may become sustainable and alleviate urban poverty. Within this, the programme seeks to increase access to informal economic opportunities and to maximise both direct and indirect employment opportunities while implementing specific development projects. A key component of the programme is the promotion of the concept of "Local Economic Development".³⁶

11.1 Special Presidential Projects on Urban Renewal

Co-ordination among government development programmes happens in various ways. The most focused of these, however, is the Presidential Lead Programme known as the Special Presidential Projects on Urban Renewal (SIPPs). The Department of Housing manages this programme. The aim of this programme is to kick-start development in major urban areas, focusing on violence-torn communities and communities in crisis. The programme was developed to ensure an integrated approach to the provision of infrastructure, housing, community and recreation facilities, and job opportunities, with a view to transforming previously disadvantaged communities and creating sustainable and habitable living environments. In addition, this programme was seen as an ideal opportunity to promote the business-planning concept and to give provincial governments the opportunity to improve horizontal and vertical co-ordination.

11.2 Rural Development Framework

The Rural Development Framework describes how government, working with rural

people, aims to achieve a rapid and sustained reduction in absolute rural poverty. Initiated by the RDP office, the Rural Development Framework is now in the jurisdiction of the Department of Land Affairs. The Framework stipulates that development in rural areas requires:

- institutional development: helping rural people set the priorities in their own communities, through effective and democratic bodies, by providing the local capacity and access to funds for them to plan and implement local economic development;

- investment in basic infrastructure and social services: the provision of physical infrastructure (e.g. housing, water and power supplies, transport) and social services (e.g. basic health care and schools);

- improving income and employment opportunities and by broadening access to natural resources (e.g. farming and grazing land, irrigation water, woodland and forests);

- restoration of basic economic rights to marginalised rural areas by establishing periodic markets such as the organising of spatial and temporal framework for development;

- resource conservation: investing efforts in the sustainable use of natural resources; and

- justice, equity and security: dealing with the injustices of the past and ensuring the safety and security of the rural population, especially that of women.

To meet these needs, the Rural Development Framework sets out five programmes:

1. **Building Local Democracy and Development**: This programme considers the powers and functions of local government and proposes programmes for upgrading the skills of councillors and council officials. It also focuses on funding needs for rural development, and local structures for land reform and administration.

2. **Building Local Economic Development and Rural Livelihoods**: This programme pursues job creation opportunities in several sectors: commerce, rural industrialisation, agriculture, tourism and public works. It recognises the importance of partnerships with the private sector and NGOs at local level for the promotion of a wide range of enterprises. These should build on and utilise the local natural resource base and the opportunities provided by actual and potential trade links within an area.

3. **Building Rural Infrastructure**: The RDP places specific emphasis on the development and upgrading of household infrastructure, as part of a basic
needs programme. This programme addresses the implementation of various infrastructure services in rural areas and the policies that are required. Specifically, the need for a rural housing policy that accommodates communal tenure, that allows for co-ordinated planning of settlements, and that assists with community facilitation is identified. Spatial development initiatives are also considered.

4. **Building Social Sustainability:** This programme addresses the constitutional rights of rural people, by proposing programmes that address safety and security, access to legal services, the rights of children, farm dwellers and the disabled, health care in rural areas, capacity building and improving rural education, security and welfare, and drought management.

5. **Building Local Capacity:** This programme considers the case for decentralised planning and decision making, and considers information systems necessary for averting disasters.

### 11.3 Integrated Development Plans

Integrated Development Plans (IDP's) provide specific mechanisms for the co-ordination of state investment in development at the local level. In terms of the Local Government Transition Act (LGTA), No. 209 of 1993, municipalities are required to prepare IDP's. In the preparation of IDP's, municipalities must have regard to the general planning principles established in the Development Facilitation Act (DFA), as well as the subject matter of local Land Development Objectives (LDO's) approved in terms of the DFA (see Section 3.6 of this Part of the Code). On the basis of finalised IDP's municipalities may approve their budgets; without IDP's, budgets may not be approved. An IDP comprises essentially two components:

1. An external development plan setting out the municipality's development objectives. This is a compilation of all LDO's for the various sectors, as well as an economic development strategy.

2. An internal organisational, financial and communication plan, which spells out how the municipality will achieve these stated objectives in terms of its internal structures, human resources, administrative procedures and budgets.

### 12. National Legislation

#### 12.1 Housing Act no 107 of 1997

General principles applicable to housing development at National, Provincial and Local Government must, acting through the Minister, established and facilitate a sustainable National Housing Development Process.
Arrangements regarding assets and liabilities of National Housing Board

Movable property and funds of the former Board, and all rights, liabilities and obligations of the Board in respect of such movable property pass, subject to this subsection and section 15, to the Provincial Housing Development Board for the province in which such property is mainly utilised.

General Provisions

Delegation of authority:
The Director-General or the head of department may assign any duty imposed upon him, to an officer or employee of the department to execute duties pertaining to the housing act.

12.2 Rental Housing Act no 50 of 1999

Promotion of Rental Housing Property:

It is the responsibility of Government to promote rental housing. Government must promote a stable and growing market that progressively meets the latent demand for affordable rental housing among persons historically disadvantaged by unfair discrimination and poor persons, by the introduction of incentives, mechanisms and other measures to increase provision of rental housing property.

Relations between tenants and landlords

In advertising a dwelling for purpose of leasing is, or in negotiating a lease with a prospective tenant, a landlord may not unfairly discriminate against such prospective tenant on one or more grounds, including race, gender, sex, ethnic of social origin, colour, language and birth.

The tenant’s rights as against the landlord:

The tenant’s rights as against the landlord includes his or her right not to have his or her person or home searched, his or her property searched, his of her possessions seized, except in terms of law of general application and having first obtained an order of court.

The landlord’s rights against the tenant

The landlord’s rights against the tenant include his or her right to prompt and regular payment of rental or any charges that may be payable in terms of a lease. Recover unpaid rental of any other amount that is due and payable after obtaining an order of a court of law.
Provisions pertaining to leases

A lease between a tenant and a landlord need not be in writing. A lease will be deemed to include terms, enforceable in a competent court. To the effect that the landlord must furnish the tenant with written receipt for all payments received by the landlord from the tenant.

Rental Housing Tribunal

The MEC may by notice in the Gazette established a tribunal in the Province to be known as the Rental Housing Tribunal, and must fulfil the duties imposed and must do all things necessary to ensure that the objectives of the tribunal are achieved.

12.3 Housing Amendment Act no 28 of 1999

Amendments of section 3 of Act 107 of 1997

Section 3 of the Housing Act 1997 is hereby amended by the insertion after subsection (6) of the following subsection:
The Social Housing Foundation, registered as a company in terms of section 21 of the Companies Act 1973, under the name National Housing Finance Development Foundation, is deemed to a National Institution established by the Minister under subsection 4 (h)

Amendment of section 5 of Act 107 of 1997

Section 5 of the provincial Act is hereby amended by the addition of the following subsection:
The Minister established one or more committees for the Board, Co-opt one or more persons to the Boards

12.4 Development Facilitation Act 67 of 1995

- To introduce extraordinary measures to facilitate and speed up the implementation of reconstruction and development, programs and projects in relation to land; and, so lay down general principles governing land development throughout the Republic;

- To provide for the establishment of a Development and Planning Commission for the purpose of advising the Government on policy and laws concerning land development at National and Provincial levels;

- To provide for the establishment in the Provinces of development tribunals which have the power to make decisions and resolve conflicts in respect of land development projects;
• To facilitate the formulation and implementation of land development objectives by reference to which the performance of Local Government bodies in achieving such objectives may be measured;

• To provide for nationally uniform procedures for the subdivision and development of land in urban and rural areas so as to promote the speedy provision and development of land for residential, small-scale farming or other needs and uses;

• To promote security of tenure while ensuring that end-user finance in the form of subsidies and loans becomes available as early as possible during the land development process; and to provide for matters connected therewith.

12.5 The Housing Consumers Protection Measures Act 1998

The National Home Builders Registration Council NHBRC is governed by the Housing Consumers Protection Measures Act 1998. Presently the NHBRC does not cover any subsidy housing in South Africa. The NHBRC covers normal construction procedures and recommended practices, which have been shown to be satisfactory and acceptable over time. Provision has been made for the use of alternative building methods subject to acceptable proof being provided of their fitness and purpose. This could be via Agreement Certificate or other accredited certification process as laid down by the NHBRC from time to time.

12.6 National Building Regulations (NBR)

The National Building Regulations and Building Standards Act provides for the prescription of Building standards.

The Provincial Town Planning Ordinance determines the applicability of the regulations and vests the Local Authorities with delegated powers to implement the National Building Regulations Act through a set of localised by-laws. The Provincial Administration can advise on the exemption of certain areas from the provisions of the regulations and standards. State Buildings and Projects can be exempt. Regulations and Standards are set out in SABS 0400 for conventional housing. MANTAG or SABS 0400 can apply to incremental housing. The Less Formal Township Establishment Act and the Development Facilitation Act exempt in-situ upgrade and subsidy housing projects from the requirements of the NBR.

12.7 National Norms and Standards

This section explains briefly, the national norms and standards. A copy of the Norms and Standards in respect of Permanent Residential Structures is contained in Annexure A of this Chapter 3 of Part 2 of the Housing Code.

The Housing Act requires the Minister of housing to determine national norms and standards arising out of the need for housing development.
Norms and standards arise out of the need to:

- Ensure that beneficiaries are provided with a housing product that is of optimal size and quality, within the limits of the housing subsidy.

- Address the concern that unaffordable and unsustainable levels of engineering services absorb unacceptable levels of the housing subsidy, which leave very little money for an adequate permanent residential structure.

The norms and standards define:

- Municipal services to be subsidised by the housing subsidy. The focus here is on the types of basic internal reticulation services that can be subsidised with the portion of subsidy earmarked for internal infrastructure, rather than specific levels of basic services (see Figure 3). The National Norms and Standards therefore prescribe the minimum levels of services that are acceptable and, although maximum levels of services are not prescribed, a limit on their cost is imposed. This means that if the cost of services is higher than the limit imposed, the excess cost may not be financed from the subsidy and alternate sources of funding must be found. However, the cost of services (capital costs and running costs) must always be affordable to the consumer.

- Minimum size of top structure as well as specific standards for its construction.

The Provincial MEC for housing is empowered to permit certain deviations regarding standards of services and top structures.

12.8 Municipal Services

The minimum requirements for Municipal Services have been set as follows:

- Maximum R7 500 Land acquisition and township establishment
- Water: single metered standpipe per erf
- Sanitation: sewer connection per erf
- Roads: Access to erf with graded road
- Stormwater: lined open channels
- Street Lighting: Highmast security lighting (subject to conditions)
- Top Structure Residual of R8 500
- Top Structure: 30m² (gross floor area)

Where there are abnormal developmental costs arising from location or geophysical conditions, application may be made for a maximum variation of 15% of the subsidy amount. Where the conditions are so adverse that the 15% variation is insufficient to address abnormal development costs, the MEC may in respect of the area concerned, approve the following maximum additional amounts of the remaining subsidy for services provided that the amount available for the top structure will be reduced by such amount:
• excessive slopes: R1 025
• sandy soil: R 900
• medium dolomite: R1 950

The reduction of the amount for the top structure obviously implies that the minimum norm in respect of the size of the dwelling will also reduce. The MEC: Housing may accordingly reduce the minimum size of top structures as follows:

• (where the variation relates to excessive slopes or sandy soil) and the maximum additional amount of the remaining subsidy is approved the reduction of the minimum size of top structures to 27m².

• (where the variation relates to medium dolomite) and the maximum additional amount of the remaining subsidy is approved the reduction of the minimum size of top structure to 24m². The MEC may also approve the increase of the minimum size of the top structure where it is feasible to cap the amount in respect of services at a lower level than R7 500, or where construction costs in certain areas make it practicable.

To ensure quality the engineering norms and specifications regarding permanent residential structures as contained in Appendix 2 of the “Norms and Standards” document (Annexure A) form part of the norms and standards regarding permanent residential structures.

The Norms and Standards in respect of permanent residual structures also apply in respect of beneficiaries qualifying for subsidies of R10 000 or R5 500, given the fact that these beneficiaries are able to access external finance to enhance their subsidies. The National Norms and Standards are not applicable to dwellings and or projects that are developed in terms of the Rural Housing Subsidy instrument. This is because rural housing subsidies are subsidies of last resort where it may not be possible to implement the standard subsidies such as project linked subsidies, individual subsidies and institutional subsidies. Accordingly, rural subsidies may be used for any purpose that, in the discretion of the Provincial Housing Development Board, amounts to housing purposes. Given the peculiar nature of the in situ upgrading of informal settlements where people have settled on land where township establishment and the installation of engineering services have not yet taken place, the minimum norms and standards will also not be mandatory. In compiling the “Norms and Standards in respect of Permanent Residential Structures”, the National Department of Housing consulted a range of policies and existing norms and standards in respect of basic infrastructure provision.

13. Provincial Legislation

13.1 Western Cape Housing Development Act no 6 of 1999

General principles applicable to housing development:

The Government of the Province must uphold the general principles, which apply to the actions on the Provincial and Local Governments in respect of housing development in the Province. The Provincial Minister exercises the powers and performs the functions as set out in the Western Cape Housing Development Act. The Minister may establish norms, standards, frameworks and provincial policies in order to deal effectively with any matter pertaining to housing development that requires to be dealt with uniformly across the province.

Role of Local Government

A Local Government must ensure that inhabitants of its area of jurisdiction have access to adequate housing on a progressive basis and that conditions not conductive to the health and safety of the inhabitants of its area of jurisdiction are prevented or removed. Services in respect of water, sanitation, electricity, roads, storm-water drainage and transport must be provided in a manner, which is economically efficient.

Delegation of powers

The Provincial Minister may delegate any of his or her powers to the Head of Department or to an officer not lower than the rank of Assistant Director in the employ of the Department. Delegation or assignment in terms of this section must be in writing and may at any time be withdrawn by the person who made the delegation of assignment.

13.2 Western Cape Planning and Development Act no 7 of 1999

Development Frameworks:

The Provincial Minister establishes a joint committee for the undertaking of a planning nature, with regard to the drafting of an integrated development framework for the Province. Preparation, amendment and review of Development Frameworks, subject to regulations and after consultation with the Municipalities and Development Councils and other Provincial ministers concerned, shall prepare and submit to the Cabinet by the Provincial Minister.

The general purpose of an integrated Development Framework shall be to lay down strategies, proposals and guidelines.
Accelerated development

Land designated for development with a view to obtaining security of tenure of for settlement in terms of national legislation or land awarded by order of the land claims court, may without any further steps having been taken be designated by the Provincial Minister as land for accelerated development.

Planning review Board and Mediation

The Premier shall establish a planning review board for the Province. The power and duties of planning review board may conduct an inquiry into an appeal in accordance with prescribed procedures.

General planning and development principles and policy

The general principles relating to co-ordinate planning and development and the promotion of integrated social and economic development shall be applied when a development framework, land reform plan, zoning scheme, transport plan is prepared and administered by the State in terms of any law administered by that authority.

Public participation

The Council of a responsible Municipality shall draft and approve a policy for public participation in respect of applications made, as prescribed, including advertising options other than serving of publishing a notice.

14. Local Government

Accelerated Managed Land Settlement for Metropolitan Areas

There is a major crisis in the delivery of assisted housing in the CMA, mainly due to the large mismatch between the demand for housing and the availability of funds. The crisis is characterised by the inability of the MLCs to deal with the many families living in unsafe, unhealthy and chronically disorganised conditions in the short term. These conditions have also led to land invasions which require alternative land to effect evictions.

The policy adopted the establishment of an Accelerated Managed Land Settlement Program to provide MLCs with the means of addressing some of the elements of this housing crisis. An accompanying report “Financial Mechanisms: Accelerate Managed Land Settlement Program” outlines the bridging finance which the CMC could make available to make this program operate successfully.

The Provincial Housing Development Board has approved the program to be adopted by Councils, and referred to the Metropolitan Co-ordination Forum for consideration and the MLCs for utilisation.
The Provincial Housing Development Board resolved that:

(a) The Board supports the principle of an Accelerated Managed Land Settlement Program as a Provincial Housing Program for the Western Cape, and

(b) A Bridging Finance Agreement be prepared by the Department, in consultation with its Legal Section for submission to the Board for approval.
CHAPTER 4

IMPLICATIONS OF THE VARIOUS SUBSIDY MECHANISMS FOR HOUSING DELIVERY

National Housing Programme
Provincial Housing Programme
CHAPTER 4

IMPlications of the various subsidy mechanisms for housing delivery

1. National Housing programme

Project linked subsidy:

Developers (public and private sectors) submit project applications to the Provincial Housing Development Board on behalf of the beneficiary community for project approval. Project linked subsidies are approved in accordance with the beneficiaries household income. The progress payment procedures allow for drawdown of progress after previous milestones are completed.

Payment drawdowns:

- P1= engineering design
- P2= town planning and land surveying
- P3= servicing land and costs
- P4= registration of transfer
- P5= house construction

For more information, refer to housing development section.

The policy regarding payment drawdown to a maximum of the lowest subsidy band within the third progress payment (P3) is not adhered to by the PHDB as it has been found that excessive bridging finance cost have often hampered speedy development. The social compact agreement documents have been amended and a more relaxed view has been taken by the Provincial Administration due to the fact that reaching full consensus has often greatly delayed the progress of the project. It has been found without fail that there are more than enough beneficiaries to take beneficial occupation.

Consolidation subsidy

The consolidation subsidy is granted to applicant beneficiaries, who have title to a serviced stand, (previously serviced before 1995 by the Independent Development Trust or the Provincial Administration) and their family income does not exceed R1 500 per month.

There is still a great need for consolidation subsidies to be granted in Khayelitsha where approximately 25,000 families are living on site and service stands.

Consolidation subsidies are now granted by the PHDB on a project base only. Payment of subsidies are made to approved Accounts Administrators for approved beneficiaries and the Accounts Administrator disburses to the Developer on behalf of the beneficiary on completion and certification of the housing unit.
Individual subsidies

The Individual subsidy scheme provided a flexible policy instrument for individual applicant to be able to purchase a property in the open market. The normal qualifying subsidy bands applied. However the Provincial Housing Development Board has ceased to approve further individual subsidies as fraud and maladministration was a problem. Individuals now have to group together and form part of a project in order to access subsidies.

Institutional subsidies

Institutional subsidies are made available to institutions that comply with the criteria as laid down in the policy. An Institution may purchase an existing immovable property or develop property and simply grant rights of occupation to approved beneficiaries. The purpose of granting Institutional subsidies is to enable institutions to combine the subsidies with their own funds in order to provide a residential product, which would otherwise be beyond the reach of beneficiaries. Preference is given to projects that entail the construction of new residential properties or upgrading of existing residential dwellings.

Quantum of Institutional subsidies:

- An Institution, in respect of an approved project may be entitled to receive a subsidy of R16 000 for each residential property that has been occupied by a qualified beneficiary.
- On application for project approval the total number of residential properties must be declared.
- The Institution is to predetermine the number of properties that are to be occupied by qualifying beneficiaries and non-qualifying beneficiaries.

Payment of Institutional subsidies:

- In order to ensure that the institution undertaking the project does not face adverse cash-flow problems, the amount of approved institutional subsidy shall be paid to the Institution as and when it progresses with the approved Project.
- The institution may propose convenient milestone payments. The PHDB will consider these suggestions and agree on a payment procedure.

Rights of occupation:

- An Institution shall be entitled to sell, rent or otherwise dispose of those of the residential properties in any project earmarked for non-qualifying beneficiaries.
- Institutional subsidies are made available for a minimum period of four years after the date upon which any residential property is occupied by a beneficiary. The Institution will remain the owner until the property is sold.
• In order to obtain an institutional subsidy the organisation must ensure that the qualifying beneficiaries, who will occupy the residential properties, will be granted secure right of tenure in respect of their residential properties.

• A lease agreement is to be concluded between the institution and the qualifying beneficiary.

Sale of residential properties

• The institution may sell the residential property to the qualified beneficiary after a period of four years has expired from the date of occupation.
• Upon selling the residential unit, the institution will pay R16 000 to the PHDB or the amount calculated in accordance with the formula below, whichever is the greater:
  
  \[
  \text{Amount payable} = \frac{\text{the amount of R16 000 divided by the original selling price of the residential property as indicated in the project approval}}{} \times \text{the actual price obtained by the Institution for the property.}
  \]

Database:

The Institution is to obtain an up-to-date database of all beneficiaries. All qualifying beneficiaries and his or her spouse shall be recorded on the national Database as persons who have received a subsidy on conclusion of the signing of an instalment sale agreement.

1.1 Hostel-Redevelopment programme

The Hostel Upgrading Subsidy provides a funding vehicle for the renovation and improvement of facilities for existing Hostel units. The program comprises upgrading of Hostels on the basis of a grant to the Local Authority or Section 21 Company managing the units. The Authority can apply for and amount of R4 000 for the upgrade for a single bed unit and R16 000 for a unit occupied by a family.

1.2 Extended benefit discount scheme

The extended benefit discount scheme was developed to encourage Local Authorities to sell existing housing stock and created home ownership. This policy applied to loans granted to Local Authorities in terms of the following Acts:

• The Housing Act, 1966
• The Development and Housing Act, 1985
• The Housing Act (House of Representative) 1987
• The Development Act (House of Representatives), 1987
• The Housing Development Act (House of Delegates) 1987

Local Authorities would determine the market related selling price of rental housing units and the capital discount of R7 500 would apply on approval by the PHDB.
1.3 People’s Housing Process and support centres

Background:

In a project a developer buys land or gets the right to development land, sells the stands in the township to purchasers. In this process the developer uses labour to build top structures and must pay the labourers. The Government is committed to assisting beneficiaries to resolve their housing needs themselves. The National Housing policy in terms of which this will be done is called supporting the People’s Housing Process and the rules in respect of that program are set out in this chapter.

Who can benefit?

There are five categories of potential beneficiaries to whom the support program could apply. Stands were transferred to occupants or the occupants were given leasehold rights or deed of grant rights. The previous Government did not build any houses on the stands but the occupants may themselves have constructed housing. This category of potential beneficiaries is called “owners”.

In some cases the previous Government settled people on serviced sites with the intention that it would give ownership, leasehold rights or deed of grant rights to those people. This category of potential beneficiaries is called “non-owners”. In some instances people may have occupied land in respect of which they do not have any rights at all. This category of potential beneficiaries is called “occupants”. There are many people who do not have any place of their own. They are referred to as “landless people”.


Other National Housing Programs

Owners who earn R1, 500 or less per month qualify for consolidation subsidies of R8, 500. The rules that apply to consolidation subsidies have already been set out in part 6 of this manual. Those rules will apply to owners who want to participate in the People’s Housing Process. Non-owners, occupants and landless people may qualify for housing subsidies in terms of the rules set out in part 2 of this manual. Non-owners, occupants and/or landless people who want to participate in the People’s Housing Process could do so either in terms of the rules that govern project-linked subsidies or in terms of the rules that govern institutional subsidies. If non-owners, occupants and/or landless people intend to proceed with a project linked subsidy project they must apply for project linked subsidies. If non-owners, occupants and/or landless people intend to proceed with an institutional subsidy they must ensure that an institution applies for institutional subsidies.
Property Owners

Owners who want to participate in the process must either form themselves into a Support Organisation, which must be a legal entity, and must make an application to the relevant Provincial Housing Development Board. When the Provincial Housing Development Board considers the application is must decide whether the cash flow requirements are realistic.

Once the Provincial Housing Development Board has approved the application, the Board and the Support Organisation must conclude an agreement and must help each one of the owners to fill in an application form for the subsidy that the owner will get. Those subsidies will be paid at the stages set out in the agreement between the Board and the Support Organisation. The Account administrator, out of the specified account will pay the property owner's subsidy to him/her.

Project linked Subsidy Projects

Non-owners, occupants and landless people who wish to participate in a project linked subsidy project must also either form themselves into a Support Organisation or they must identify a potential Support Organisation and conclude a contract with it. The amount of project linked subsidies or individual subsidies for which beneficiaries qualify, depends on the income of the beneficiary as follows:

R16 000 if the beneficiary has a household income of R1 500 or less
R10 000 if the beneficiary's household income is between R1 501 and R2 500
R 5 500 if the beneficiary's household income is between R2 501 and R3 500

These rules do not apply to institutional subsidies.

The Support Organisation must then apply for the approval of the project, sign an agreement, help beneficiaries to complete subsidy application forms and submit those forms to the Provincial Housing Development Board. The Support Organisation will fulfil these duties in the same way that it will do if it is assisting owners.

If the process is undertaken for owners, ownership, leasehold rights or deed of grant rights will already have been registered in the names of the owners. The differences between the process of owners and the project linked subsidy process for non-owners, occupants and landless people are that in the project links subsidy process. Ownership, leasehold rights or deed of grant rights will have to be given to the beneficiaries. It might be necessary to establish a township and to install services or to upgrade services. The total amount of the subsidy that will be payable for the project is divided into the amount paid for services and the amount that is paid to construct top structures.
Institutional Subsidy Projects

Summary of rules relating to institutional subsidy projects. In terms of the rules contained in part 7 of this manual, institutional subsidy projects are undertaken by institutions they must take the form of a company incorporated in terms of the Companies Act, the Share-block Controlled Act and Communal Property Associations Act.

Rules to be applied in supporting a people's housing process

Once the beneficiaries have formed themselves into an institution or once they have concluded an agreement with the potential institution, the institution must then apply for the approval of the project. The institution must comply with all the obligations imposed on the Support Organisation. Once an agreement has been concluded between the institution and the Provincial Housing Development Board, the process that will be followed will be exactly the same process as that followed for project linked subsidy projects. The services money will be paid to the institution at such stages as may be agreed upon between the institution and the Provincial Housing Development Board. The institution must ensure that the application form is completed for each participating beneficiary and is delivered to the Provincial Housing Development Board.

The institution is formed or the potential beneficiaries conclude an agreement with a potential institution. If the project is approved, the Institution concludes an agreement with the Provincial Housing Development Board. That agreement specifies the amount of the services money and the top structure money that will be paid to the Institution and specifies the stages in which the top structure money will be paid to any particular individual beneficiary. It should be noted that institutional subsidies can apply to many different kinds of projects and are not limited to typical Greenfields projects.

Support Organisations

Beneficiaries who want to participate in the process have a choice. They can either form themselves into a Support Organisation or they must identify a potential Support Organisation and enter into a contract with it. Application can be made to the Provincial Housing Development Board for a facilitation grant. The Provincial Housing Development Board will in its discretion determine whether it will grant such a facilitation grant or not and, if it is prepared to make the grant, the amount thereof.

Subject to the special rules, which apply to institutions, Provincial Housing Development Boards will have a wide discretion to decide whom they will accept as Support Organisations.
The Boards could accept any one of the following is Support Organisations:

- Provincial Governments,
- Local Governments,
- Community groupings including church groups,
- Non-governmental organisations.

The Support Organisations must make sure that the technical and administrative assistance is available at no cost to the beneficiary.

The following technical and administrative assistance must be given to the beneficiaries:

- All the planning that is necessary in respect of the project including the layout of the township, the design of services, the upgrading of any service, the design of the houses that will be built, the determination of the total amount of the subsidy.
- Prepare building plans for all the houses that must be built and get those plans approved.
- Monitor the building work that the beneficiaries do, give the beneficiaries general advice and assistance about the process.
- The Support Organisation must establish an office or other facility in a place, which can easily be reached by the beneficiaries. This office or facility will be called a housing support centre.

1. **Specified Accounts**

The Support Organisation must open a specified account with a bank registered in terms of the Banks' Act on the basis that only the account administrator will be entitled to make any payments out of the specified account.

2. **Certification and control**

The officer appointed by the organisation to certify the process, must be a suitably qualified and experienced person and must regularly inspect the building work that each beneficiary does. The Support Organisation must help the beneficiaries to nominate representatives and must make sure that the officer only does his/her inspections when he/she is accompanied by one of the representatives. One of the beneficiary representatives must also sign all the certificates issued by the officer.

1. **The Accounts Administrator**

The Support Organisation must appoint an account administrator. The account administrator must have experiencing dealing with financial matters, particularly in preparing reconciliation's.
Once the project has been completed the account administrator must submit a detailed reconciliation to the Provincial Housing Development Board of all monies received into the specified account, all interest that has been earned on those monies and all monies paid out of the specific account.

2. **Township establishment and provision of services**

This applies if a township must still be established and/or if services must be provided and upgraded.

Before the Support Organisation can submit an application for approval of the project, the Support Organisation must either:

- Own the land that will be developed or
- Have concluded an agreement with the owner in terms of which the owner has agreed to sell the land to the Support Organisation.

In its application for the project, the Support Organisation must indicate if it is the owner of the land. If it is the owner, it must annex a copy of its title deed, if it is not the owner of the land, who the owner is and it must annex a copy of owner’s title deed. It must also annex a copy of the agreement between the Support Organisation and the owner in terms of which the Support Organisation has bought the land and give details of the services that will be installed, and the anticipated costs of those services. All services provided must comply with the requirements. If the project is approved, and if it is a project linked subsidy project, the fees due to the civil engineer or other person or persons will be paid by the Provincial Housing Development Board to the Support Organisation as a progress draw. In the approved institutional subsidy project, the fees due to the civil engineer or other person and the cost of providing services, will be paid as progress draws at such times as may be agreed upon between the institution and the Provincial Housing Development Board. An Implementation Agreement is concluded between the PHDB and the support Organisation specifying details of the project, township service levels, top-structure size, specifications and payment procedures.

1.4 **Housing Support Centres**

The policy existed that structured Community groups could apply for the financial assistance to construct a housing support centre up to the maximum value of R250 000. The grant would cover the initial construction cost of the building, security, office equipment and initial administrative costs. Approval by the PHDB for a grant would only be recommended if the applicant Organisation could prove that the operation of this support centre would be sustainable. Due to financial constraints few grants have been allocated.
2. Provincial Housing Programmes

Rural subsidies and the rehabilitation and restoration of historic settlements

Rural subsidies may only be accessed on a project basis. Access to these subsidies would most likely be people driven, as it is unlikely that developers will participate. Rural subsidies may be used for any purpose which in the discretion of the PHDB, amounts to housing purposes. Without limiting the discretion of the Board the following have been identified as housing purposes:

- The provision of sanitation facilities
- The provision of roads and storm water drains within the boundaries of any particular settlement
- Provision of water
- Construction of upgrading of dwellings
- Purchase of building materials in order to enable a beneficiary to construct or upgrade a dwelling

These subsidies mainly apply to families having occupational rights on various mission stations e.g. Wupperthal, Eselbank, Elizabethfontein, Dwarsrevier.

The PHDB resolved that:

- The rehabilitation and restoration of historic residential settlements in the Western Cape be established as a Provincial Housing Program.
- The Program be set within the guidelines of the Rural Housing Subsidy Scheme.
- Historical residential buildings be restored to keep the vernacular character of the settlement.
- Beneficiaries are to inhabit the dwellings and the program isn't to be seen solely as an attempt to stimulate economic growth.
CHAPTER 5

THE HOUSING DEVELOPMENT PROCESS

Township Establishment Process
Sales Administration
Land Servicing
House Construction
## CHAPTER 5

### THE HOUSING DEVELOPMENT PROCESS

#### 1. TOWNSHIP ESTABLISHMENT PROCESS

| A | Securing rights to the land | Identify land  
Establish registered owner  
Negotiate with owner  
Conclude agreement and purchase land |
|---|----------------------------|----------------------------------------------------------|
| B | Land Investigation into Legal  
Cadastral Position of Land | Title Deed description and area  
Existing leases (registered/unregistered  
Restrictive conditions – servitude's  
Restrictive conditions – other rights  
Restrictions – surrounding development  
Environmental impact studies  
Provisional Local Authority approval |
| C | Submit Project Application to  
Provincial Housing Development  
Board (PHDB) | Compile PHDB Application  
Evaluation by PHDB  
PHDB Approval Process |
| D | Town Planning Layouts, etc. | Obtain base mapping  
Define planning parameters  
Prepare draft layout plans  
Test plans against engineering requirements |
| E | Township Establishment | Prepare re-zoning/subdivision application  
Submit application to Local Authority  
Advertising of application / public participation  
Local Authority approval process |
| F | Land Surveying | Collate base information  
Outside figure survey  
Preliminary calculations  
Fieldwork  
Prepare draft General Pan (GP)  
Submit GP to Surveyor General  
Initial Examination of GP  
Advise amendments/corrections  
Amend/correct GP and re-submit  
Final examination of GP  
Approval advice for GP |
<table>
<thead>
<tr>
<th>G</th>
<th>Preparation of Conditions of Establishment</th>
<th>Draft conditions of establishment&lt;br&gt;Approval of conditions of establishment</th>
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<tr>
<td>H</td>
<td>Compliance with Conditions of Establishment</td>
<td>Preparation of application&lt;br&gt;Advertising of removal of restrictions/&lt;br&gt;court order&lt;br&gt;Advising Deeds Office</td>
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<td>I</td>
<td>Opening Township Register</td>
<td>Drafting of application&lt;br&gt;Submission of approved GP to Deed Office&lt;br&gt;Lodge Documents at Deeds Office&lt;br&gt;Conveyance procedures&lt;br&gt;Registerable erf</td>
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<tr>
<td>J</td>
<td>Progress drawdown</td>
<td>Prepare progress drawdown P2&lt;br&gt;Submit drawdown documents to PHDB&lt;br&gt;Processing of documents at PHDB&lt;br&gt;Pay-out process</td>
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**NOTE:**

# Indicates blockage areas in the Development process

Payment drawdowns:

P1 = engineering design  
P2 = town planning and land surveying  
P3 = servicing and land costs  
P4 = registration of transfer  
P5 = house construction
2. **SALES ADMINISTRATION**

| A | **Preparation of Allocation Procedure** | Define principles for allocation  
Obtain Community Based Partner approval  
Set up allocation procedures |
| --- | --- | --- |
| B | **Advertising of Project** | Design/approve application forms  
Prepare strategy for project advertisement  
Place advertisements and issue application forms  
Process application forms |
| C | **Preparation of Allocation Lists/Approvals** | List all applications received  
Obtain Community Based Partner approval  
Contact Council approved applicants from Official Local Authority waiting list |
| D | **Signing of Legal Documentation** | Subsidy forms processed  
Submit subsidy application forms to PHDB  
Subsidy approval by PHDB  
Process Deeds of Sale Documentation |
| E | **Registration of Transfer** | Obtain clearance certificates  
Prepare all transfer documents  
Lodge documents at Deeds Office  
Register Transfer  
Register property owner |
| F | **Progress Draws** | Prepare progress draw on registration of Title Deed (P4)  
Submit claim to PHDB  
Processing of documents  
Pay-out process |

**NOTE:** # Indicates blockage areas in the Development process

Payment drawdowns:

- P1 = engineering design
- P2 = town planning and land surveying
- P3 = servicing and land costs
- P4 = registration of transfer
- P5 = house construction
3. **LAND SERVICING**

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<tbody>
<tr>
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<td>Determine design standards</td>
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<td>Prepare draft agreement</td>
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<td>Negotiate with local authority</td>
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<td>Sign Agreement</td>
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<td>Application to relevant Authority</td>
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<th>Bulk Services Investigation / Feasibility</th>
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<tr>
<td></td>
<td>Establish connection points</td>
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<td>Establish available capacity</td>
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<td>Undertake topographical surveys</td>
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<td>Undertake geo-technical surveys</td>
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<td>Determine floodlines</td>
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<tr>
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<th>Preliminary Design Report</th>
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<td>Prepare preliminary design</td>
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<td>Prepare abbreviated specifications</td>
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<td>Prepare cost estimates</td>
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<td>Draft Report</td>
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<th>Finalization of Level of Service</th>
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<tr>
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<td>Review product quality/cost</td>
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<td>Review implementation program</td>
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<th>Detail Design and Specification</th>
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<td>Undertake detailed investigations</td>
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<td>Prepare detailed designs</td>
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<td>Prepare specifications</td>
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<td>Obtain approval from Local Authority</td>
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<td>Design of Civil Works</td>
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<th>Tender Process and Award</th>
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<tr>
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<td>Call for tenders/issue documents</td>
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<td>Evaluate tenders</td>
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<td>Tender report</td>
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<td>Review / approve tender</td>
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<td>Tender award</td>
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H. Completion of Contractual Requirements

- Approve insurances
- Approve guarantees
- Determine completion date(s)
- Set up communication procedure

I. Construction of Services

- Construction of first phase
- Construction of electricity reticulation
- Approve construction
- Measurement of completed work
- Interim certification
- Resolve claims and extra work

J. Completion / hand-over Process

- Arrange completion inspection
- Accept hand-over in terms of contract
- Hand over completed work to Local Authority
- Local Authority to create Municipal system
- Serviced erf

K. Progress drawdowns

- Prepare progress drawdown P1
- Submit claim to PHDB
- Processing of documents at PHDB
- Pay-out process
- Prepare progress drawdown P3
- Submit to PHDB
- Processing of documents at PHDB
- Payout process

NOTE: # Indicates blockage areas in the Development process

Payment drawdowns:

- P1 = engineering design
- P2 = town planning and land surveying
- P3 = servicing and land costs
- P4 = registration of transfer
- P5 = house construction
4. HOUSE CONSTRUCTION

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Preliminary Design Report</td>
<td>Prepare preliminary design, Prepare abbreviated specifications, Prepare cost estimates, Draft report, Approval by Local Authority / Community based partner</td>
</tr>
<tr>
<td>B</td>
<td>Finalization of Product</td>
<td>Review product quality/cost, Review implementation program</td>
</tr>
<tr>
<td>C</td>
<td>Detail Design and Specification</td>
<td>Undertake detailed investigations, Prepare detailed designs, Prepare specifications, Obtain approval from Local Authority</td>
</tr>
<tr>
<td>D</td>
<td>Tender Process and Award</td>
<td>Call for tenders/issue documents, Evaluate tenders, Tender report, Review/approve tender, Tender award</td>
</tr>
<tr>
<td>E</td>
<td>Completion of Contractual Requirements</td>
<td>Approve insurances, Approve guarantees, Determine completion date(s), Set up communication procedure</td>
</tr>
<tr>
<td>F</td>
<td>Construction of Houses</td>
<td>Construction of first phase, Approve construction, Measurement of completed work, Interim certification, Resolve claims and extra work</td>
</tr>
<tr>
<td>G</td>
<td>Completion and hand-over Process</td>
<td>Arrange completion inspection, Accept hand-over in terms of contract, Hand-over completed work to beneficiaries and inform them of their responsibilities, Completed top structure</td>
</tr>
</tbody>
</table>
H  Final drawdown

Prepares final drawdown P5
Submit drawdown to PHDB
Processing of documents at PHDB
(final audit and completion certificate)
Pay-out process

NOTE: # Indicates blockage areas in the Development process

Payment drawdowns:
P1 = engineering design
P2 = town planning and land surveying
P3 = servicing and land costs
P4 = registration of transfer
P5 = house construction

A detailed explanation of the various stages of the Development Process can be found under Annexes.
CHAPTER 6

ANALYSIS OF THE DEVELOPMENT PROCESS

Introduction
Township Establishment Process
Sales and Administration Process
Stake Holder Relationships
Land Servicing
House Construction
CHAPTER 6

ANALYSIS OF THE DEVELOPMENT PROCESS

1. Introduction

The full development process has been divided up into four sections, namely:
- Township Establishment
- Sales Administration
- Land Servicing
- House Construction

It was important to identify all the relevant stages in order to inquire from the relevant personnel involved where possible blockages may occur.

Focus of the study centered on the Local Authority approval process, Provincial Housing Development Board, the Provincial Administration beneficiary approval process and the Housing Construction process.

The time taken by the Local Authorities and Provincial Departments to approve the various aspects of the project were monitored and tracked.

The flow diagram and process as illustrated in the previous chapter, helped in the understanding of the major processes and was used to identify problem areas in the Development Process.

A number of activities took place simultaneously and have been identified in the section dealing with Time Frames in the Development Process.

As previously stated it was important to try and ascertain a normative quantity relating to project size, and a number of projects were visited. It was found that the average project size is 1000 units (due to economies of scale). Most projects were then divided up into phases of approximately 250 units.

The Housing Development Process for a typical housing Project in the Cape Metropolitan Area, is a lengthy one, stretching over a period of one year, to two and a half years, depending of the size, type of project, approval difficulties, political interference and monetary constraints. (See the average time period as in the pie graph “STAGES IN THE HOUSING DEVELOPMENT PROCESS”) in the Appendices.

The various processes were observed and the resulting information was documented.
2. Township Establishment Process

Many of the Housing Projects developed in the Cape Metropolitan area fall in the category of Local Authority as developer. The Authority owns the raw land. For example, West-Bank - Oostenberg Municipality; Delft project and Integrated Serviced Land Project (iSLP) area - PAWC; West Lake - South Peninsula Municipality; Tambo Square – City of Cape Town; De Noon – Blaauwberg Municipality and Greenpoint Khayelitsha – City of Tygerberg, are all Local Authority projects. There are some exceptions, the Marconi Beam 2 250 Housing Project was privately developed. This has far reaching implications as the Authorities are bound by the Provincial Ordinances governing the approval and tender procedures adopted when any development takes place. Private Sector developments are able to “short cut” or fast track certain aspects of the development. For example when calling for tenders and negotiations with suppliers (not having to follow the prescribed tender procedure).

In the areas where the Local Authority is the Developer, they, the Local Authority, appoint Consultants to oversee the development. The appointed Consultants call for development proposals within certain guidelines as stipulated by the Local and Provincial Authority. It has been noted that delays can occur during the appointment of Consultants (i.e. Khayelitsha Town 3 Village 1 and Greenpoint).

In the Township planning and approval process, developers from the private sector highlighted certain delays, namely the time taken to obtain Local Authority approval of the project in principle in order for them to proceed with formal applications to the PHDB. This seems to be because certain Local Authority Committees only meet on a monthly basis and often deadlines are missed as agendas have been closed. Further factors are the differences of opinions between professionals in the Public and Private Sector. Timing of submissions of documents with clear and precise information plays a key role in expediting the approval process.

Project facilitators play a key role in negotiating with the Local Authority and surrounding Communities alike. It is important to ensure that the needs of each different interest group are physically, politically, and economically viable. Community and political negotiations with the developer can be bogged down by self-interest and thus blockages occur (see diagram on STAKEHOLDER RELATIONSHIPS) under the section “Sales and Administrative Process”.

After the Local Authority has granted the relevant approvals, a project submission is made to the PHDB. This detailed application comprises, application details, Financial Information, Social Compact Agreement, Technical Report including Town Planning, Engineering and Housing details, as well as including relevant Local Authority documentation.

Submission documents are copied by the PHDB Secretariat and sent simultaneously to various PAWC departments for comment and recommendations (i.e. Town Planning, Engineering, Housing (technical), Financial and Social compact).
Departments are usually given 28 days in which to respond. Certain delays have been experienced in the area; namely, interdepartmental reports are not submitted to the PHDB secretariat in time, before agendas close. The Board will no longer consider late items, as information required is often not available at the time, in order to make a comprehensive decision. Developers that do not submit all the relevant information make it difficult for officials, who are required to follow up and obtain outstanding information, before submissions can be submitted to the Board for approval. On receipt of all relevant comments from various PAWC departments the PHDB officials submit the project recommendations to the Board for consideration. Delays have been experienced with some project submissions due to lack of information submitted to the PHDB.

The PHDB has major fund limitations, with applications exceeding the amount of funds available for the financial year. This has a direct impact on the development of projects, as PHDB and Local Authority prioritization is very strict.

On approval from the PHDB, and funds being made available, the developer proceeds with detailed planning and township establishment. The Land surveying process is also put into operation, with general plans being drawn up and submissions made to the Surveyor Generals offices.

On approval by the Surveyor General of the General Plan, the Conveyancers prepare documentation for lodging and the opening of the Township Register. However, Conveyancers have experienced delays in obtaining clearance certificates from Local Authorities before the Township registers can be opened. This in turn causes delays in the administrative procedure related to end user finance approval and registration.

On obtaining the relevant approvals, the developer is able to prepare the progress drawdowns from the PHDB for Township and S.G. status (P1 – Engineering design and P2 – Town Planning and Land Surveying).
TOWNSHIP ESTABLISHMENT PROCESS

<table>
<thead>
<tr>
<th>Activity</th>
<th>Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Securing rights to the land</td>
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<tr>
<td>Land Investigation into Legal/Cadastral Position of Land</td>
<td>20</td>
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<tr>
<td>Submit project application to PHDB + obtain approval</td>
<td>102</td>
</tr>
<tr>
<td>Town Planning Layouts etc.</td>
<td>35</td>
</tr>
<tr>
<td>Township Establishment</td>
<td>56</td>
</tr>
<tr>
<td>Land Surveying</td>
<td>110</td>
</tr>
<tr>
<td>Preparation of Conditions of Establishment</td>
<td>40</td>
</tr>
<tr>
<td>Compliance with Conditions of Establishment</td>
<td>65</td>
</tr>
<tr>
<td>Opening Township Register</td>
<td>40</td>
</tr>
<tr>
<td>Progress Drawdowns</td>
<td>26</td>
</tr>
</tbody>
</table>

TOWNSHIP ESTABLISHMENT PROCESS

Analysis of % time

- Securing rights to the land: 12%
- Land Investigation into Legal/Cadastral Position of Land: 7%
- Submit project application to PHDB + obtain approval: 5%
- Town Planning Layouts etc.: 7%
- Township Establishment: 4%
- Land Surveying: 22%
- Preparation of Conditions of Establishment: 19%
- Compliance with Conditions of Establishment: 7%
- Opening Township Register: 10%
- Progress Drawdowns: 7%

**Note:** The diagram above illustrates the analysis of time related to the various functions required to be completed in the township establishment process.
3. Sales and Administration Process

The developer is responsible for community involvement and the beneficiary allocation procedure. It has been found that delays do occur in this process if all stakeholders are not drawn in as part of the procedure. There are a number of linkages between the various role players, as illustrated in the "Stakeholders Relationships" diagram.

Community pressure groups sometimes have power struggles as access to basic housing is often politicised within the Community.

The correct processing of application documentation is important and training and monitoring of staff is always advised. Subsidy application forms must be completed strictly in accordance with the PHDB's requirements. These requirements are that full details of applicants are submitted with supporting certified documentation i.e. ID documents, Marriage certificates, birth certificates, pay slips, complete dependent details.

There are two methods of submitting subsidy application forms to the PHDB:

1. **Manual system** – Subsidy application forms are completed, with relevant copies of documents enclosed, and submitted to the PHDB. The information is captured manually by data-capturers. From experiences this procedure takes a longer time to process as the PAWC department is understaffed.

2. **Automatic system** – The developer captures all the relevant information on disc using a data capture computer program, and forwards the disc and completed forms to the PHDB. The PHDB will then import the files onto their computers from where the relevant checks are then carried out (i.e. valid ID numbers, database check, no previous subsidy allocated, etc.). The Department, at the PHDB, imports beneficiary files from Developers only every ten days to two weeks. This system involves more work for the developer but alleviates a backlog at the PHDB.

After beneficiary applications have been screened and verified that they have not received a precious subsidy or owned property, their application is submitted to the PHDB for approval, which meets on a monthly basis. Approval lists are then printed approximately two weeks after the PHDB has made their decision. Not all submissions meet the deadline and are therefore held over. This means a further delay. It has been found that developers have difficulty in obtaining beneficiary approval lists on a regular and systematic basis from the Department as only one key official has authorization to execute this function.

Delays are caused when documentation is returned to the developer with queries. These delays are at least four weeks as approvals are only considered by the PHDB on a monthly basis. If Officials do not respond timeously with regard to rejections and queries, and the developer is not notified, delays of up to three
months on finalizing these applications are common. The Developer has to make it his responsibility to follow up on submissions to the PHDB.

Some of the many problems that do occur are:

- **ID numbers are incorrect (Department of Home Affairs errors)**
- **Homeland ID documents (i.e. Transkei, Ciskei) are not accepted and often birth dates differ when new SA ID documents are issued.**
- **Consolidation projects – if spouse dies (customary union), but wife has ID with different surname and her name was not on the Title deed she cannot apply for a consolidation subsidy as she has no documentation to prove that she was the plot owners' wife.**
- **Subsidy application forms must be accompanied with a registered erf number and after approval it often occurs that the beneficiary will sign title deeds for a different erf number. The reason being that when beneficiaries are informed of their approval they do not respond promptly and the developer constructing in an orderly sequence is forced to reallocate the original erf to the next approved applicant. The allocation of erven for the Beneficiary Application Procedure has to be completed far in advance of the actual building process. This is due to the fact that it takes so long to receive approvals and also due to the fact that a number of beneficiaries are rejected on the first round due to various reasons as stated above.**

The erf numbers of rejected applicants have to be reallocated to new applicants, these will be submitted to the PHDB but are then rejected as the original erf number is now on their data base. Approval lists for submission to the PHDB approval committee, which meets every 21 days, are then printed. Not all submissions meet the deadline and are therefore held over until the next meeting. This means a further delay of 3 weeks.

The PAWC Department of Housing is running at only 40% of its staff capacity and appointments of new staff cannot be implemented without Union support. These negotiations with the labour unions are ongoing. There are also budget constraints, which will determine the number of posts that can be filled.

Staff-morale and work environment was also presenting a problem due to frequent relocations of existing staff and the work load carried out by the existing staff was causing staff not to be motivated. This influenced productivity and accuracy. Telephone calls and enquiries often go unanswered.

Other issues of concern are, that the span of control by some Officials is much too wide and that no backup of functions are in place when staff are sick or on leave.
Not all developers use the computerised capturing of data on disc method. If this were done, it would eliminate the need for a large number of data capturers and would speed up the process of beneficiary approval.

However developers have experienced delays in obtaining approval lists of beneficiaries from the department. The department will issue approved beneficiary lists once they have been approved and ratified by the PHDB only if requested. A further problem area is obtaining information from the department regarding applicants that have not been approved. There are often delays in obtaining clarification and reasons for rejections. The developer is often pressurized by the community for answers on non-approvals and is unable to provide any reasonable reply.

It is often impossible to reach the Officials by telephone and time-consuming visits have to be made to the PHDB offices for issues that should have been resolved by telephone. Officials in the beneficiary approval department are often stretched beyond their capacity and are therefore not able to devote sufficient time to solving various problems or replying to queries by the public or the developers.

In the Registration of Transfer process, Conveyancers experienced delays in obtaining clearance certificates from Local Authorities\textsuperscript{38}. Conveyancers and Attorneys attributed these delays to lack of capacity by certain Local Authorities. It is noted that even though the rationalization and restructuring of the Metro Councils was completed more than two years ago, due to economic constraints, these Local Authorities have frozen certain posts and are unable to fill important positions.

\textsuperscript{38} van Wyk K (1999) Marais Muller, Cape Town
**SALES ADMINISTRATION**

**Analysis of % time**

- Preparation of Allocation Procedure: 8%
- Advertising of Project: 25%
- Preparation of Allocation Lists/Approval: 19%
- Signing of Legal Documentation: 20%
- Registration of Transfer: 12%
- Progress Draws: 16%

**DAYS**

- Preparation of Allocation Procedure: 60 days
- Advertising of Project: 40 days
- Preparation of Allocation Lists/Approval: 30 days
- Signing of Legal Documentation: 50 days
- Registration of Transfer: 47 days
- Progress Draws: 21 days

**Note:** The diagram above illustrates the analysis of time related to the various functions required to be completed in the administration process.
4. STAKEHOLDER RELATIONSHIPS

Agreements
1. Social Compact between the community based partner and developer.
2. Land Availability Agreement or Purchase / Disposal Agreement between the landowner and developer.
3. Services Agreement between the developer and the local authority.
4. Subsidy Agreement between the Provincial Housing Development Board and the Developer.
5. Letter of Appointment to the consultants (town planner, land surveyor, conveyancer, engineer, etc) appointed by the developer.
6. Standard Construction/Supply Agreement for the construction of serviced sites and top-structures, issued in both the land servicing and the building operation processes.
7. Subsidy Application to the Provincial Housing Development Board.
8. Deed of Sale between the developer and beneficiary.\(^\text{39}\)

In all affordable housing developments there are a number of important linkages between various stakeholders.

It is important to note that blockages often occur if there is no clear communication between the relevant parties and if the various organizations do not have a full understanding of contract documentation that has to be put in place.

In project linked housing developments it has been found that the social compact agreement is often the most difficult document to conclude, as there are often lengthy negotiations between the various stakeholders who are all eager to safeguard their own particular requirements and needs. As illustrated in the above diagram, Organizations such as Civic Associations, Rate Payers Associations (1.) and Beneficiary groupings (8.) often do not understand the complete development picture, thus the utmost care and time should be taken to explain the implications and detailed process of housing development to all parties involved.
5. Land Servicing

The developer is responsible for the design of services and the compilation of documents and level of civil services to be installed within a housing project. The negotiations between Consulting Engineers and Local Authorities, with regard to the level of services and development infrastructure, have been on a good footing with generally no real problems reported.

There are however proposals by certain developers for Local Authorities to consider lower or more affordable levels of services to be installed in low income housing projects.

As the funds for a serviced plot and top structure is set at R16 000 (plus 15% allowance for geo-technical conditions) it is important to look at more affordable methods of construction. Local Authorities however are adamant that to “cut corners” or accept a lower standard of service will mean higher maintenance costs in the long run. In certain cases there have been certain delays due to lengthy negotiations between Developers, Consultants and Local Authority Officials around the standards of service which has a direct impact on the amount of money left over for the top structure. An example of delays at this planning stage of the development was the Kalkfontein Project in the Oostenberg Municipality.

Once all negotiations with the Local Authority have been concluded the process moves forward quite rapidly, with Consultant Engineers finalizing tender documents and specifications.

Large projects of 1000 sites are broken up into phases (approximately 200 to 250 sites) and the norm is that Civil Engineering Contractors are able to hand over the first batch of serviced erven often within 70 to 90 days of moving on to the site.

There are always guarantees and retention moneys held in Civil Engineering contracts, and Contractors respond quickly when required to complete any maintenance work or attend to defects needing attention.

The payment and drawdown procedure takes approximately 21 days from the time the contractor submits the claim, and the PHDB make payment. This is well within the 30-day payment period. This time frame seems to be the norm, however smaller or emerging contractors have been keen to try and arrange 14-day payments to assist them with their cash flow.

In order for certain housing development projects to be viable funding is required for bulk connector services. The developer is required to make formal application (after obtaining approvals from the Local Authority) to the CMC. Funds for the above are not always readily available as budgets are booked in advance and allocations made accordingly. New applications have to be well motivated and wait their turn.
<table>
<thead>
<tr>
<th>LAND SERVICING</th>
<th>DAYS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Servicing Agreement</td>
<td>55</td>
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<tr>
<td>Bulk Services Investigation/Feasibility</td>
<td>20</td>
</tr>
<tr>
<td>Assessment of Physical Features of Site</td>
<td>25</td>
</tr>
<tr>
<td>Preliminary Design Report</td>
<td>80</td>
</tr>
<tr>
<td>Finalisation of Level of Service</td>
<td>10</td>
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<tr>
<td>Detail Design and Specification</td>
<td>76</td>
</tr>
<tr>
<td>Tender Process and Award</td>
<td>40</td>
</tr>
<tr>
<td>Completion of Contractual Requirements</td>
<td>20</td>
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<tr>
<td>Construction of Services</td>
<td>75</td>
</tr>
<tr>
<td>Completion / Handover Process</td>
<td>18</td>
</tr>
<tr>
<td>Progress Drawdowns</td>
<td>42</td>
</tr>
</tbody>
</table>

**Note:** The diagram above illustrates the analysis of time related to the various functions required to be completed in the Land Servicing process.
6. House Construction

The research undertaken has shown that the actual housing construction process had the least hold-ups or delays.

The developer is responsible for the design and drafting of house plans as well as obtaining approval from the Local Authority. In the lower-income subsidy housing market there are limited housing options or freedom of choice by the beneficiary and therefore approval processes are relatively fast.

Reports from developers have been positive regarding Local Authority Plan approval procedures in most local areas. It must be noted that the speed at which plan approval and agreement on specifications for the housing units to be constructed, varied from Local Authority to Local Authority. The approach and the understanding of the officials concerned were very important.

In the larger development projects, the developers will call for tenders from building contractors. In most projects it is mandatory that local labour and sub-contractors be used from the previously disadvantaged community. Very stringent quality control is necessary as inexperienced builders do not always provide the workmanship and quality accepted by Local Authorities (i.e. Kalkfontein housing project). This has an impact as sometimes work has to be redone. The cost is to the Developers/Contractors accounts. It has also been found that inexperienced sub contractors are unable to correctly read building plans and this has an impact on the building process and can cause delays. Basic training of sub contractors is often ongoing with extra supervision being provided in large building contracts.

Previously disadvantaged and emerging contractors are mainly used in the larger projects as sub-contractors. The exception has been in the City of Cape Town and Tygerberg area (iSLP projects) where these contractors, having a proven track record, have succeeded in winning the main contracts for themselves (i.e.B&M Homes), and are delivering reasonably good quality housing at scale.

After a successful builder has been chosen, and approvals granted within the limited budgets, demonstration show-houses are erected. This is a very important marketing exercise, as size and type of housing unit showing finishes, is required in order to demonstrate to the beneficiary community exactly what will be built in the development.

Housing construction within the Cape Metropolitan area is fairly straightforward. In each of the larger projects, namely West Bank, Delft and Browns Farm, approximately 150 housing units are handed over every month in each project.

The compilation and submission of claims by the developer, and payment made by PAWC are made within the norm of 21 days. In the case of Consolidation projects, payments are made to an Accounts Administrator appointed by the PHDB, and payments are made to the developer in strict accordance with the rules and
regulations as set out by the PHDB. All houses are inspected by the PAWC in Consolidation Housing.

Housing construction in the Metro area does not experience major blockages or delays in the actual building process, as a rule, but construction can be delayed due to beneficiary approval lists not being issued in accordance with agreed programs.

Building materials suppliers not delivering building material to schedule as per agreed contract sometimes causes slight delays in the construction progress and can impact on the hand over rate.

Consolidation project housing has not experienced any delays in the building process as normal management principles have been applied. The exception has been where an inexperienced developer/contractor (i.e. Philippi Builders Association) has offered large houses in excess of what is sustainable and economically viable to build for the entire project. In this case, the first builder built only a dozen houses, before disappearing. A second building team had to be employed, which is struggling to build housing units as promised.

The National Home Builders Registration Council will shortly be directly involved with standards relating to low income housing as legislated during the past session of Parliament. To date no projects have cover from the NHBRC. The effect of an additional authority involved in the low income housing delivery process remains to be seen.
<table>
<thead>
<tr>
<th>HOUSE CONSTRUCTION</th>
<th>DAYS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preliminary Design Report</td>
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<td>Construction of Houses</td>
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<tr>
<td>Completion and Handover Process</td>
<td>19</td>
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<tr>
<td>Final Drawdown</td>
<td>21</td>
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</table>

Note: The diagram above illustrates the analysis of time related to the various functions required to be completed in the House Construction process.
## VARIOUS STEPS IN THE HOUSING DEVELOPMENT PROCESS

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<tr>
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<th>DAYS</th>
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<tr>
<td>B Land Investigation into Legal/Cadastral Position of Land</td>
<td>20</td>
</tr>
<tr>
<td>C Submit project application to PHDB + obtain approval</td>
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<td>J Progress Drawdowns</td>
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<td><strong>2 SALES ADMINISTRATION</strong></td>
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<tr>
<td>A Preparation of Allocation Procedure</td>
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<tr>
<td>B Advertising of Project</td>
<td>40</td>
</tr>
<tr>
<td>C Preparation of Allocation Lists/Approval</td>
<td>30</td>
</tr>
<tr>
<td>D Signing of Legal Documentation</td>
<td>50</td>
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<tr>
<td>E Registration of Transfer</td>
<td>47</td>
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<td>F Progress Draws</td>
<td>21</td>
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<tr>
<td><strong>3 LAND SERVICING</strong></td>
<td>208</td>
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<tr>
<td>A Servicing Agreement</td>
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<td>B Bulk Services Investigation/Feasibility</td>
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<td>C Assessment of Physical Features of Site</td>
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</tr>
<tr>
<td>H Final Drawdown</td>
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</table>

Note: Time frames are for a project of approximately 1000 units.
The estimated time to complete a housing development project (approximately 1,000 units) is 1 year and 5 months in terms of the time frames as suggested by the Department of Housing. It will take approximately 12 months before the first beneficiary can move into his house. There are examples in the Cape Metropolitan Area where developments often take longer, more in the order of 3 years to complete. The only incentive for developers to participate in the affordable low income development is if projects are done on scale (time is money!)
CHAPTER 7

CONCLUSIONS
CHAPTER 7

CONCLUSIONS

Having reviewed the low-cost housing development process, various possible points of delay have been identified. From the research the most frequent, and in practice the most typical type of blockages are:

- Establishment of the Project:

  Delays were experienced with provisional Local Authority approval of projects. A number of Local Authority Departments are required to pass comment and recommendations on applications. There is lack of co-ordination between the various professional disciplines. Closer liaison is required between the Local Authority officials, consultants and the developers (the developer may also be the Local Authority). Time frames and programs need to be agreed upon.

- Evaluation and approval by the PHDB:

  Project applications submitted to the Provincial Housing Development Board undergo a lengthy approval process. Evaluation processes by various PAWC departments are often too long. Project submissions sometimes miss closing dates of the PHDB agendas due to lack of co-ordination.

- Township establishment:

  There is a delay in obtaining clearance certificates from Local Authorities. There is evidence that documents referring to land transferred from PAWC to Local Authorities are mislaid. Original Deeds have been lost. There are delays in obtaining new certified copies of title deeds.

- Social Compact:

  There are delays in obtaining consensus by all role players. Certain community leaders have their own agendas and motives for delaying certain projects. A signed Social Compact agreement is a PHDB prerequisite.

- Beneficiary approval:

  There are delays in obtaining beneficiary approval lists from the PHDB.

- Approval of Land Servicing and House Standards:

  Local Authority approval process on finalisation of servicing and building standards is slow. There is a lack of co-ordination between the Project Manager and the officials of Council.
<table>
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<th>TIME (WEEKS)</th>
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<td>Construction of Houses</td>
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<td>Completion and Handover Process</td>
<td>19</td>
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<tr>
<td>Final Drawdown</td>
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</table>
The following conclusions are made after due consideration of the information obtained from the survey of the Housing Development Process.

1. Township Establishment Process

The PHDB should make a quarterly report available to all Local Authorities and Developers regarding any policy changes that may have been adopted by the Board. Private sector organizations or the Institute for Housing of SA could also be used as a vehicle to disseminate information in this regard.

Furthermore fund allocations and funds available for developments within a three-year time frame, should be readily available to the Industry.

Prioritization of projects needs to be clearly spelt out. Local Authorities are required by the PHDB to prioritize and support applications to the Board. Local Authority Project Approval criteria needs to be clearly conveyed to the Community and Developers alike.

The PHDB is presently cash strapped with limited funding resources and a directive needs to be issued to all Local Authorities giving permission for them to allocate subsidy funds for housing from their operating accounts. These accounts are held by Local Authorities and were created for the primary use of developing housing in times of need.

Evaluation of the Local Authority approval process has indicated that some Local Authorities need to be more supportive of proposed developments within their jurisdiction. Closer working relationships need to be set up between some Local Authorities and the Private sector.

Housing Companies set up by various Local Authorities should be required to publish their goals and objectives with regard to low-cost housing developments within their Municipal area. These Housing Companies are seen as a threat to Private Sector Developers who require clarity of their role in the market.

Project applications to the PHDB need to be closely co-ordinated by the Secretariat as it has been found that some Departments do not adhere to deadlines for agendas. Deadlines need to be strictly enforced as delayed approvals by the PHDB have severe cost implications for Developers and Building Contractors.

An example of efficient and effective planning was the Private Sector driven Marconi Beam Project. It is recommended that in order for efficient co-ordinated planning to take place, three Tiers of planning be addressed and planning teams established at all three levels simultaneously. The planning teams consist of professionals in the relevant fields of expertise as well as representatives from the beneficiary community and Local Authority. The co-ordination committees meet on a regular basis, as and when required.
First Tier co-ordinates the overall issues relating to the entire project and addresses issues that affected the various role players like Ratepayers Associations, Industrialists, Local Authority and Residential Developers. The installation of bulk services and infrastructure to the various parcels of land should be controlled at this level.

Second Tier planning team co-ordinates all planning and development aspects between the various interest groups responsible for the residential development. Focus is also concentrated on the area of interface between the low-income housing and the middle income development to ensure that the one complements the other. This aspect will need serious attention as more in-fill areas (old buffer areas) are developed. Attention is also paid to the provision of community facilities such as schools, crèches, churches, public open spaces, community halls and commercial sites.

Third Tier planning team concentrates on the pure residential components of the housing structures and also explores innovative building systems so that the best product can be offered to the beneficiaries.

The various planning teams are responsible for obtaining all the necessary Provincial and Local approvals.

This is a fast track approach. The first houses in the Marconi Beam Project were being handed over nine months after first approval of the project was granted by the Province and the Local Authority. Although all community facilities are usually planned for, in each development, availability of funds determine the time and stage of implementation.

The Delft Project was one of the few projects where community facilities were installed and ready to serve the community when the beneficiaries took occupation of their homes. In certain City Council projects capital expenditure was awarded for the construction of some community facilities but no funds were available to maintain the running costs of these facilities. A sustainable planning approach needs to be implemented with regard to the cost of building the structures and maintaining / running community facilities.

2. Sales and Administration Process

The beneficiary application and approval process requires a detailed revised manual, to be issued by the PHDB, informing developers of the following:

- Closing dates for submission of beneficiary application forms
- Closing dates for importing beneficiary application data
- Publishing of approval beneficiary lists and rejected applications.
- Clear reasons for rejections need to be conveyed
- Staff responsibilities and functions for communication reasons
Developers should be given clear directives by the PHDB indicating the most effective data capture methods for beneficiary information. The methods could vary depending on the type of project and PHDB capacity.

The Chairman of the PHDB without having to wait for regular board meetings should be able to approve verified and passed beneficiaries. Legislation should be amended accordingly to enable the approval process to be faster.

A toll free information line should be set up by the Department of Housing and operated by a responsible officer, able to handle all relevant queries from the Community and Developers alike. A 24-hour answering service should be in place as many beneficiaries and contractors with queries are at present not able to reach Officials at the PHDB Offices due to phones not being answered.

Strict control should be implemented with the receipt of beneficiary application forms, project documentation and computer disks in order to prevent any loss of vital information. These should be logged on computer as they are received from the various developers in order to make tracking easier and prevent disputes.

A short-term action plan should be implemented to overcome the problem of data and information capture on computer with regard to subsidy application forms. Appointment of staff on a Contract basis for 6-month periods should be implemented. Middle management should have sufficient support in order to carry out line function work efficiently. In the event of staff on leave / sick leave, there needs to be back-up qualified personnel to execute vital duties.

Further solutions to blockages would be regular report-back sessions and dissemination of information on all beneficiary approvals and details on rejections. This information should be made available at set monthly dates. Report-back hard copy information should be made available to developers.

3. Land Servicing

There are proposals by certain developers for Local Authorities, to consider lower or more affordable levels of services to be installed in low-income housing projects.

A solution to limited funds for the top structures, is to determine an amount of money required for a basic top structure before commencing with the planning of the services and then using the remainder from the capital subsidy, to finance the basic services. (i.e. R10 000 – house; R6 400 – services; R2 000 – consultants fees (town planner; engineer; land surveyor; project manager; conveyancer; sales and administration) = R18 400).

A further solution to alleviating the problem would be to proceed with the Managed Land Settlement (MLS) approach. This requires the installation of basic services (i.e potable water – stand pipes, sewer connections) in the initial stages and then allowing earlier occupation of the property by the beneficiary. MLS developments
will allow more funds to be spent on the top structure. Other sources of funding will be required to sustain the development of housing in the Cape Metropolitan area.

4. House Construction

It is proposed that the PHDB only approve developers with proven track records or reputable career references in order to prevent mal-administration by the developer/contractor due to lack of experienced management skills.

Contracts should also be awarded at scale, as larger volumes are more affordable to sustain (economies of scale). Emerging contracts and builders without a proven track record or career reference should be required to subcontract under the auspices of an approved main-contractor in order to first gain experience in the industry and learn management skills (mentor system).

The National Home Builders Registration Council (NHBRC) requires the registration of all building contractors, large and small. The NHBRC should be mandated to provide funding for the training of smaller contractors and builders in management skills and quality building skills, as well as supervising the mentor system mentioned above. As the quality of workmanship by builders improves, the substandard work will decrease greatly, reducing claims against the NHBRC.

5. The role of the Unit-City

The Uni-City administration has an important role to play regarding co-ordination of housing development within the greater Metropolitan area of Cape Town.

The City needs to ensure that there is a uniform approach to housing development and that all areas are considered equally. With the advent of the restructuring of the City management this should be achievable.

The City housing administration department should convene regular public information meetings, aimed specifically at developers and major role players within the housing industry, relaying their intentions regarding housing policies, priorities and funding aspects, at the beginning of each financial year. This will greatly assist in creating a co-ordinated and more uniform approach to development of affordable low-income housing.

The policy of Managed Land Settlements needs to be implemented urgently. This should help prevent large-scale illegal land invasion.

The City should apply to the Provincial Housing Development Board to be an accredited Authority with regard to the application and approval of Projects. The Housing Policy makes allowance for this type of accreditation, as long as the Local Authority is not the Developer.
The City could undertake the following responsibilities in order to speed up the development process:

- Co-ordination of fund allocations
- Beneficiary approval process
- Project approval (if not the Developer)
- Control payment procedures

The above will have implications with regards to the redeployment of staff. However work could be allocated on a contract basis, this method of appointment is cost effective.

As the greatest need for housing within the Province falls within the Metropolitan area, the City, by taking up certain responsibilities will be assisting the Provincial Authority by allowing them to focus on other issues at a Provincial level.

There is much still to be achieved before South Africa’s housing problem is solved, but the structure, vision, policies and legislation that are now in place create the platform from which to move forward effectively.

All collective efforts are needed to establish a productive climate that will remove the plight of the homeless – one of the most visible and destructive legacies that underscores the process of reconstruction and development. Success in meeting the housing challenge is one of the cornerstones of rebuilding the social structures, regenerating the economy and integrating communities. There is no single formula for meeting South Africa’s housing challenge, and the policy must continually evolve within the context of positive change.
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Africa C - Director Housing Oostenberg Municipality
Allies F - Attorney, NJ Yekiso and Associates
Austin J - Deputy Director Department of Housing PAWC
Bedderson Seymour - Chief Director Department of Housing PAWC
Coetzee J W - Chairman Provincial Housing Development Board
Erasmus S - Housing Manager Oostenberg Municipality
Greenhalgh G - Director Housing Worcester Municipality
Gushman A - Chairperson Philippi Browns Farm Housing
Heldsinger M - Housing Official Department of Housing PAWC
Kuhn J - Cape Metropolitan Council
Louw M - Director Communicare
Low R I - Director Inca Bricks
Maarkgraaf J - Chairperson Kalkfontein Housing Forum
Mashalaba N - Director B&M Homes
Matsha D - Chairperson Khayelitsha Housing Forum
Mkumqwana J - Acting Director of Housing City of Cape Town
Murison I - Housing City of Cape Town
Paton H - Director South Peninsula Municipality
Pietersen D - Manager Pennypinchers
Rudolph Jenny - Cape Metropolitan Council
Schreuder J - Director Peninsula Construction
Smit J - Executive Director South Peninsula Municipality
Steyn H - Housing Manager City of Tygerberg
van Wyk K - Attorney, Marais and Muller
Wilson R - Assistant General Manager Garden Cities
APPENDIX
DEVELOPMENT PROCESS

1. TOWNSHIP ESTABLISHMENT PROCESS

A: SECURING RIGHTS TO THE LAND

IDENTIFYING LAND

Identify suitable land for residential purposes in terms of guide plans, structure plans and local authority development plans. Confirm with Local Authority.

ESTABLISH REGISTERED OWNER

Determine cadastral description on land
Do deeds search and obtain title deed
Establish contact details of property owner.

NEGOTIATE WITH OWNER

Determine disposal price and disposal conditions with owner.
Negotiate outright purchase or development options.

CONCLUDE AGREEMENT

Draft agreement, negotiate details, sign Land Availability Agreement or Purchase/Disposal agreement.

B: INVESTIGATION INTO LEGAL / CADESTRAL POSITION OF LAND

TITLE DEED ANALYSIS

Obtain Title Deed for Property; analyze title deed in terms of proposed development; verify area of property and assess the potential developable area.
Check Zoning and test against Structure Plan

EXISTING LEASES

Determine whether there are registered or unregistered lease over the land. If so, contact lessee and negotiate termination thereof.

SERVITUDE’S

Determine all registered and unregistered servitude’s over the land for roads, railway lines, power lines, pipes; establish whether these can be cancelled or have to be retained.

OTHER RIGHTS

Determine all other rights registered against the property such as access or mineral rights; establish whether they can be cancelled or have to be upheld.

SURROUNDING DEVELOPMENT

Undertake a study of the surrounding and use and development (refuse dumps, quarries, effluent treatment plants, industrial development); assess potential impact on the proposed residential area.

ENVIRONMENTAL IMPACT STUDY

Undertake a study of the potential impact of the proposed residential area on the environment; determine any sensitive areas which must be incorporated into the planning.
C: SUBMIT PROJECT APPLICATION TO PHDB

COMPILE PHDB APPLICATION

A detailed PHDB Application is drawn up by the developer. township, engineering, survey and housing details, social compact. Financial costs and estimated program.

EVALUATION BY PHDB

The Project Application is evaluated by four Provincial Administration Departments. Recommendations are made.

PHDB APPROVAL PROCESS

PHDB considers project submission at monthly meeting. Then decision conveyed to developer.

D: TOWN PLANNING LAYOUT

OBTAIN BASE MAPPING AND INFORMATION

Obtain contour maps and cadastral maps for the property and surrounding area; obtain planning information from Local Authority and Provincial Government, obtain road planning for the area.

DEFINE PLANNING PARAMETERS

Determine densities and minimum/maximum erf sizes; assess non-residential land usage; establish road hierarchy; obtain geo-technical data and floodlines; establish main services corridors.

PREPARE DRAFT LAYOUT PLAN

Do a layout plan for the property, incorporating all planning parameters.

TEST LAYOUT PLAN

Review draft layout plan in terms of efficiency for the provision of access and services.

E: TOWNSHIP ESTABLISHMENT

PREPARE REZONING AND SUBDIVISION APPLICATION

Prepare a planning report and compile all documentation for the application to the Local Authority. Also consult with relevant communities.

SUBMIT APPLICATION

Submit application to the Town Planning Department of the Local Authority.

ADVERTISING OF APPLICATION

Local Authority to scrutinise application, to advertise the application and to receive comments/objections.

LOCAL AUTHORITY APPROVAL PROCESS

Local Authority officials to prepare a report on the planning application to the Council and circulate to departments for comment. Await approval from CMC and recommendations if applicable. Writing of report and convey decision to developer. Obtain Town Planning Committee and Council approval.
F: LAND SURVEYING

COLLABORATE BASE INFORMATION Land Surveyor to obtain all available cadastral information for the property and surrounding area.

OUTSIDE FIGURE SURVEY If the proposed development does not correspond with existing cadastral boundaries, prepare a survey diagram of the outside figure and obtain approval from Surveyor General’s Office.

PRELIMINARY CALCULATION On approval of layout plan, calculate all cadastral boundaries of new township.

FIELDWORK Place pegs for all cadastral boundaries of the new township.

PREPARE GENERAL PLAN On completion of fieldwork, prepare final general plan and compile all survey records.

SUBMIT GP TO SG’s OFFICE Deliver general plan to Surveyor General’s Office.

INITIAL EXAMINATION OF GENERAL PLAN Officials of Surveyor General’s Office to scrutinize and examine the general plan against other survey records and for consistency.

ADVISE ON AMENDMENTS Surveyor General to devise land surveyor on any amendments/corrections to the general plan.

RESUBMIT GENERAL PLAN Surveyor to effect amendments/corrections and to resubmit general plan to Surveyor General’s Office.

FINAL EXAMINATION Officials of Surveyor General’s Office to undertake final examination and to approve the general plan.

APPROVAL ADVICE Surveyor General’s Office to advise land surveyor that general plan has been approved; approved copy of general plan in made available.

G: PREPARATION OF CONDITIONS OF ESTABLISHMENT

DRAFT CONDITIONS OF ESTABLISHMENT Prepare draft conditions incorporating all conditions imposed by local authority.

APPROVAL OF CONDITIONS OF ESTABLISHMENT Obtain conditional approval from local authority.

H: COMPLIANCE WITH CONDITIONS OF ESTABLISHMENT

PREPARATION OF APPLICATION Apply to all affected organizations to get restrictive conditions cancelled/removed.
<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
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<tbody>
<tr>
<td>ADVERTISING OF REMOVAL OF RESTRICTIONS</td>
<td>Where necessary, advertise the application to get restrictive conditions removed.</td>
</tr>
<tr>
<td>ADVICE TO DEEDS OFFICE</td>
<td>Submit documentary evidence to Deeds Office that all conditions of establishment have been complied with.</td>
</tr>
<tr>
<td>I: OPENING OF TOWNSHIP REGISTER</td>
<td>Compile all documentation required for the opening of the township register.</td>
</tr>
<tr>
<td>DRAFTING OF APPLICATION</td>
<td>Ensure that approved general plan has been forwarded to the Deeds Office.</td>
</tr>
<tr>
<td>SUBMISSION OF GENERAL PLAN</td>
<td>Lodge all documents required for the opening of the township register at the Deeds Office.</td>
</tr>
<tr>
<td>LODGMENT OF DOCUMENTS</td>
<td>Deeds Office to examine all documents and to advise that the Register has been opened.</td>
</tr>
<tr>
<td>CONVEYANCING PROCEDURE</td>
<td>Transfer documents for the first registration of title in the new township can be submitted to the Deeds Office.</td>
</tr>
<tr>
<td>REGISTERABLE ERF</td>
<td></td>
</tr>
<tr>
<td>J: PROGRESS DRAWDOWN</td>
<td>Compile all documentation required for the drawdown of town planning and land surveying fees (P2).</td>
</tr>
<tr>
<td>PREPARE PROGRESS DRAW (P2)</td>
<td></td>
</tr>
<tr>
<td>SUBMIT DOCUMENTS</td>
<td>Deliver/post/courier documents to the Provincial Housing Board Secretariat for payout.</td>
</tr>
<tr>
<td>PROCESSING OF DOCUMENTS</td>
<td>PHDB officials to examine claim and certify payment.</td>
</tr>
<tr>
<td>PAYOUT PROCESS</td>
<td>Provincial Administration to make payment no.2 to the developer.</td>
</tr>
</tbody>
</table>
2: SALES ADMINISTRATION PROCESS

A: PREPARATION OF ALLOCATION PROCEDURE

DEFINE PRINCIPLES FOR ALLOCATION
A draft procedure for the allocation of sites is prepared.

OBTAIN CBP APPROVAL
Procedure is submitted to the community based partner for CBP approval.

SET UP ALLOCATION PROCEDURES
The allocation procedures are operationalised and resources allocated.

B: ADVERTISING OF PROJECT

DESIGN / APPROVE APPLICATION FORMS
Prepare an application form for completion by applicant; get approval from CBP.

PREPARE STRATEGY FOR PROJECT ADVERTISEMENT
Design a strategy for making known that sites are available for allocation.

PLACE ADVERTISEMENT AND ISSUE APPLICATION FORMS
Place public advertisements in local press and distribute hand bills informing interested persons where application forms may be obtained. The subsidy forms are completed with signed sworn affidavits. Forms to be checked in detail.

PROCESS APPLICATION FORMS
Receive application forms and maintain a register of forms received. (Council / Developer housing waiting list).

C: PREPARATION OF ALLOCATION LISTS AND APPROVAL

LIST ALL APPLICATIONS RECEIVED
Prepare a list of all applications, inclusive of name, ID number and marital status.

OBTAIN CBP APPROVAL
Submit list of preliminary allocations to CBP (Community Based Partner or Community Form Committee) for approval

CONTACT COUNCIL APPROVED APPLICANTS
Advise applicants that their applications have been successful and what further steps must be taken.
D: SIGNING OF LEGAL DOCUMENTATION

SUBSIDY FORMS PROCESSED
Standard application forms to be completed by approved applicants.

SUBMIT SUBSIDY APPLICATION FORMS TO PHDB
Application forms submitted to PHDB with or without data capture disks

SUBSIDY APPROVAL BY PHDB
Application approved by PHDB

PROCESS DEED OF SALE DOCUMENTS
Approved applicants to sign Deed of Sale for properties and all other relevant documents.

E: REGISTRATION OF TRANSFER

OBTAIN CLEARANCE CERTIFICATES
Obtain clearance certificate from Local Authority for the property.

PREPARE ALL TRANSFER DOCUMENTS
Collate all documentation required for the transfer of the site.

LODGE DOCUMENTS AT DEEDS OFFICE
Submit transfer documents at the relevant Deeds Office.

REGISTER TRANSFER
Property registration done at the deeds office.

REGISTERED PROPERTY OWNER
Conveyancer is advised that the transfer has been registered.

F: PROGRESS DRAWS

PREPARE TRANSFER PROGRESS DRAW (P4)
Compile all documents required for the drawdown of costs related to the transfer process and registration of title deeds (P4)

SUBMIT CLAIM TO PHDB
Deliver / post / courier documents to the PHDB Secretariat for payout.

PROCESSING OF DOCUMENTS
PHDB officials to examine claim and certify payment.

PAYOUT PROCESS
Provincial Administration to make payment (P4) to the developer.
3. LAND SERVICING

A: SERVICES AGREEMENT

DETERMINE DESIGN STANDARDS
Obtain all design standards from Local Authority and compile an abbreviated specification.

PREPARE DRAFT AGREEMENT
Prepare an agreement specifying the responsibilities of the developer and Local Authority.

NEGOTIATE WITH LOCAL AUTHORITY
Submit draft agreement to Local Authority for comment and amend where necessary.

SIGN AGREEMENT
Final document is signed by Local Authority and developer.

APPLICATION TO RELEVANT AUTHORITY
Submit application to appropriate supply authority.

B: BULK SERVICES INVESTIGATION

ESTABLISH CONNECTION POINTS
Determine where bulk services are and where connections can be made.

ESTABLISH AVAILABLE CAPACITY
Determine space capacity in build services and assess whether proposed township can be served.

C: ASSESSMENT OF PHYSICAL FEATURES OF THE SITE

UNDERTAKE TOPOGRAPHICAL SURVEYS
Prepare a contour drawing of the site.

UNDERTAKE GEO-TECHNICAL SURVEYS
Assess the geo-technical conditions of the site in terms of stability, services construction and house foundations.

DETERMINE FLOODLINES
Establish statutory floodlines along all watercourses.

D: PRELIMINARY DESIGN REPORT

PRELIMINARY DESIGN
Test proposed layout and prepare a preliminary design for all services.

ABBREVIATED SPECIFICATIONS
Test the abbreviated specification on the proposed design and suggest amendments, where required.

PREPARE COST ESTIMATES
Prepare cost estimates for all services based on the available information.
DRAFT REPORT
Prepare a report on the preliminary design.

APPROVAL BY LOCAL AUTHORITY
Submit preliminary design report to local authority for approval.

E: FINALIZE LEVEL OF SERVICES

REVIEW PRODUCT QUALITY / COST
Developer and CBP review level of service and standard of construction versus budgeted cost and make amendments where necessary.

REVIEW IMPLEMENTATION PROGRAM
Developer and CBP review land servicing program to identify critical targets for other activities.

F: DETAIL DESIGN AND SPECIFICATIONS

UNDERTAKE DETAILED INVESTIGATIONS
Detailed review of site-specific conditions.

PREPARE DETAILED DESIGNS
Prepare detailed designs based on the approved preliminary drawings.

PREPARE SPECIFICATIONS
Prepare detailed specifications for the construction of services based on approved preliminary designs.

OBTAIN APPROVAL FROM LOCAL AUTHORITY
Detailed designs and specifications are submitted to Local Authority for approval.

DESIGNS OF CIVIL WORKS
Detailed designs and specifications for civil works.

G: TENDER PROCESS AND AWARD

CALL FOR TENDERS / ISSUE DOCUMENTS
Tenders are advertised; site inspection is held; tenders are received.

EVALUATED TENDERS
Tenders are evaluated.

TENDER REPORT
Prepare a tender report with recommendations.

REVIEW/APPROVE TENDER
Developer reviews report and compares estimated construction cost with budget.

TENDER AWARD
Letter of award is sent to the chosen tenderer.
### H: COMPLETION OF CONTRACTUAL REQUIREMENTS

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>APPROVE INSURANCE'S</strong></td>
<td>Contractor submits proof of specified insurance cover to engineer.</td>
</tr>
<tr>
<td><strong>APPROVE GUARANTEES</strong></td>
<td>Contractor submits performance guarantees to developer.</td>
</tr>
<tr>
<td><strong>DETERMINE COMPLETION DATES(S)</strong></td>
<td>Engineer determines contractual completion dates for the entire contract and phases of the contract.</td>
</tr>
<tr>
<td><strong>SET UP COMMUNICATION PROCEDURES</strong></td>
<td>Engineer and contractor agree on the method of communication during the contract.</td>
</tr>
</tbody>
</table>

### I: CONSTRUCTION OF SERVICES

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CONSTRUCTION OF SERVICES</strong></td>
<td>Agreement with subcontractors and Local Labour. Complete all services in phases of construction.</td>
</tr>
<tr>
<td><strong>CONSTRUCTION OF ELECTRICITY RETICULATION</strong></td>
<td>Provision and commissioning of electricity reticulation by Local Authority.</td>
</tr>
<tr>
<td><strong>APPROVE CONSTRUCTION</strong></td>
<td>Construction of services in first phase is approved as work is completed.</td>
</tr>
<tr>
<td><strong>MEASUREMENT OF COMPLETED WORK</strong></td>
<td>Agree measurement and payment for work completed.</td>
</tr>
<tr>
<td><strong>INTERIM CERTIFICATION</strong></td>
<td>Prepare interim payment certificates.</td>
</tr>
<tr>
<td><strong>RESOLVE CLAIMS AND EXTRA WORK</strong></td>
<td>Adjudicate claims by the contractor on an ongoing basis.</td>
</tr>
</tbody>
</table>

### J: COMPLETION / HANDOVER PROCESS

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ARRANGE COMPLETION INSPECTIONS</strong></td>
<td>Notify all parties of the date of the completion inspection.</td>
</tr>
<tr>
<td><strong>ACCEPT HANDOVER IN TERMS OF CONTRACT</strong></td>
<td>Accept completed work in terms of services contract.</td>
</tr>
<tr>
<td><strong>HANDOVER</strong></td>
<td>Hand over completed work to the Local Authority.</td>
</tr>
<tr>
<td><strong>SERVICED ERF</strong></td>
<td>Services are installed and local Authority issues clearance certificates.</td>
</tr>
</tbody>
</table>

### K: PROGRESS DRAWDOWNS

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PREPARE PROGRESS DRAWDOWN (P1)</strong></td>
<td>Compile all documentation required for the drawdown of engineering fees (P1).</td>
</tr>
<tr>
<td>Action</td>
<td>Description</td>
</tr>
<tr>
<td>---------------------------------------------</td>
<td>-----------------------------------------------------------------------------</td>
</tr>
<tr>
<td>SUBMIT CLAIM TO PHDB</td>
<td>Deliver/Post/Courier documents to the PHDB Secretariat for payout.</td>
</tr>
<tr>
<td>PROCESSING OF DOCUMENTS AT PHDB</td>
<td>Examine claim and certify payment.</td>
</tr>
<tr>
<td>PAYOUT PROCESS</td>
<td>Provincial Administration makes payment to the developer (P1).</td>
</tr>
<tr>
<td>PREPARE PROGRESS DRAWDOWN (P3)</td>
<td>Compile all documentation required for the drawdown of servicing costs (P3).</td>
</tr>
<tr>
<td>SUBMIT CLAIM TO PHDB</td>
<td>Deliver/post/courier documents to the Provincial Housing Secretariat for payout.</td>
</tr>
<tr>
<td>PROCESSING OF DOCUMENTS</td>
<td>Examine claim and certify payment.</td>
</tr>
<tr>
<td>PAYOUT PROCESS</td>
<td>Provincial Administration makes payment (P3) to the developer.</td>
</tr>
</tbody>
</table>
4. HOUSE CONSTRUCTION

A: PRELIMINARY DESIGN REPORT

PRELIMINARY DESIGN Prepare sketch plans for different top structure options.

ABBREVIATED SPECIFICATIONS Prepare specification for the building work.

PREPARE COST ESTIMATES Prepare cost estimates for the top structures for different levels of finish.

DRAFT REPORT Prepare a report summarizing the design options, specifications and resultant costs.

APPROVAL BY LOCAL AUTHORITY AND CBP Submit report to Local Authority; obtain in-principle approval from stakeholders.

B: FINALIZATION OF PRODUCT

REVIEW PRODUCT QUALITY/COST Review top structure options in relation to budget and contributions by the individual beneficiary.

REVIEW IMPLEMENTATION PROGRAM Review program in relation to other key activities.

C: DESIGN DETAIL AND SPECIFICATIONS

UNDEARTAKE DETAILED INVESTIGATIONS Review available information on geology and topography and supplement information with further tests/investigations.

PREPARE DETAILED DESIGNS Prepare detailed foundation designs and architectural drawings.

PREPARE SPECIFICATIONS Prepare building specification for the top structure.

OBTAIN APPROVAL FROM LOCAL AUTHORITY Get approval for top structure designs and positioning of buildings from the local authority.
Build show houses.
Organize Community workshops (see Sales Administration)

D: TENDER PROCESS AND AWARD

CALL FOR TENDERS/ISSUE DOCUMENTS Tenders are advertised; site inspection is held; tenders are received.

EVALUATE TENDERS Tenders are analyzed and compared.
A tender report is prepared with recommendations.

Review the report and compare tendered construction costs with budget.

Letter of award is sent to the chosen tenderer.

Submit proof of specified insurance cover.

Submit performance guarantee to developer.

Contractual completion dates are determined for the entire contract and for phases of the contract.

The method of communication during the contract is determined.

Complete all houses in the first phase.

Completed top structures are approved on an ongoing basis.

Work is measured for payment purposes in line with the contract requirements.

Interim payment certificates are issued to the contractor.

Claims for extra work are adjudicated on an ongoing basis.

Beneficiary is informed of handover inspection.

Completed top structure is handed over by the contractor to the developer.

Completed top structure is handed over by the developer to the beneficiary in consultation with Local Authority. Complete handover documentation.

Top structure is complete and ready for occupation.
H: FINAL DRAWDOWN

PREPARE FINAL DRAWDOWN
Compile all documentation required for the final drawdown per subsidy.

SUBMIT DOCUMENTS TO PHDB
Deliver/post/courier documents to the Provincial Housing Board Secretariat for payout.

PROCESSING OF DOCUMENTS
Examine claim and certify payment.

PAYOUT PROCESS
Provincial Administration makes payment of final drawdown to the developer.