

NATIONAL DEPARTMENT OF HOUSING

**NATIONAL HOUSING PROGRAMME:
UPGRADING OF INFORMAL SETTLEMENTS**

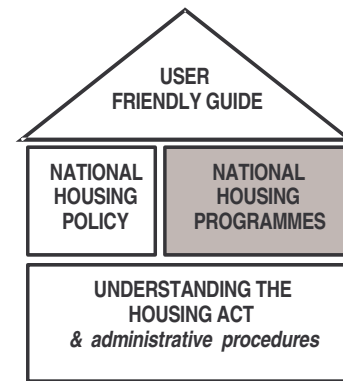
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PART 3: NATIONAL HOUSING PROGRAMMES: UPGRADING OF INFORMAL SETTLEMENTS

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CHAPTER 13: UPGRADING OF INFORMAL SETTLEMENTS



This Chapter deals with the rules for the in situ upgrading of informal settlements. These rules relate to the provision of grants to a municipality to enable it to upgrade informal settlements in its jurisdiction in a structured way and on the basis of a phased development approach. The grant funding so provided will enable the municipality to fast track the provision of security of tenure, the provision of basic municipal engineering services, the provision of social amenities and the empowerment of informal settlement inhabitants to take charge of their own housing development.

Part One: Policy

13.1 Overview

The Government's primary housing objective is to undertake housing development, which section 1 of the Housing Act, No. 107 of 1997 ("the Housing Act") defines as being "the establishment and maintenance of habitable, stable and sustainable public and private residential environments to ensure viable households and communities in areas allowing convenient access to economic opportunities, and to health, educational and social amenities in which all citizens and permanent residents of the Republic will, on a progressive basis, have access to:

permanent residential structures with secure tenure, ensuring internal and external privacy, and providing adequate protection against the elements, and

potable water, adequate sanitary facilities and domestic energy supply".

The existing national housing programmes have been based on this objective and the principles embodied therein.

Despite the provision of more than 1.6 million houses in the decade since 1994, the backlog has continued to grow. Because of fiscal constraints and delivery capacity, the Government has accepted that it can only accomplish the delivery of housing to all in need on a progressive basis. This takes place within a structured programme based on priorities, fiscal constraints and achievable time frames.

In his 2004 State of the Nation Address, the President committed government to the task of building a People's Contract for the eradication of poverty and underdevelopment and the improvement of the quality of life of people, taking care to

enhance the process of social cohesion and recognizing the critical importance of local government. The President has indicated that a comprehensive programme dealing with human settlement and social infrastructure should be prepared.

Delivery of housing through the Housing Subsidy Scheme has on average kept pace with new household formation but did not made inroads into existing backlogs. In addition the latest statistics released by Statistics South Africa indicated above expected growth in household formation.

While the percentage of households living in informal dwellings since 1994, has remained constant at about 16% of the total population (SA Statistics: 2001 Census) the number of households without formal shelter has increased by 326 976 between 1996 and 2001 (SA Statistics: 2001 Census). Most of the informal settlements are situated in the biggest cities in South Africa and the total estimated number of households of who lived in informal settlements in 2001 amounted to 1,376 705 (SA Statistics: 2001 Census). The bulk of this backlog is located at the lowest end of the income spectrum.

The United Nations Millennium Development Goals seeks to achieve a significant improvement in the lives of 100 million slum dwellers internationally by 2020 and the Millennium Development Goals provide a useful basis for South African target setting. It is projected that informal settlements will continue to grow at 4% per annum in line with existing urbanisation trends but that this will slow to 3% after 2010. The total number of households in informal settlements which would need to be upgraded over a period of 15 years is estimated to be in the region of 2.9 million. This sets a target for the upgrading of approximately 193 000 households per annum over a period of 15 years.

As the current housing subsidy programme were not specifically designed and geared for informal settlement upgrading, this Programme is instituted in terms of section 3(4) (g) of the Housing Act, 1997, and will be referred to as the National Housing Programme: In Situ Upgrading of Informal Settlements.

Assistance takes the form of grants to municipalities to enable them to respond rapidly to informal settlement upgrading needs by means of the provision of land, municipal services infrastructure and social amenities. It includes the possible relocation and resettlement of people on a voluntary and co-operative basis in appropriate cases as a result if upgrading projects.

This Chapter describes and provides guidelines and rules about the steps to be taken when in situ upgrading projects are to be undertaken.

13.2 Policy Intent

13.2.1 Objectives of the Programme

The main objective of this Programme is to facilitate the structured upgrading of informal settlements.

The challenge of informal settlement upgrading must be approached from a pragmatic perspective in the face of changing realities and many uncertainties. Informal settlements should also not be viewed as merely a “housing problem”, requiring a “housing solution” but rather as a manifestation of structural social change, the resolution of which requires multi-sectoral partnership, long-term commitment and

political endurance. At the outset therefore, a paradigm shift is necessary to refocus existing policy responses towards informal settlements from one of conflict or neglect, to one of integration and co-operation.

This Programme promotes the upgrading of informal settlements to achieve the following complex and interrelated policy objectives:

- **Tenure Security**– The Programme aims to enhance the concept of citizenship, incorporating both rights and obligations, by recognising and formalising the tenure rights of residents within informal settlements wherever feasible. This process seeks to vest access and usage of physical land assets in the hands of the urban poor, reducing their vulnerability and enhancing their economic citizenship and capability. Tenure security is also intended to normalise the relationship between the state and the residents of informal settlements. This situation may be complicated by a variety of factors including the presence of illegal immigrants.
- **Health and safety:** The Programme promotes the development of healthy and secure living environments by facilitating the provision of scaleable, affordable and sustainable municipal engineering infrastructure to the residents of settlements. In so doing, the programme not only restores dignity to the urban poor, but also builds human capital by enhancing the productivity of labour and reducing vulnerability to disease. The provision of municipal infrastructure has the benefit of reducing the negative impacts of informal settlements on the natural environment.
- **Empowerment:** The Programme addresses social and economic exclusion by focusing on community empowerment and the promotion of social and economic integration as follows:
 - *Social development* – The Programme directly facilitates the provision of social services through the development of primary, municipal-level social amenities and community facilities such as sport fields, community halls etc. to serve the needs of the residents of informal settlements. More broadly, the Programme establishes the platform for the future delivery of secondary and tertiary social services such as schools, hospitals and police stations, over a period of time.
 - *Economic development* - The Programme directly facilitates the development of municipal-level economic infrastructure such as transportation hubs, workspaces and markets. At a household level, the Programme supports the development of human capital as the home is often the most important productive asset of the poor. The Programme also supports job creation insofar as it works with the grain of the Expanded Public Works Programme by promoting community based labour-intensive construction methodologies. Urban efficiency will also be enhanced and the Urban Renewal Programme supported.
 - *Social capital* – The Programme directly encourages the development of social capital by supporting the active participation of communities in the design, implementation and evaluation of projects. This is intended to reinforce a co-operative relationship between local government and communities to directly support the upgrading process and to enhance the long-term sustainability of interventions. The process of engagement is also intended to build mutual trust, reciprocity and enhance social

networks, ultimately reducing household vulnerability, social crime and enhancing security. Gender-based organisations are accordingly to be supported and encouraged as a key component of the Programme.

These policy objectives are to be addressed by using an appropriate development framework comprising:

An appropriate institutional, decision-making and management framework for the Programme;

Land access processes appropriate to the situation with due regard to municipal integrated development planning, existing and any new applicable legislation;

Streamlined land development planning and design phases. This may include the investigation into and enactment of new or the amendment of existing legislation to specifically provide for land development on an accelerated basis;

The provisions of basic municipal engineering services and social amenities; and

Providing appropriate and clear rules and procedures applicable to this Programme, regarding the allocation of funding, the application of national norms and standards and the need to deviate where necessary, also the linkages to other programmes.

13.2.2 Principles of the Programme

The following principles are applicable to the Programme:

Grants to municipalities: Grants under the programme will be made available to municipalities for the undertaking of projects based on the upgrading of whole settlements on a community basis as opposed to the normal approval of individual subsidies in respect of specific qualifying beneficiaries;

Application of the programme: This programme is applicable to the *in situ* upgrading of informal settlements as well as in cases where communities are to be relocated for a variety of reasons. In cases where projects will require de-densification or the relocation of households, the provisions of this programme are equally applicable to both the upgraded settlement and the relocation site;

A holistic approach: The programme entails an area and/or community focus, fostering a holistic development approach with minimum disruption or distortion of existing fragile community networks and support structures. This will ensure that, to the greatest extent possible, communities are upgraded in a holistic, integrated and locally-appropriate manner. The flexibility of the Programme is intended to encourage local solutions through a process of engagement between local authorities and residents living within informal settlements, but a framework of minimum standards is nevertheless provided to ensure the development of viable and sustainable human settlements. Where communities are to be relocated it must be done with the approval of the community and the new location must be part of an approved Integrated Development Plan (IDP) of the municipality in question;

Qualification for benefits: In order to promote successful implementation on a community basis, the programme provides benefits for all the inhabitants of an informal settlement, in a variety of ways including persons currently excluded from any of the benefits of the Housing Subsidy Scheme;

A phased development approach: The programme comprises a four phased development approach utilising two mainstream funding regimes namely the Human

Public to public partnership: In accordance with the provisions of the Housing Act, 1997 (Act No. 107 of 1997), the Programme recognises the substantial role of local government in the development of human settlements, including the provision of municipal infrastructure, social and community amenities and economic facilities. Local government is accordingly identified as the key implementing agency under the Programme. It is however acknowledged that local government may lack the capacity to implement this Programme. This problem is to be addressed through the establishment of focused capacity building programmes and support to municipalities. The Programme must however be located within a broader framework of public-public partnership in which various departments are expected to pursue an effective alignment of policies, legislation, capacity building and institutional arrangements in order to promote sustainable human settlements. This Programme is specifically premised upon the enactment of legislation which is currently being prepared by the Department of Provincial and Local Government vis-à-vis the establishment of co-operative governance and alignment mechanisms. As an interim mechanism however, the concept of inter-governmental Memoranda of Agreement is to be pursued where possible;

Suitable land: The programme will only provide funding in respect on informal settlements situated on land suitable for permanent residential development and within an approved Integrated Development Plan of the municipality in question. The suitability of the land for permanent residential development may be achieved through the rehabilitation of the land on the basis of sound financial and socio-economic viability indicators and for which the programme will provide funding;

Norms and standards: The National Norms and Standards in respect of Permanent Residential Structures contained in Annexure A to Chapter 3 of Part 2 of the National Housing Code shall not apply to this Programme;

Stand sizes: The informal layout of informal settlements generally precludes the determination of uniform stand sizes. The imposition of rigid requirements not only leads to considerable project complexity but inevitably leads to the displacement of households. It is accordingly not desirable to determine uniform or minimum stand sizes. Rather, actual stand sizes should emerge through a process of dialogue between local authorities and residents during which the following factors should be taken into consideration:

- The ultimate density of the settlement must cater adequately for the operation and maintenance of municipal infrastructure including waste management and especially the prevention and control of fires in settlements
- The ultimate density of the settlement must permit adequate access by both pedestrians and emergency and service vehicles but need not provide vehicular access to each individual property.

Service standards: The Programme provides funding for the installation of interim and permanent municipal engineering services. Where interim services are to be provided it must always be undertaken on the basis that such interim services constitute the first phase of the provision of permanent services. The nature and level of permanent engineering infrastructure must be the subject of engagement between the local authority and residents. Community needs must be balanced with community preferences, affordability indicators and sound

engineering practice. However the National Norms and Standards in respect of Permanent Residential Structures contained in the National Housing Code must be adhered to in as far as municipal engineering services are concerned. In the event of a dispute, a Council resolution must be obtained to resolve this issue. The following factors should be taken into consideration during this process:

- An appropriate and sustainable trade-off must be reached between up-front capital costs, long-term maintenance and operating costs, settlement affordability levels, the need for environmental sustainability, social acceptability, human dignity and safety;
- Community involvement in the provision and maintenance of interim and permanent engineering infrastructure and related services (eg. Refuse removal etc.) must be clarified;
- The installation and maintenance of engineering services must be undertaken in accordance with the principles of the Expanded Public Works Programme to maximise job creation.

Social and economic amenities: The Programme envisages the extension of social services into informal settlements and accordingly makes funding available for the construction of limited social and economic infrastructure. The determination of the type of infrastructure to be developed must be undertaken through a process of engagement between the local authority and residents. The following factors should be taken into consideration during this process:

- An assessment of community needs must be undertaken prior to the determination of community preferences;
- Special care must be taken to ensure that the needs of vulnerable groups are taken into consideration during the determination process;
- Amenities to be financed typically comprise sport fields, community centres etc.
- Funding for maintenance and operation must be provided from non-housing sources by the municipality.

Tenure: The Programme promotes security of tenure as the foundation for future individual and public investment. The broad goal of secure tenure may be achieved through a variety of tenure arrangements and these are to be defined through a process of engagement between local authorities and residents. The following factors should be taken into consideration during this process:

- The selected tenure arrangement must protect residents against arbitrary eviction.
- Where substantial public funding is invested in the acquisition and rehabilitation of well-located land, public interest factors may support tenure forms which encourage the retention of land and housing assets for long-term occupation by lower-income groups.
- The costs of administering different tenure arrangements and the capacity requirements of such administration must be taken into consideration.
- Residents must be involved in the development of appropriate dispute resolution mechanisms.

The contribution requirement: As beneficiaries of the programme will only receive access to land, basic municipal engineering services and social amenities and services as the first phase, the requirement for an own contributions will not apply to the programme. To qualify for further benefits of the subsequent phase four, such as registered ownership and a consolidation subsidy for house construction, the requirements of the own contributions regime will have to be satisfied.

Community Partnership: The Programme is premised upon substantial and active community participation and funding is accordingly made available to underpin social processes. The following parameters are applicable:

- Community participation is to be undertaken through the vehicle of Ward Committees or a similar structure where Ward Committees don't exist, in line with the provisions of the Municipal Systems Act;
- Ongoing effort must be made to promote and ensure the inclusion of all key stakeholders within the participatory process;
- The municipality must demonstrate that effective interactive community participation has taken place in the planning, implementation and evaluation of the project;
- Special steps may be required to ensure the ongoing involvement of vulnerable groups.

NHBRC project enrolment: To ensure that the future enrolment of houses with the National Home Builders Registration Council (NHBRC), to be constructed as part of phase 2 of the development approach, is facilitated and not compromised in any way, municipalities must ensure that project areas are enrolled with the NHBRC at the earliest possible stage of planning. Such enrolment will be undertaken on the basis of the agreement reached with the NHBRC on a two stage enrolment process whereby the project area is evaluated and approved for residential development by the NHBRC at an agreed percentage of the enrolment fee and the house enrolment will realise as prescribed by the NHBRC at consolidation subsidy phases.

Discounting of grants: A grant approved under this Programme in respect of planning and municipal engineering services installation and project management cost of such, if any, will be discounted against subsequent consolidation housing subsidies, where individual ownership and individual consolidation subsidies will be allocated to qualifying beneficiaries, only to the extent to which it might have contributed materially to a future permanent housing solution for the beneficiary. This means that consolidation subsidies to be awarded in phase 4 of the development, will be calculated on the basis of the residual of the subsidy amount for which the beneficiary qualifies after the deduction of the services cost that contributed towards the permanent development of the township. The consolidation subsidy may never be less than the actual consolidation subsidy amount available under the Consolidation Housing Subsidy Programme as amended on an annual basis. The cost of land and the cost of social services and community participation facilitation etc. will not be discounted against the consolidation subsidy. Where rental housing opportunities are to be developed the cost of the infrastructure that contributed to the permanent development of the township will be taken into account in determining the actual total cost per unit;

Project Management: Municipalities should prepare a capacity building strategy to support the implementation of the upgrading project. This strategy should identify the capacity constraints of the local authority vis-à-vis the upgrading of informal settlements and should identify how these capacity constraints are to be addressed. Municipalities may facilitate project management through the establishment of internal, dedicated teams, through the establishment of units, through the in-sourcing of project-management capacity or through a combination of these strategies. When

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project management capacity is in-sourced, transfer of skills to the officials of the municipality must take place.

Provincial government roles: The provincial government will be responsible for programme implementation and coordination. Where a municipality is not able to undertake a project for a variety of reasons, the province must assist the municipality with all the aspects of the project process and as a last resort could decide to undertake this task on behalf of such a municipality but in collaboration and through the decision-making structures of the municipality. In this process the provincial government must ensure that skills transfer to the municipality is realised to ensure ongoing administration and development of the town by the municipality.

Procurement: Procurement procedures must be fair, equitable and transparent; for the acquisition of housing goods and services; and the guidelines of the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000), must be followed.

Demolition of shacks: The municipality will be required to table a comprehensive action plan for the management of projects specifically addressing measures to prevent land re-invasion and the processes of shack demolition when persons access phase four benefits and receive permanent houses.

13.3 Application of the Programme

13.3.1 Definition of informal settlements

This Programme will apply to the upgrading and or development of informal settlements that typically manifest the following characteristics and where the application of the normal Housing Subsidy Programme is problematic:

- **Illegality and informality** – The residents of informal settlements live in a permanent state of legal-social insecurity as informal settlements lack legal recognition due to the unlawful occupation and/or unauthorized use of land and/or the illegal construction of houses upon land. Primarily as a result of their illegal status, most informal settlements are typified by the absence of formal planning and incremental, unplanned growth.
- **Location and environmental factors** – Informal settlements may be found in various locations. In some instances, the upgrading of settlements may be a relatively simple matter whilst other settlements may not be upgradeable at all due to environmental hazards including dolomite, sinkholes and floodplains. In other cases, upgrading may be possible if extensive land rehabilitation is undertaken to make land suitable for settlement. In some cases, settlements may be well located but in many other situations, settlements are located at a distance from employment opportunities and sometimes on the periphery outside the urban edges of cities and provinces. These different settlement typologies have a profound impact upon the nature, feasibility and desirability of upgrading activities.
- **Restricted public and private sector investment** – Public sector investment within informal settlements is restricted as a result of the illegal status of settlements. Informal settlements accordingly lack access to basic municipal engineering services such as water, sanitation, electricity, roads and walkways and lighting. Most informal settlements also typically lack government-funded

social amenities and economic infrastructure. For the same reason, inhabitants of these settlements had no incentive to date to invest their own resources in the areas.

- **Poverty and vulnerability** – The residents of informal settlements tend to be poor as most have only basic educational qualifications and are typically dislocated from the formal labour market. Residents are at a high risk of disease due to the combined effect of household poverty and poor living environment. The insecure nature of informal settlements reinforces social fragmentation, including the loss of community and inter-household mechanisms for social security. This greatly exacerbates the vulnerability of households living within informal settlements.
- **Social stress and crime** - The informality of settlements, including high densities, the absence of demarcated roads, poor lighting and under-developed public open space, provides an ideal cover for criminal activity. The poverty of residents provides fertile ground for exploitation, whilst the hazardous living environment and the visible disparity between informal settlements and surrounding areas typically gives rise to social stress, manifesting in high levels of inter-personal crime including domestic violence, child abuse and various social pathologies.

13.3.2 Application of programme

This programme is applicable to the in situ upgrading of informal settlements, the relocation of an entire settlement and or in cases where persons will be required to be resettled due to the revised township layout as a result of the upgrading project. In cases where projects will require de-densification and/or relocation, the provisions of this programme are equally applicable to both the upgraded settlement and the relocation site. All projects designs will be done on the basis of the community profile and needs. The design must therefore cater for the subsidy qualifiers and those persons that will not qualify for housing subsidies as indicated in the programme. This means that the communities will play an active role in the early planning stages to ensure that all the needs are identified and project designs comply with the needs and community profiles.

The programme will not apply to current projects embarked upon in terms of any other National Housing Programme or any provincial housing programme which is consistent with National Housing Policy. The programme will also not apply to persons currently occupying backyards with informal houses/dwellings in existing towns.

13.3.3 Eligibility

The Programme will benefit all persons (the whole community) who are residing in an informal settlement as described in [paragraph 13.3.1](#) of this Chapter of the National Housing Code. Eligibility for phase 4, the housing provision phase is qualified as contemplated in paragraph 13.3.4.7 of this Chapter of the National Housing Code.

In regard to illegal immigrants it should be noted that benefits under the programme will not necessarily be available to such persons. The presence of illegal immigrants will be detected at community survey stages and must immediately be reported to the Department of Home Affairs. Any action to be taken must be done in collaboration with the Department of Home Affairs and the provision of the benefits under the programme in respect of phase 1 to 3, if any, must be done with the approval of the

Department of Home Affairs and should not compromise any powers and or rights of the Government to adequately deal with these persons.

The normal standard qualification criteria contained in Part 3, Chapter 2 of the National Housing Code will not apply, in that assistance under the Programme may also be allowed in the following categories:

Households/persons with monthly income exceeding R3 500;

Minors heading households, who are not competent to contract;

Persons without dependants;

Persons who are not first-time home owners;

Persons who have previously received housing assistance and who previously owned and/or currently own a residential property on condition that access to the benefits of the programme will be considered on a case by case basis to determine the facts and the approval of access in accordance with the provisions of the detailed implementation guidelines of the programme; and

Illegal immigrants on the conditions prescribed by the Department of Home Affairs and only inspect of phases 1 to 3.

Consequently searches against property registers the Population Register of Home the Department of Affairs and the National Housing Subsidy Data base will be required before access to the programme is awarded.

13.3.4 The Phased development process and funding application

Many components of upgrading projects cannot be ascertained up front as they require either detailed investigation or resolution through a process of community engagement. The Programme accordingly envisages that informal settlements will be upgraded through a four-phase process. The phases are:

- Application phase
- Project initiation phase
- Project implementation phase
- Consolidation subsidy phase

13.3.4.1 Phase 1: Application

At the outset, municipalities will be invited to apply for funding for the upgrading of informal settlements through the submission of Interim Business Plans. The Interim Business Plan shall provide:

- Details of the Municipal Integrated Development Plan ("IDP") and the Municipal Housing Development Plan, reflecting both the scale and number of informal settlements within the area and the basis for the prioritisation of these settlements for upgrading purposes and a plan to address future land-release and securing requirements to avoid the establishment of new informal settlements;

- Pre-Feasibility details of the particular upgrading project must be provided including:
 - The age and history of the settlement;
 - The ownership status of the land including any restitution claims upon the land;
 - The initial scoping of the geotechnical suitability (desk top surveys) of the land insofar as this impacts upon the upgradeability of the settlement in collaboration with the NHBRC project location enrolment process as contemplated in Chapter 3 A of the Part 3 of the National Housing Code;
 - A desktop environmental scoping should address the environmental suitability of the area for the upgrading of the settlement;
 - The geographic location of the settlement in relation to transportation nodes, employment and social amenities;
 - The estimated number of households within the settlement;
 - The estimated number of households to be relocated (if any), based on an analysis of the physical suitability of the settlement for upgrading;
 - The identification of illegal immigrants;
 - A preliminary work plan for the implementation of the project; and
 - A preliminary budget for the project, including an indication of municipal counter-funding.

The MEC will consider these applications based on the criteria detailed in the implementations guidelines. Upon approval of the project, the Project will proceed to Phase 2: Project Initiation subject to the condition that a resolution by the Ward Committee, or similar structure where Ward Committees don't exist, supporting the application for the upgrading of the informal settlement is provided prior to the initiation of Phase 2.

13.3.4.2 Phase 2: Project Initiation

During this phase of the upgrading process, municipalities will receive funding to undertake the following activities:

- The ***acquisition of land*** through negotiation or expropriation and the purchase price/compensation as the case may be must be determined in accordance with the average of three independent valuations. This flexibility will enable local authorities to motivate for the purchase of well-located land. The acquisition of well-located land for upgrading purposes will not only enhance urban efficiency but will also reduce the social, political, economic and financial costs associated with relocating households to more peripheral sites. Land held by municipalities, provincial governments, parastatal organisations and other state departments and/or public entities should, where possible be made available free of charge and state land release mechanism must be enhanced to support this process. The acquisition of land is not a

pre-condition for the implementation of the remaining activities under this Phase of work, but is to be completed prior to the initiation of Phase 3 of the project;

- Facilitate the appointment of capacity to undertake the **survey and registration of households** within the settlement, in order to develop a clear socio-economic and demographic profile of the settlement. The results of the survey will determine the tenure options that are required under the programme. This activity could be undertaken through the employment of **Community Development Workers**. Where Community Development Workers are not available, the municipality may apply for funding to appoint capacity to undertake this task on condition that such capacity also undertake the tasks of **community participation facilitation, project information communication, community training and assistance, conflict resolution and housing support facilitation**;
- Install **interim services** to provide basic water and sanitation services to householders within the settlement on an interim basis pending the formalisation of the settlement. The principle must be upheld that any interim services should first and foremost be designed on the basis that it could be utilised/ upgraded for the permanent services infrastructure. The provision of interim services should also address lighting in key areas to enhance community safety and access by emergency vehicles. Funding for the latter should first and foremost be obtained from the MIG project funding. Should this fail the programme could finance such;
- **Pre-planning studies** to determine detailed geotechnical conditions and the undertaking of an environmental impact assessment to support planning processes;

The activities under this phase are generally to be undertaken over a period of 8-12 months, in accordance with the following maximum funding parameters.

Funding indicators (based on a project of 5000 households)

Cost elements	Maximum cost per household/Stand	Funding Source
Community Development Workers to undertake survey and registration of households and facilitate community participation process. Where this is not possible external capacity could be employed at 3% of project cost to also undertake conflict resolution and housing support services delivery	Project cost will determine actual amount	HSRDP
Provision of Interim Services	R1 500	HSRDP
Pre-Planning Studies	R400	HSRDP
Geotechnical Investigation	R46.66	SA Housing Fund
Land acquisition	No ceiling: Market value based on 3 independent valuations	HSRDP & SA Housing Fund

Upon completion of this phase of work, the municipality shall submit a Final Business Plan with the following information:

- The total number of households within the settlement as per the beneficiary survey and registration process;

- The value of land to be acquired, supported by the three independent valuations;
- Details on the selected tenure arrangements as a result of community consultation processes;
- Details on the selected standards for permanent municipal engineering infrastructure as agreed with and during the community consultation processes, reflecting an appropriate balance between up-front capital costs, long-term maintenance and operating arrangements, affordability, environmental sustainability, social acceptability, safety and human dignity;
- Details on the selected social and economic infrastructure interventions;
- A revised work plan for the implementation of the project;
- The strategy for the management of the settlement to prevent re-invasions and informal settlement growth, the movement of people and the strategy for the demolition of shacks and in the process addressing the community's role in this regard;
- The detailed strategy for the relocation of persons if applicable;
- A revised budget for the project and confirmation of local government counter-funding; and
- The proposed monitoring and evaluation framework for the project, which shall form the basis for quarterly reporting to the Member of the Executive Council.

13.3.4.3 Phase 3: Project Implementation

The MEC shall consider the Final Business Plan and, upon approval, the municipality will receive funding to undertake the following activities:

- The establishment of ***Project management capacity*** for the implementation of the project and to ensure compliance with statutory requirements.
- The establishment of ***Housing Support Centres*** to support households at an early stage regarding their rights, housing options and construction of various housing typologies in accordance with their needs, means and aspirations.
- The initiation of ***planning processes*** including detailed town-planning and the surveying of sites.
- The formalisation of land occupational rights whether individually or on a collective basis and the ***resolution of disputes***.
- ***Land rehabilitation*** may be required to facilitate the development of certain areas, including drainage and storm water interventions and the engineering of steep slopes. Funding is accordingly provided to support the upgrading of informal settlements on well-located but marginal land which requires rehabilitation in order to support human settlement. No ceiling amount is provided for land rehabilitation but detailed technical information will be required in support of this activity.

- The installation of **permanent municipal engineering infrastructure** including water, sanitation and toilet structures, roads, storm water and street lighting where applicable. Bulk infrastructure costs are to be financed separately through municipal allocations under the Municipal Infrastructure Grant.
- The construction of **social amenities, economic and community facilities** such as early-childhood development facilities, primary health clinics, recreational and community facilities, public open space improvements, public markets, public transport hubs and workspace facilities. The selection of social/economic facilities is to be determined in accordance with community needs and aspirations.

No timeframe is prescribed for the implementation of this phase of the project, which should rather be undertaken in accordance with the detailed work plan of the local authority. The activities under this phase are however to be undertaken in accordance with the following maximum funding parameters:

Funding Indicators

Cost elements	Maximum cost per household	Funding Source
Land Rehabilitation	No ceiling: Actual cost based on professional assessment	HSRDP
Town Planning and Surveying up to	R209,94	SA Housing Fund
Land surveying and pegging up to	R155,52	SA Housing Fund
Survey examination fee up to	R48,21	SA Housing Fund
Contour Survey up to	R31,11	SA Housing Fund
Civil engineers Fee up to	R466,54	SA Housing Fund
Site supervision up to	R118,18	SA Housing Fund
Conflict resolution and housing support as part of community facilitation and surveying	Part of 3% of project cost allowance for community participation facilitation	HSRDP
Engineering infrastructure: Internal reticulation up to (Provision will be made for variations based upon geotechnical considerations)	R9 618,37	SA Housing Fund
Project management up to	Not more than 8% of project budget	HSRDP

The Business plan in respect of phase 3 must address the planning, commencement and the time frame for phase 4, the Consolidation for house construction phase.

13.3.4.4 Variations

For the purpose of accommodating any extraordinary development condition such as geophysical conditions and topography, a variation of up to a maximum of 15% on the total grant amount per grant could be considered. The actual variation must be based on professional assessment confirming the relevant conditions and must be costed in terms of minimum precautionary measures recommended by the professional.

13.3.4.5 Value Added Tax

In view of the fact that the benefits to be allocated in phases 1 to 3 will not constitute transfer payments as in the case of the awarding of individual housing subsidies, the funding expended during phases 1 to 3 will attract Value Added Tax. Any amount expended during these phases must therefore be increased by 14% to compensate for the effects of Value Added Tax.

13.3.4.6 Qualification of funding limits indicated in paragraphs 13.3.4.3, 13.3.4.4 and 13.4

The funding indicators in the tables must be treated as budget determination guidelines only and project applications must clearly indicate the actual cost indicators for each aspect. It will therefore not be permissible to apply for town planning and surveying to the amount of R 1 500 000,00 (R300,00 per household multiplied by 5000 household in the project). Actual cost will be determined through the structured procurement process and the rate per unit serves as a guide and the funding limit.

13.3.4.7 Phase 4: Housing Consolidation

The first three phases of the programme are intended to form the foundation for the long-term development of sustainable human settlements. Upon completion of these phases, the final phase of township establishment finalisation, ownership registration, where appropriate, and house construction will commence. Any outstanding social amenities will also be construction during the final phase.

The benefits available under the final phase will be linked to the status of the relevant person regarding competency to contract, previous residential property ownership status, the fact that the person may have accessed a state financed housing subsidy previously and the citizenship status of the person. The benefits will be as follows:

- **Illegal immigrants:** Illegal immigrants must be addresses in collaboration with and in terms of the directives of the Department of Home Affairs. Benefits to be awarded under phase four could comprise rental accommodation but these persons will not be allowed individual ownership status while they are regarded as illegal immigrants. The presence of such persons will be detected at community survey stages and this fact must immediately be reported to the Department of Home Affairs.
- **Previous owners of residential property, existing owners of residential property and previous beneficiaries of state housing assistance schemes:** These beneficiaries may apply for benefits under the programme but each application must be considered on a case by case basis to determine the facts and current circumstances. Persons falling in this category will therefore not necessarily qualify for assistance under the programme including phases 1 to 3. Depending on the facts of each case, such persons may be allowed to occupy the serviced stands, acquire registered ownership of the stands they occupy or may elect to opt for rental accommodation in the area, if available. Where the ownership option of the stand is elected, it could include communal ownership arrangement schemes (Eg. sectional title schemes corporative arrangements etc.) The upgrading to ownership of the properties created during phases 1 to 3 will be at the discretion of the municipality in consultation with the community and on condition that no evictions will be allowed outside the prescripts of the relevant legislation. The beneficiaries in this category who will be allowed to acquire the individual stands in ownership could be required to pay a purchase price equal to the cost of the development of the stand. This cost will comprise a land acquisition component, a component equal to the cost of the provision of the municipal engineering

services and transfer costs. The detailed implementation guidelines will provide guidance regarding the options that might be available for these persons;

- **Child headed households and minors:** Persons falling in this category will not qualify for registered ownership of the properties created during phases 1 to 3 and therefore will also not be able to receive any consolidation subsidies. Such persons must be dealt with in accordance with the directives of the Department of Social Development and may be accommodated in rental housing opportunities if available or special facilities for this purpose. Where legal guardianship arrangements apply, the ownership of the property may be transferred as provided by the guardianship arrangement or in trust as the case may be;
- **Single persons without financial dependants:** Beneficiaries falling in this category may apply for the acquisition of individual ownership or elect to opt for rental accommodation if available. Beneficiaries in this category will not be allowed to apply for consolidation subsidies for house construction purposes. This options will only become available when and if such a person complies with the remaining qualification criteria as contemplated by Section 2 of Part Three of the National Housing Code.
- **Persons earning in excess of R3 500,00 per month but who comply with the remainder of the Housing Subsidy Scheme qualification criteria:** Beneficiaries falling in this category may apply to acquire individual ownership of the stands created under the programme or may elect to opt for rental accommodation if available. The beneficiaries in this category who wish to acquire the individual stands in ownership will be required to pay a purchase price equal to the cost of the development of the stand. This cost will comprise a land acquisition component, a component equal to the cost of the provision of the municipal engineering services and transfer costs. These beneficiaries will not qualify for consolidation subsidies for house construction purposes.
- **Persons complying with the qualification criteria of the Housing Subsidy Scheme, including single beneficiaries:** These beneficiaries may apply for registered ownership of the properties created during phases 1 to 3 or may opt for rental accommodation if available. The ownership option may include communal ownership schemes. Beneficiaries wishing to apply for the consolidation subsidy to construct houses will be required to make the required contribution. This may be achieved through participation in an approved People's Housing Process project or by paying the financial contribution. These beneficiaries may also elect to apply for rental accommodation if available.

The final phase assistance will be administered in terms of the provisions of the relevant National Housing Programme opted for. For example beneficiaries of project linked housing subsidy projects will receive a subsidy amount equal to the residual of the subsidy amount after the deduction of any costs incurred during phase 1 to 3 that contributed towards the permanent development of the property, excluding funds expended for land acquisition, community participation facilitation, social amenities, relocation assistance cost, etc. A variety of options will be available for the execution

of phase four. These will include People's Housing Projects, individual ownership options, contractor built houses, rental accommodation and medium density options that may include rental and individual ownership options.

A summary of the tenure options is contained in Annexure A to the policy.

During these phases, qualifying residents will be encouraged to develop housing proposals in accordance with their individual and communal needs, affordability and aspirations. Residents will also be encouraged to save funds in order to finance their contributions towards the construction of houses. In this regard the principle that beneficiaries should be employed at project construction stage by developers to enable them to work for compensation to save towards realising the financial contribution should be furthered. Furthermore all construction initiatives should be aligned with the provisions and objectives of the Extended Public Works Programme of work creation.

Qualifying beneficiaries will be entitled to access subsidies for the delivery of a range of housing options in accordance with the provisions of the National Housing Subsidy Scheme. This approach is intended to maximise individual and community choice and will be able to sustain single plot, communal and medium-density housing options. Residents will accordingly be able to access housing subsidies through a variety of mechanisms including the individual subsidy, participation in the People's Housing Process or opt for rental opportunities through the rental housing programme provided through the Institutional Subsidy Programme or the rental programme currently under development.

13.4 RELOCATIONS

Residents living in informal settlements are often dependant on fragile networks to ensure their livelihoods and survival. A guiding principle in the upgrading of these communities is the minimisation of disruption and the preservation of community cohesion. The Programme accordingly discourages the displacement of households, as this not only creates a relocation burden, but is often a source of conflict, further dividing and fragmenting already vulnerable communities.

In certain limited circumstances, it may however be necessary to permanently relocate households living in hazardous circumstances or in the way of essential engineering or municipal infrastructure. In all such cases and where feasible and practicable, the relocation must take place at a location as close as possible to the existing settlement and within the context of an community approved relocation strategy that must be submitted with the final business plan for approval by the MEC.

The same rules and funding limits as applicable to upgrading of the informal settlement will apply in respect of any relocation initiatives required during the upgrading of an informal settlement as described in this Chapter of Part Three of the National Housing Code.

In addition, in these circumstances, the local authority may also access funding from the Human Settlement Redevelopment Programme for the relocation of these households in accordance with principles and guidelines to be issued by the Department of Housing and in line with the following cost parameters:

	Average cost per relocated household
Transportation and loading costs for people and household effects up to	R200
Social service support including support for the registration of social benefits, school registration and other welfare support up to	R150
Relocation food support to households up to	R250
Maximum cost per household up to	R600

Where possible, relocations should be undertaken in a voluntary and negotiated manner. Mechanisms to ensure that the land is not re-occupied must be identified during this process. Legal processes should only be initiated as last resort and all eviction-based relocations must be undertaken under the authority of a court order. As a result, no funding is available for legal proceedings linked to the relocation of households. Funding for relocation will only be available on the basis of a detailed motivation to be provided by the municipality which must demonstrate the existence of a viable long-term land-release and upgrading strategy.

13.5 MUNICIPAL COUNTER-FUNDING

13.5.1 Capital Counter-funding

The principle of public/public partnerships is to apply to the Programme and participating municipalities will accordingly have to make a 10% minimum capital contribution towards the total cost of an upgrading project. Municipalities are however encouraged to increase this contribution where possible and increased contributions will be taken into consideration during project selection. Counter-funding requirements will be dealt with in a flexible manner to ensure that it does not result in the exclusion of municipalities that do not have the means to make such contributions. A purported lack of funding will be assessed against the Integrated Development Plan for the municipality and after consultation with the Department of Provincial and Local Government. Municipalities will be entitled to use MIG to finance their counter-funding requirements under this Programme.

13.5.2 Maintenance and Operational Funding

Municipalities are to assume responsibility for the operation and maintenance of all engineering infrastructure established under the Programme. Municipalities will also be responsible for the operation and maintenance of social, community and economic facilities. Funding for these activities is to be derived from through the normal municipal budgeting process. Furthermore, these operational contributions will not be regarded as part of the capital contribution envisaged under section 13. 5.1 of this Chapter.

13.6 FUNDING ARRANGEMENT

13.6.1 Dedicated funding

Dedicated funding is to be secured to support this Programme, through the refocusing of the Human Settlement Redevelopment Programme Fund (HSRDP), in accordance with the instructions of Housing: MINMEC to augment the S A Housing Fund allocations.

Funding under the programme will be dealt with on the basis that the S A Housing Fund will finance the normal housing development aspects and that the funds for land acquisition, where the purchase price exceeds the amount allowed for in the Housing Subsidy, community participation and facilitation costs, emergency services provision, social amenities etc. should be financed from HSRDP.

Phase 4, consolidation subsidies, will be funded solely from the annual S A Housing Fund allocations to provincial governments.

Where S A Housing Fund allocations are committed and urgent projects under this programme are required, applications for bridging funding from the HSRDP will be considered on condition that such is repaid as and when SA Housing Funds become available.

The funding limits indicated in paragraph 13.3 will be adjusted annually in accordance with the annual adjustment of the housing subsidy quantum.

The funding arrangements will therefore be as follows:

The Human Settlement Redevelopment Fund will finance:

- Surveying and registration of persons in settlements;
- Land assessment and township planning;
- Community participation and facilitation conflict resolution and housing support;
- Land rehabilitation where applicable;
- Temporary municipal engineering services;
- Professional and project management cost;
- Formalisation of occupation rights documents
- Social amenities; and
- Relocation costs

The SA Housing Fund will Finance:

- Land acquisition (up to R500,00 per stand);
- The provision of permanent municipal engineering services and professional services;
- Township establishment cost;
- Ownership registration;
- Consolidation subsidies for qualifiers based on the provisions of the relevant National Housing Programme opted for and the principle that the residual of the subsidy amount after the deduction of the cost of services that contributed towards the permanent development of the property, excluding the cost of land in excess of the amount allowed for in the Housing Subsidy Scheme, social amenities and community participation facilitation etc. will apply. The consolidation subsidy in respect of individual subsidies may never be less than the Consolidation Housing Subsidy Scheme amount; and
- Rental housing schemes in terms of the provisions of such schemes.

Municipalities will accordingly be invited to apply for project approval and funding through the submission of Business Plans as prescribed in section 13.3.4 of this Chapter to respective Members of the nine Executive Councils responsible for Housing of the Provincial Governments (MEC's).

Provinces will be obliged to administer the project funding through the Housing Subsidy System to ensure that record keeping is not compromised and the double funding of aspect is prevented.

13.6.2 The release of allocated and approved project funding

Funding secured for the programme will be made available to provinces as a conditional grant, regulated through the Division of Revenue Act. This means *inter alia* that the funding allocated to the Provinces will be transferred by the National Department of Housing to the Provinces in terms of a transfer of payment schedule. The said transfer of payment schedule will be compiled on the basis of cash flow projections contained in the provincially approved project business plans. The implications of these arrangements are that Provinces will have to approve the projects to be funded in a particular financial year about 3 months before the actual commencement of that financial year. This will also mean that provinces will have to approve projects and align such approvals with actual planning and phasing of execution activities to ensure accurate funding reservation and expenditure.

Approved project funds will be transferred by the relevant provincial housing department, to the municipality concerned in a manner and subject to such terms, conditions, and controls relating to the handling of finances as may be determined by the accounting officer of the provincial housing department concerned, and also subject to those conditions that may have been imposed by the MEC when approving the project.

Progress payments to municipalities shall be made, against proof of the provision of value for money by achievement of agreed milestones provided that advance payments can be made on the basis of an agreement between the MEC and the

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municipality in respect of each phase of the project. For example, at project approval stage, the MEC may advance the quantum of funds available for phase 1 to the municipality and the municipality may apply for the release of funds for phase two upon conclusion of phase 1 and so on.

Progress payments shall be made by municipalities or the provincial housing department, as applicable, to providers of housing goods or services contracted with, against proof of the provision of value for money.

If it is found that the approved grant amount, based on the estimates provided in the project application for a project, exceeds the actual amount disbursed or to be disbursed, in implementation of a project, the balance must be transferred back to the Provincial Department of Housing.

Income generated through the sale of serviced stand by the municipality must be deposited in the separate operating account of the municipality and be utilised as contemplated by the provisions of Section 14(4) of the Housing Act, 1997.

13.7 INSTITUTIONAL ARRANGEMENTS

Founded on the principles of co-operative governance and the creation of partnerships between different spheres of government, and based on the principle of subsidiarity, which implies that normally a function should be performed at the level most suitable to the circumstances, the roles and functions attributed to the three spheres of government and others under this Programme are listed below. These are in accordance with the provisions of the Housing Act, 1997.

13.7.1 Responsibilities of Municipalities under the Programme

In terms of Section 9 (1) of the Housing Act, 1997 the function of municipalities include that: *“every municipality must, as part of the municipality’s process of integrated development planning, take all reasonable and necessary steps within the framework of national and provincial housing legislation and policy to -*

(a) ensure that -

- (i) The inhabitants of its area of jurisdiction have access to adequate housing on a progressive basis;*
- (ii) Conditions not conducive to the health and safety of the inhabitants of its area of jurisdiction are prevented and removed;*
- (iii) Services in respect of water, sanitation, electricity, roads, storm water drainage and transport are provided in a manner which is economical”, (Housing Act 107 of 1997).*

Therefore, under this Programme, municipalities are responsible to:

Consider whether a matter merits the submission of an application for assistance under this Programme, and if so:

Initiate, plan and formulate applications for projects relating to the in situ upgrading of informal settlements which in the case of municipalities, which are not accredited, must be in collaboration with and, under the supervision of the provincial housing department;

Request assistance from the provincial housing department on any of the matters concerned if the municipality lacks the capacity, resources or expertise;

Submit the application to the relevant provincial housing department;

Implement approved projects in accordance with agreements entered into with provincial housing departments in terms of Section 12.6.6.2 of this Chapter.

Assume ownership of the engineering services installed.

Manage, operate and maintain settlement areas developed under this Programme.

Ensure as far as possible the availability of bulk and connector engineering services.

Provide basic municipal engineering services such as water, sanitation, refuse removal services and other municipal services.

Provide materials, assistance, and support where necessary to enable the in situ upgrading project to proceed.

Where necessary, a district municipality must provide inputs and assistance to a local municipality, and *vice versa*.

Where appropriate, assisting with the transport of affected persons and their belongings to resettlement sites.

13.7.2 Responsibilities of provincial governments under the programme

The provincial housing department will be responsible for the funding and implementation of this Programme in collaboration with municipalities.

The provincial housing department must:

- Generally do everything in its power to assist municipalities to meet their obligations under this Programme;
- Collaborate with and supervise municipalities in the initiation, planning and formulation of applications for projects under this Programme;
- Assume the responsibility as a last resort option of the municipality in case where the municipality is not able to fulfil its obligations under the programme;
- Forward applications to the MEC together with its comments and recommendations thereon, including its views on the eligibility for assistance and the capacity of the municipality concerned to undertake and complete the project successfully, and any other aspect deemed important for decision-making in the matter;
- Having due regard to the provisions of Section 7 of the Housing Act 1997 including the obligation to take appropriate steps in accordance with Section 139 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), to ensure the performance of such duties if the municipality is unable to do so, including undertaking such obligations itself;
- Assist with the evaluation of applications by the MEC;

- Reserve, reprioritise and allocate funds from its annual budget allocation and manage, disburse and control funds allocated for an approved project, in accordance with an agreement with a municipality;
- Assist municipalities with the use and implementation of accelerated planning procedures; and
- Monitor the implementation of a project by a municipality.

13.7.3 Responsibilities of the National Department of Housing under the programme

The National Department of Housing will:

Actively participate in project conceptualisation, assistance with project applications and evaluations and participate in project management with the provincial housing departments and municipalities;

Maintain the policy and programme and assist with interpretation thereof;

Monitor programme implementation; and

Negotiate the apportionment of funding for the programme and allocate such to provinces for project execution and release allocated funds on a cash flow basis.

13.8 MEMORANDUM OF UNDERSTANDING

Approved projects should be undertaken on the basis of the conclusion of an agreement or memorandum of understanding between the MEC and the relevant municipality.

Once a project has been approved and funds have been allocated by the Provincial Department of Housing, the municipality shall forthwith enter into a written agreement with the Provincial Department of Housing.

Each agreement between a Provincial Department of Housing and a municipality must incorporate the approved business plan as an Annexure and must include the details set out below, and must be signed on behalf of the Provincial Department of Housing by the Head of the Department and the municipal manager or other duly authorised representative, on behalf of the municipality:

Conditions imposed by the MEC when approving the project;

Requirements of the procurement regime applicable;

Total number of persons/households to be assisted under the project;

Detailed description of the land and basis for securing the land where assistance will be provided; and

The envisaged planning of the area and the type of assistance that will be provided in terms of:

- Tenure arrangements,
- Basic municipal engineering services to be provided

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- The social facilities to be provided
- Details of any other assistance to be provided.
- A detailed itemised breakdown of all amounts of the grant and the total grant amount;

A detailed project implementation plan also indicating the cash flow, agreed project milestones and progress payments;

Arrangements to be made in respect of payment of service charges and where applicable municipal rates;

The agreed professional services to be procured, detail on the work to be done, and fees to be paid;

Detail on any other agreed housing goods or services to be provided and or procured; and

Any other matters deemed reasonable and necessary to ensure meeting project objectives.

13.8.1 Undertakings required from the municipality in the agreement

Where appropriate, undertakings will be required for:

Implementing the project;

Taking the necessary steps to ensure the provision of bulk and connector services to a project;

The provision of municipal services for purposes of a project;

The acquisition, management and control of land, basic municipal engineering services, and settlement in general;

Keeping and maintaining a register of persons/families who benefited from assistance provided under the Programme;

Providing relocation assistance to affected persons;

The planning and development of a permanent housing solution for affected persons;

Operating and maintenance costs of the settlement; and

Services delivery to the community.

13.9 SELECTION OF PROJECTS

The initial commencement of the programme will be undertaken on the basis of nine pilot projects, one in each of the nine provinces of the country. The selection of these pilot projects will be undertaken through consultations

In regard to future projects, beyond the pilot project phase, the MEC shall by written notice to all municipalities in the relevant province request the submission of business plans in the format as prescribed in section 13.3.4 of this Chapter.

The MEC shall then in considering the business plans so submitted, take the following criteria into consideration for the selection of projects to be approved and funded under this Programme:

- The capacity of the municipality to undertake the project;
- The extent to which the upgrading of the informal settlement is prioritised within the IDP and the Municipal Housing Strategy;
- The number of households who will benefit from the upgrading of the settlement. Preference should initially, where possible, be given to the upgrading of larger settlements to reach the maximum number of people;
- Value for money in relation to the size of the settlement must be taken into account, particularly where considerable amounts are expended on the acquisition and/or rehabilitation of well-located land;
- The availability and quantum of municipal counter-funding. Preference should be given to projects where municipalities provide counter-funding in excess of minimum requirements.
- The relationship between the municipality and the residents of the informal settlement, as demonstrated through a resolution from the ward committee.

13.10 PERFORMANCE MEASUREMENT

The following indicators are to form part of an approved business plan and be used to evaluate and regularly report on the impact of projects for the upgrading of informal settlements:

- Performance against the work plan and expenditure targets contained in the Final Business Plan;
- Poverty rates (household income or consumption trends);
- The neighbourhood and environmental aspects of poverty are to be measured through:
 - Health indicators (particularly decline in waterborne diseases and infant mortality rates, where these indicators have been recorded and are available);
 - Access to water and sanitation (households having access to “improved” drinking water sources and improved sanitation facilities);
 - Tenure (number of households with secure tenure);
 - Economic activity (increased number of business opportunities and number of jobs created);
 - Social amenities (increased number and affordability of social and recreational facilities); and
 - Social capital (particularly family stability and community cohesion); and
 - Crime (crime statistics).

- The sustainability of upgrading projects are to be measured through:
 - The willingness and ability of residents to pay for services as demonstrated by increased local government revenues;
 - The willingness and ability of government agencies to maintain and operate public infrastructure developed through upgrading projects;
 - The environmental impact of upgrading projects;
 - Progress with the housing consolidation phase and the various options elected in this regard;
 - Whether the densification of the settlement after upgrading is taking place and at what rate;
 - An indication of private sector investment in the towns since the upgrading project and the nature of such investment;
 - Beneficiary satisfaction survey to determine the impact of the development impact on their lives.

ANNEXURE A

TENURE OPTIONS FOR IN SITU INFORMAL SETTLEMENT UPGRADING

Tenure Option	Individual Freehold Ownership	Co-operative/ Group ownership	DFA Initial Ownership	Rental	Permissions to Occupy	Eviction
Children	Rights may be held by guardian or in trust.	Rights may be held by guardian or in trust.	Rights may be held by guardian or in trust.	No contractual capacity. Subsidized rentals may be necessary.	Rights may be held by guardian or in trust.	Not recommended for obvious human rights considerations.
Single persons without dependents	Recommended without restriction but no consolidation subsidy.	Yes.	Yes.	Yes. Normal rentals to be paid.	Yes.	Not recommended as the Constitutionality of evictions is likely to be challenged.
People who currently own immovable property	If own property may be given ownership if purchase site at development cost.	Yes.	If own property may be given initial ownership if purchase site at development cost.	Yes. Normal rentals to be paid.	Yes.	Eviction not recommended as the costs (social, economic, financial and political) are likely to outweigh the benefits. Generally not a substantial problem.
People who have previously received housing assistance	May be given ownership if purchase site at development cost.	Yes. No additional restrictions or conditions should be imposed.	May be given initial ownership if purchase site at development cost.	Yes. Normal rentals to be paid.	Yes.	Eviction not recommended as the costs (social, economic, financial and political) are likely to outweigh the benefits. Generally not a substantial problem.

Tenure Option	Individual Freehold Ownership	Co-operative/ Group ownership	DFA Initial Ownership	Rental	Permissions to Occupy	Eviction
Households with income exceeding R3500 p.m.	May be granted ownership if purchase at development cost	Yes. May be granted if purchase at development cost.	May be granted if purchase at development cost.	Yes. Normal rentals to be paid.	Yes.	Not recommended as the eviction of higher income residents enhances the impoverishment of settlements.
Illegal immigrants	Not possible due to legal restrictions.	Not possible due to legal restrictions	Not possible due to legal restrictions.	Not possible due to legal restrictions	Not possible due to legal restrictions	In practice, illegal immigrants most likely to leave area if faced with eviction. Repatriation to be undertaken by the Department of Home Affairs.
General Comment	Individual freehold title confers maximum rights but may be expensive and slow. Freehold potentially provide collateral for loans. Freehold also attracts rates and taxes.	Co-operative/Group ownership confers limited use rights. Generally insufficient collateral for loans. Group ownership would attract group liability for rates and taxes.	Interim ownership which is relatively cheap and fast. Rights are upgradeable to full ownership. Initial ownership probably not sufficient collateral for loans. Very inclusive form of tenure. Department of Land Affairs is however currently considering the repeal of the DFA which created this form of tenure.	Rental ownership confers limited use rights, subject to the payment of rentals. Administration costs may be considerable and occur over the entire life of the agreement. The enforcement of rental payments is often difficult.	PTOs confer limited use rights. No rentals are generally payable. Initial administration costs arise but are lower than in the case of rentals. Officially perceived as a second-class form of tenure in SA context. Very inclusive form of tenure which is available for the upgrading of informal settlements.	Has substantial social, political and financial implications and is often unsuccessful due to community resistance and the reoccupation of land.

Guidelines and Rules for the Implementation of the Informal Settlement Upgrading Programme Pilot Projects

13.11 General Conditions for Projects

13.11.1 Introduction

It has been decided by Housing: MINMEC that the programme implementation will be facilitated through a process on nine pilot projects, one in each of the nine provinces. These pilot projects will serve as a testing ground for full programme implementation and policy and detailed guidelines finalisation.

Provincial housing departments must identify suitable pilot projects without delay and this must be undertaken in collaboration with the municipalities in the province.

Pilot project progress must also be closely monitored and documented to inform the finalisation of the programme.

In cases where provinces are able to reprioritise adequate SA Housing Fund allocations for purposes of approval of projects beyond the identified pilot projects, it may proceed with the full implementation of the programme based on the policy prescripts applicable at the time of project approval.

13.11.2 Identification of pilot projects

The identification of pilot projects should be undertaken against the objectives listed below:

The objective to reach as many household as possible to maximise the programme impact and to achieve the national goal of eradication of informal settlements by 2014;

The focus should be on settlements located in dangerous areas posing a threat to health and safety and areas known to be affected by disasters;

Projects should further the principle of spatial restructuring and integration;

The projects must be aligned with national priorities such as the current Urban and Rural Development Nodes; and

The identification of settlements that are threaten with eviction or have been the subject of a Court Judgement to the effect that relocation or upgrading must be

undertaken expediently.

13.11.3 The nature of projects

The programme comprises a **phased development approach** and in respect of the initial phases of the any project, being phases one to three, the funding under the programme will constitute grants to municipalities to undertake approved projects as opposed to individual subsidies, approved in respect of qualifying Housing Subsidy Scheme beneficiaries of normal Project Linked Housing Subsidy Scheme projects. Phase four of the programme constitutes the housing consolidation phase and access to the Government's housing assistance programme under this phase of the programme is qualified, based on the beneficiary profile and residential property ownership status or record of the household.

The programme will be financed and implemented by provincial housing departments in collaboration with the municipalities concerned. The decision-making authority for the approval of project applications under the programme vests with the Member of the Executive Council responsible for Housing of the Provincial Government concerned (MEC). The National Department of Housing will be actively involved in the implementation of the pilot phase of the programme through participation in the pilot projects design, application, approval and project implementation stages.

The development role will be fulfilled by municipalities. However the pilot projects will be undertaken on the basis of a partnership of cooperative governance between the relevant municipality, the provincial housing department and the National Department of Housing. In cases where a municipality lacks the capacity and expertise to undertake projects, the provincial housing department will assist and augment the abilities of the municipality where required. In certain cases where a municipality will not be able to fulfil the developer role at all, the provincial housing department may decide to take over the developer role and execute the project on behalf of the municipality. This arrangement will have to be undertaken based on a structured agreement especially addressing the matter of the municipality taking the developed township over, deliver the required services and assume full responsibility for the administration of the town and application of by-laws.

Project funding will be secured by provincial governments from the annual S A Housing Fund allocation and allocations from the Human Settlement Redevelopment Programme. Project funding will furthermore be based on the number of persons that qualify for assistance under the programme and approved funds may include funds for community participations facilitation and social and economic amenities development. Persons qualifying for assistance under the programme may include persons who do not fulfil the requirements of Chapter 2 of Part Three of the Housing Code, as described in Section 13.2.4 of this Chapter.

13.11.4 The nature of funding allocations

Grants to municipalities: A grant will be made available to a municipality to undertake an approved project in respect of phases one to three and in respect of phase four

where funds will be allocated for housing consolidation, funding approval will be linked to the either the individual housing subsidy beneficiary or the relevant national Housing Programme opted for as the case may be. This means that where a household qualifies for an individual subsidy the housing provision phase will be based on the provisions of the Project Linked Housing Subsidy Scheme or the Individual Housing Subsidy Scheme as the case may be, or where the household opt for rental accommodation, the provisions of the envisaged rental housing programme will apply in accessing funding for that purpose.

13.11.5 Social and economic facilities

The provision of funding for the development of certain lower order community and economic facilities, primary municipal infrastructure, will be facilitated through the revised Human Settlement Redevelopment Programme.

13.11.6 Community participation

One of the fundamental principles of the programme is the empowerment of communities to enable them to assume ownership of their own development and improvement of life. The involvement of the target community from the outset must in all cases be pursued. Community participation must preferably be undertaken within the context of a structured agreement between the municipality and the community. A framework for such an agreement is attached as Annexure A to these Guidelines;

a. Community participation facilitation

A municipality may apply for funding for the appointment of external capacity to assist in the processes leading up to the conclusion of the participation agreement with communities. However, the surveying of the community within an identified project area and the facilitation of community participation and project conceptualisation could under certain circumstances be undertaken through the assistance of Community Development Workers to be employed by Government institutions in terms of the provisions stipulated by the Department of Public Service and Administration. These Community Development Workers' availability at project commencement stages are not guaranteed as such Workers will not be employed for housing facilitation purposes only.

Where possible, municipalities should endeavour to employ Community Development Workers to undertake community surveys and registration of households and community participation facilitation. As these Workers will be remunerated by the relevant Government institution, there involvement in the project will have no financial implications.

In the event that the appointment of Community Developer Workers does not realise or the allocation of such capacity to a specific project does not realise for what ever reason, the municipality may apply for funding under the project budget to appoint external capacity to assist with the undertaking of the survey and registration of the households, community facilitation processes and project information flow and general assistance.

Community participation facilitation in this programme includes the issues of conflict resolution and housing support provision. External expertise to be appointed will therefore be responsible for the following functions:

- Surveying of households;
- Community participation facilitation;
- Project information flow;
- Conflict resolution, where applicable;
- Housing support services comprising:
 - Training and education on housing rights and obligations
 - Capacity building regarding housing consumers
 - Assistance with the selection of housing options
 - Building material management
 - Relocation assistance

The funding available under the project for the appointment of external capacity to undertake the above-mentioned tasks, amounts to 3% of the project cost for phases 1 to 3.

b Survey and registration of households

All beneficiaries of the programme must be registered on the National Housing Subsidy Base and projects will be administered through the Housing Subsidy System that will be adjusted to accommodate the specific requirements of the programme. Therefore, the revised business plan for phase two must include the recorded details of the persons in the settlement for testing and uploading purposes.

c. Housing support services

As confirmed by the policy document, Government has placed a considerable emphasis on a developmental orientation that maximises community participation, capacity building and empowerment of the communities in its strive to establish sustainable integrated residential areas.

One of the mechanisms identified to contribute towards achieving this goal, is housing support facilitation at an early stage of project commencement to ensure that community members can be assisted to participate fully in all aspects of the project.

The establishment of housing support centres could be facilitated through the establishment of the community hall that will be financed through the HSRDP envisaged for social and economic amenities. These centres will be managed by the municipality and could provide facilities *inter alia* for community meetings, training and assistance with regard to housing related matters and options selection, housing consumer education, construction training as well as building material distribution where required.

Providing all the housing support services envisaged could require the appointment of external capacity to provide consumer education and construction advice and material management over and above the functions that will be fulfilled by surveyors and

community participation facilitators. The acquisition of training material and equipment could also be required. Funding for the acquisition of capacity and material and equipment for this aspect has been included in the 3% of the total project cost for community participation facilitation. The actual services required will determine the actual amount required.

13.11.7 Town planning aspects

a. Relocations

A municipality must identify a project having due regard for the principle that relocation initiatives must be limited as far as possible and relocation should only be considered as a last resort option. Where relocation is unavoidable, any relocation initiatives must be based on the principle that it should be executed with minimal disruption of the affected persons and to relocate the persons to a location as close as possible to the current settlement. A relocation strategy must be developed in collaboration with and on the approval of the community. The rules of this programme will also apply to the relocation areas with the changes required to the context.

b. Township design and layout

The township design and layout must comply with the guidance provided by the Non-Technical Guide to Settlement Planning and Design, the “Red Book”. However in projects comprising in situ upgrading of settlements, local conditions might necessitate deviation from the guidelines to accommodate higher than normal densities to minimise relocation and to accommodate the nature of the housing options elected. However the basic principles that must be applied is that all stands must be accessible to emergency services provision for instance in the case of a fire, the fire fighting service must be able to find easy access to the source of the fire and/or the South African Police Services may want to approve township layouts to ensure that they are satisfied with the creation wholesome and safe residential areas, providing residential areas with easy access to policing and crime prevention.

The township layout and design must be undertaken on the basis of the specific needs of the community and the principle that relocations should be avoided as far as possible. A very important component of the town planning and design process will be a thorough land use survey to determine the practices and needs that will have to be accommodated in the development of the township. A further important aspect is the fact that circumstances vary vastly from area to area and from region to region. In urban areas a more innovative approach will be required as opposed to a more rural oriented area where the more conventional planning standards and practices may prevail. In designing a township layout the following should guide decisions:

- Community needs, current land use and densities;
- Curtailing relocation requirements;
- The need for a more non-traditional/non-standards and innovative approach to township design where required;
- Not all residential properties will necessarily require vehicle access;

- Prevention of fire spread;
- The need for higher density rental developments such as multi level buildings but also small stands where extension of units is preferred vertically as opposed to the normal horizontal approach;
- The provision of social amenity properties and properties for economic activities; and
- Accommodating the design requirements of the Department of Safety and Security to ensure that crime is curtailed and eliminated.

e. Township establishment

The township establishment process must under no circumstances be compromised and although the normal township layout will probably differ substantially from the norm, the approval of the general plan of the areas, the surveying and pegging of stands, the approval of the services design and standards by the municipal council and the actual proclamation of the town must be pursued. This is essential for the application of funding under phase four, housing consolidation.

It must be noted that although the programme comprises a phased development approach, the upgrading of informal settlements are judged to be a complete development programme including all the phases and projects must be designed, planned and executed on this principle

13.11.2 General Conditions for Pilot Projects

13.11.2.1 Application of the programme

The programme is applicable to:

- The in situ upgrading of informal settlements;
- To projects where in situ upgrading is not possible due to a variety of reasons and the entire community will be required to relocate: or
- In cases where, due to the specific township layout opted for, a portion of the community will have to be relocated to adjacent land or alternative areas.

13.11.2.2 Norms and standards applicable to the programme

The norms and standards prescribed by the programme only apply to phases 1 to 3. The norms and standards in respect of the housing consolidation phase will be directed by the National Norms and Standards in respect of Permanent Residential Structures described in Chapter 2 of Part Three of the National Housing Code or by the programme prescripts of the relevant housing option selected.

In respect of phases 1 to 3 of the programme that following serves as a guideline:

a. Municipal engineering services

The programme provides for the provision of interim municipal engineering services as a first phase to alleviate immediate/emergency need to access potable water, sanitation services and certain preventative measures to curtail the occurrence of disasters. The programme furthermore provide for the upgrading of such interim services into permanent municipal engineering services and/or the provision of permanent municipal engineering services from the outset of the project as may be required by local project circumstances.

- **Interim services**

Interim services will typically entail the provision of rudimentary water supply for communal use, communal and other temporary sanitation facilities, refuse removal facilitation and certain access roads to facilitate service vehicle access and emergency services delivery. In all cases these services must be provided on the basis that it could be upgraded to permanent services status or be utilised as the basis for the provision of the permanent engineering services.

The amount available for the provision of interim engineering services is R1 500,00 per household. This amount must be utilised as the guideline amount and actual design and costs must be used to determine the actual project cost in regard to the interim services. Project application that does not demonstrate costs based on actual design and costing will not be entertained by the MEC.

- **Permanent Engineering Services**

Permanent municipal engineering services in as far as it pertains to the internal township reticulation will be financed by the programme. Any bulk and/or connector services will not be financed by the programme as funds for these services are available through the Municipal Infrastructure Grants (MIG) programme.

Permanent municipal engineering services that will be financed by the programme and where a normal township layout will prevail, must comply with the provisions of the National Norms and Standards in respect of Municipal Services as described in paragraph 2.5.1 of Chapter 2 of Part Three of the National Housing Code. However the specific design and stand layout of a township might necessitate deviation from the said norms and standards and developers will be required to fully motivate such deviation to the MEC. The minimum norms and standards that will apply under normal conditions are the following:

Type of Service	Minimum Level	Maximum cost per stand
Water	Single standpipe per stand (metered)	R2 394,88
Sanitation	VIP per stand	R2 783,65
Roads	Access to each stand with graded or gravel paved roads	R1 788,38
Stormwater	Lined open channels	R2 589,26
Street lighting*	For residential purposes only	R 62,20
Total		R9 618,37

* Highest security lighting for residential purposes where this is feasible and practicable, on condition that such street lighting is not funded from the MIG initiative or funding available from other resources.

The following indirect cost associated with the township design and installation of municipal engineering services will also be covered by the programme:

Indirect cost element	Maximum cost per stand
Pre-planning studies	R400,00
Geotechnical investigation	R 46,66
Contour survey	R 31,11
Land surveying and site pegging	R 155,52
Land survey examination fee	R 48,21
Town planning fees	R 209,94
Civil engineer's fees	R 466,54
Site supervision fees	R 118,18
Total	R 1 476,16

b. Extraordinary development conditions

In regard to extraordinary development conditions the principle of a variation of up to 15% on the amount of R28 279,00, being the product price of the normal Housing Subsidy Scheme programme will apply. The variation amount will thus amount to R4 241,85 per individual stand within an approved project. Regard must be have for the fact that any extraordinary development conditions might also require precautionary work regarding the construction of housing units and that the variation amount will have to be applied in respect of both the municipal engineering services and housing construction. The NHBRC enrolment process should guide requirements in this regard.

Any application for the variation amount must be motivated on the basis of a professional assessment of the conditions of each area and professionally designed and costed precautionary measures. Typically the variation would apply where geotechnical and topographical conditions require additional work or precautionary measures.

c. Rehabilitation of problematic land

The programme also allow for an application for additional funds to finance the rehabilitation of certain well located land but which is regarded as marginal or less opportune development areas. These areas typically comprise areas with extremely

high water tables, settlements situated on flood planes and settlements located on infill areas or near mine dumping sites/slime dams.

Decisions regarding the rehabilitation of problematic areas must be based on an assessment of the economic viability of such projects, the cost of relocation the community both financial as well as socio economic cost, the future use of the rehabilitated area with reference to the retention of the area for perhaps higher income rental accommodation as opposed to the alienation thereof to beneficiaries etc. There will be no funding limit regarding the rehabilitation of land where this is regarded feasible.

13.11.2.3 Tenure options to be provided

One of the objectives of the Programme is to provide the inhabitants with secure tenure rights. It is important that any tenure rights awarded under the programme are legally protected on the one hand and on the other hand it must not compromise any legal actions that will be required by, for instance the Department of Home Affairs in regard to illegal immigrants that may be residing in informal settlements that are upgraded.

The nature of the tenure rights that are to be awarded for the duration of the project phases 1 to 3, thus before township establishment and the housing consolidation phase commence, will be left to the discretion of the MEC in consultation with the community and the municipality.

However it is important that the agreed tenure rights envisaged for an area are cleared with the Department of Home Affairs to ensure that the awarding of tenure rights does not in any way compromise the legal process that will be instituted against illegal immigrants.

Tenure rights that may be considered in respect of phases 1 to 3 rental agreements entered with each household and or the gratuitous loan of a site for occupation by the relevant household legally known as “Commodatum”. Both tenure rights are currently acknowledged as legitimate rights. The rental option is regulated by the Rental Housing Act and the loan of the site is regulated by common law principles.

Any agreement that will provide tenure rights short of ownership in informal settlements must provide for the following:

- The identification of the site in question
- The term of the tenure right
- The cancellation of the right and processes to be followed
- The rights the tenure entail vest in the receiver of the right and the obligations of both parties to the agreement
- The fact that the development of the area comprises a phased development approach with clearly qualification criteria for access to the housing consolidation phase
- The fact that the tenure right does not guarantee access to any higher order tenure rights nor to the housing consolidation options

- The rules relating to the consumption of income generating municipal services and compensation obligations thereof
- The rules relating to substitution or ceding/transferring of the tenure right

13.11.2.4 The funding limits of the programme

The financial details provided by the policy must be utilised as a guideline of the maximum amounts that would be allowed for each aspect of the project. The actual cost of the project will be dictated by a variety of aspects such as the nature the project, the location, the township design and lay out and the development options selected. Based on a typical project comprising 5 000 units and land will be purchase at the market price of R1500,00, per stand the programme will fund the following:

Development element	Maximum Cost per unit	Total cost: (Worst case scenario)	Funding resource	
Phase 1:			HSRDP	HSS
Survey,& registration, participation facilitation, information flow , education, dispute resolution and housing support (where no CDW)	3% of project cost	3% of project cost	■	
Geotechnical investigation	R46,66	R233 300		■
Land acquisition	R1 500,00	R7 500 000	R1000,00	R500,00
Pre-Planning	R400,00	R2 000 000	■	
Interim engineering services	R1 500,00	R7 500 000	■	
Phase 2 and 3				
Detailed town planning	R209,94	R1 049 700		■
Land surveying and pegging	R155,52	R777 600		■
Contour survey	R31,11	R155 550		■
Land survey examination fee	R48,21	R241 050		■
Civil engineer's fee	R466,54	R2 332 700		■
Site supervision fees	R118,18	R590 900		■
Permanent engineering services provision	R9 618,37	R48 091 850		■
Project management fee 8%	8% of total Cost	8% of total Cost	■	
Value Added Tax at	14%	14%	■	■

13.11.2.5 Project management fees

The Policy document provides for project management fees up to an amount not exceeding 8% of the project cost. The amount must be calculated on the total actual

cost of the project not exceeding the maximum value of the work covered in phases 1 to 3.

13.11.2.6 Value Added Tax

In view of the fact that the benefits to be allocated in phases 1 to 3 will not constitute transfer payments as in the case of the awarding of individual housing subsidies, the funding expended during phases 1 to 3 will attract Value Added Tax. Any amount expended during these phases must therefore be increased by 14% to compensate for the effects of Value Added Tax.

13.11.2.7 Relocation assistance

In cases where households will be relocated to alternative land/areas, the programme provides for support to ensure that the negative effects of the relocation action on affected persons are minimised. The programme will fund, through the HSRDP Fund the following:

Cost element	Average cost per relocated household
Transportation and loading costs for people and household effects	R200
Social service support including support for the registration of social benefits, school registration and other welfare support	R150
Relocation food support to households	R250
Maximum cost per household	R600

13.11.3 Qualification Criteria

One of the main objectives of the programme is to further a holistic development approach, focussing on the community as a whole as opposed to the previous individual housing subsidy beneficiary focus. The programme therefore substantially departs from the housing subsidy scheme in regard to awarding benefits to households living in informal settlements.

The benefits to be awarded under the programme must be considered on the basis of the two main processes of the programme. Phases 1 to 3 constitute the first main process, comprising consultations, participation in design and formulation of housing solutions, planning and municipal engineering services provision. Households will obtain tenure rights short of registered ownership or formal rental tenure during these three phases of the project. Awarding access to the benefits developed in these phases of the project will be at the discretion of the MEC with the exception of the cases where the presence of illegal immigrants is detected. The vesting formal ownership rights and formal rental tenure rights will realise during phase 4 of the project, the housing consolidation phase. The programme will therefore comprise a diversified set of qualification criteria.

In cases where the community survey detected the presence of illegal immigrants, the developer must immediately report the matter to the Department of Home Affairs. The Department of Home Affairs must investigate the matter and make recommendations to the developer on how to proceed and whether informal occupation rights could be awarded to such persons as an interim measure. Developers must also immediately report the matter to the MEC. Depending on the guidance received from the Department of Home Affairs, the developer will formulate recommendations to the MEC on the allocation of informal tenure rights to such persons. Alternatively the Department of Home Affairs will proceed with deportation processes. Developers may under no circumstances proceed with the allocation of rights in own right as such actions may have vast implications.

Previous owners of residential property, existing owners of residential property and previous beneficiaries of state housing assistance schemes: These beneficiaries may apply for benefits under the programme but each an application must be considered on a case by case basis to determine the facts and circumstances that led to the presence of these persons in the settlement. Persons falling in this category will therefore not necessarily qualify for assistance under the programme. Each case must be investigated to determine the nature of the previous ownership and/or access to a state housing subsidy and the reasons for applying for state assistance. For instance the fact that a person was married and acquired ownership of a residential property in that status and the marriage was dissolved should not necessarily disqualify that person from accessing state housing assistance again. The relevant person might not have derived any benefit from the residential property ownership at the time of the termination of the marriage. These circumstances may also apply to persons who offered their houses under the pre-emptive provisions of the Housing Act, 1997, or persons that applied for reparation under the Truth and Reconciliation Process.

13.11.4 How to apply for project approval and funding and the project flow process

As soon as the pilot project has been identified, the municipality must compile a project application for consideration by the MEC. The application should be developed on the basis of the preliminary business plan as described in the following paragraphs. The Provincial Housing Department will assist the municipality in the compilation of the project application.

The MEC will consider and reserve finding for projects based on:

- funding availability
- the target set nationally and provincially for the eradication of informal settlements,
- capacity to deliver; and
- priorities identified,

A confirmation of reservation of funds by the MEC constitutes the approval to embark on project design phase and to engage in financial commitments.

Subsequent project applications will also take the form of business plans to be submitted in accordance with the progression of the execution of each phase of the project.

13.11.4.1 Phase 1: Project registration and funding reservation application: Interim business plans

The interim business plan shall as a minimum provide the following information:

- Details of the Municipal **Integrated Development Plan (“IDP”) and the Municipal Housing Development Plan**, reflecting both the scale and number of informal settlements within the area and the basis for the prioritisation of these settlements for upgrading purposes and a plan to address future land-release and securing requirements to avoid the establishment of new informal settlements;
- **Pre-Feasibility details** of the particular upgrading project must be provided including:
 - The age and history of the settlement;
 - The ownership status of the land including any restitution claims or title deed restrictions affecting the use of the land;
 - The initial scoping of the geotechnical suitability (desk top surveys) of the land insofar as this impacts upon the upgradeability of the settlement in collaboration with the NHBRC preliminary and project location enrolment process as contemplated in Chapter 3 A of the Part 3 of the National Housing Code;
 - A desktop environmental scoping should address the environmental suitability of the area for the upgrading of the settlement;
 - The geographic location of the settlement in relation to transportation nodes, employment and social amenities;
 - The estimated number of households within the settlement;
 - The estimated number of households to be relocated (if any), based on an analysis of the physical suitability of the settlement for upgrading;
 - The identification of illegal immigrants;
 - A preliminary work plan for the implementation of the project; and
 - A preliminary budget for the project, including the funds required for social and economic amenities and furthermore including an indication of municipal counter-funding commitment.

The MEC will consider these applications based on the criteria detailed in this implementations guidelines. Upon approval of the project, the Project will proceed to Phase 2: Project Initiation subject to the condition that a resolution by the Ward Committee, or similar structure where Ward Committees don't exist, supporting the application for the upgrading of the informal settlement is provided prior to the initiation of Phase 2 is tendered with the MEC.

13.11.4.2 Phase 2: Project Initiation

Once the project has been registered and the funding reservation confirmed by the MEC the municipality will proceed with the implementation of Phase 2 of the project. During this phase of the upgrading process, municipalities will receive funding to and must undertake the following activities:

- The ***acquisition of land where the land to be developed is in private ownership*** through negotiation or expropriation and the purchase price offer must be determined in accordance with the average of three independent valuations. Land held by municipalities, provincial governments, parastatal organisations and other state departments and/or public entities should, where possible be made available free of charge or at minimal value and the State land release mechanism must be enhanced to support this process. The finalisation of land acquisition is not a pre-condition for the implementation of the remaining activities under this Phase of work, but is to be completed prior to the initiation of Phase 3 of the project. Where the acquisition of the land is not concluded immediately, proper legal rights to access and enter upon the property must be obtained before the commencement of the further phases of the project.
- Facilitate the appointment of capacity to undertake the ***survey and registration of households*** within the settlement, in order to develop a clear socio-economic and demographic profile of the settlement. The results of the survey will determine the tenure options that are required under the programme. This activity could be undertaken by ***Community Development Workers*** and deployed at project level. Where Community Development Workers are not available, the municipality may apply for funding to appoint capacity to undertake this task at the same rate per household indicated in this guidelines on condition that such capacity also undertake the tasks of ***community participation facilitation, project information communication, community training and assistance***. The details of the beneficiaries must be included in the final business plan submission to enable the provincial housing department to upload the details on the Housing Subsidy System for the required testing and uploading on the National Housing Subsidy Database;
- The ***conclusion of the agreement between the municipality and the community*** that will regulate participation, the project approval processes etc.

- The ***in-principle enrolment of the project/land with the NHBRC*** confirming the NHBRC's approval of the suitability of the land for housing development and or precautionary measures that will have to be considered to achieve house enrolment in the final phase;
- Install ***interim services*** to provide access to basic water and sanitation services to householders within the settlement on an interim basis pending the formalisation of the settlement. The principle must be upheld that any interim services should first and foremost be designed on the basis that it could be utilised/ upgraded for the permanent services infrastructure. The provision of interim services should also address lighting in key areas to enhance community safety and access by emergency vehicles. Funding for the latter should first and foremost be obtained from the MIG project funding. Should this fail the programme could finance such;
- ***Pre-planning studies*** to determine detailed geotechnical conditions and the undertaking of an environmental impact assessment to support planning processes, the scoping of the land to determine the usable areas and the possible township layout potential etc;

The activities under this phase are generally to be undertaken over a period of 8-12 months.

13.11.4.3 Phase 3: Project Implementation

Upon completion of the work required under phase 2 described above, the municipality shall submit a Final Business Plan with the following minimum information to the MEC for approval:

- The total number of households within the settlement as per the beneficiary survey and registration process indicating ***the beneficiary profiles***, (household composition, income, names, ID numbers, origin, ownership status as recorded etc;
- The description and plans indicating ***the location of the settlement*** the land selected for relocation if applicable;
- Details of the ***land ownership*** status;
- Where land will be acquired, the details of negotiations with the land owner to date regarding the purchase and the purchase price required;
- The ***value of land*** to be acquired if applicable, supported by the three independent valuations;
- Details of the ***community participation structures*** established and contracted with;

- Details on the ***selected tenure arrangements*** as a result of community consultation processes;
- The details of **the township layout and design** with an indication of the sizes of the stands, road access arrangements and the provision of stands for social amenities institutional needs and economic opportunities;
- Details on the ***selected standards for permanent municipal engineering infrastructure*** as agreed with and during the community consultation processes, reflecting an appropriate balance between up-front capital costs, long-term maintenance and operating arrangements, affordability, environmental sustainability, social acceptability, safety and human dignity;
- Details and full motivation regarding the **rehabilitation of marginal land** if feasible and practicable measured, against the economic cost, the social cost of relocation and the future tenure arrangement and use of the land so rehabilitated;
- The **contracting strategy** to be employed aligned with the EPWP programme requirements.
- Details on how the **community will physically participate** in the execution of the project;
- Details of negotiations on the **alignment of other public sector funding** streams for instance the provision of schools and health facilities;
- The details of the **recommendations of the Department of Home Affairs** regarding illegal immigrants in the settlement;
- Details on the selected ***social and economic infrastructure*** facilities/interventions required;
- A ***revised work plan*** linked to the **funding release requirements** for the implementation of the project;
- The strategy for the ***management of the settlement*** to prevent re-invasions and informal settlement growth, the movement of people and the strategy for the demolition of shacks and in the process addressing the community's role in this regard;
- The detailed ***strategy for the relocation*** of persons if applicable;
- A ***revised budget*** for the project including the funding requirements for social and economic amenities and confirmation of local government counter-funding;
- The proposed ***monitoring and evaluation framework*** for the project, which shall form the basis for quarterly reporting to the Member of the Executive Council;

- The Business plan in respect of phase 3 must address the ***planning, commencement and the time frame for phase 4***, the Consolidation for house construction phase; and
- Any **further information** which in the opinion of the municipality may assist the MEC to come to a decision on the application;

The MEC shall consider the Final Business Plan and, upon approval, the municipality will receive funding to undertake the following activities:

- The establishment of ***Project management capacity*** for the implementation of the project and to ensure compliance with statutory requirements;
- The establishment of ***Housing Support Centres*** to support individual households and groups at an early stage regarding the construction of various housing typologies in accordance with their needs, means and aspirations;
- The ***acquisition of land*** if required;
- The initiation of ***planning processes*** including detailed town-planning and the surveying of sites;
- The formalisation of land occupational rights whether individually or on a collective basis and the ***resolution of disputes*** if any;
- Acquire ***full project enrolment*** status from the NHBRC;
- ***Land rehabilitation*** may be required to facilitate the development of certain areas, including drainage and storm water interventions and the engineering of steep slopes. Funding is accordingly provided to support the upgrading of informal settlements on well-located but marginal land which requires rehabilitation in order to support human settlement. No ceiling amount is provided for land rehabilitation but detailed technical information will be required in support of this activity;
- The installation of ***permanent municipal engineering infrastructure*** including water, sanitation and toilet structures, roads, storm water and street lighting where applicable. Bulk infrastructure costs are to be financed separately through municipal allocations under the Municipal Infrastructure Grant; and
- The construction of ***social amenities, economic and community facilities*** as described in these guidelines and the directives of the relevant programme. The selection of social/economic facilities is to be determined in accordance with community needs and aspirations.

Upon approval of the final business plan, the provincial housing department will register the beneficiaries on the Housing Subsidy Database for testing against the population register, deeds register and subsidy records and uploading on the National Housing Subsidy Data base.

No timeframe is prescribed for the implementation of this phase of the project, which should rather be undertaken in accordance with the detailed work plan accommodating the full involvement and participation of the community.

Upon completion of phase 3 of the project the municipality shall finalise the planning and project applications for the execution of the housing consolidation phase. These project applications will be prescribed by the directives of the relevant programmes opted for.

13.11.5 How the MEC judges a business plan

The MEC shall, in considering the business plans submitted, take the following criteria into consideration for the selection of projects to be approved under this Programme:

- Whether the application is aligned with **the policy intent and prescripts** of the programme;
- **The availability of funding** to execute the project based on the costing of the project phases and the work plans for the projects;
- **The technical feasibility** of the application based on the recommendations of the Provincial Housing Department;
- **The national priorities** set from time to time by the National Government
- **The target set nationally and provincially** for the eradication of informal settlements
- **The capacity of the municipality to undertake the project;** This capacity refers to the ability to undertake and manage town planning, project design and management, services installation projects and supervision, community participation, training and empowerment, the ability to identify and purchase land, to manage the land vacated through upgrading projects and to provide municipal services and enforce municipal by-laws regarding township administration, to undertake housing development initiatives and has the required systems and programmes to implement development projects.
- **IDP alignment:** The extent to which the upgrading of the informal settlement project is prioritised within the IDP and the Municipal Housing Strategy;
- The **suitability and cost of the land** to be purchased where applicable;

- **The number of households who will benefit from the upgrading of the settlement.** Preference should initially, where possible, be given to the upgrading of larger settlements to reach the maximum number of people. In additions people living in dangerous areas or areas known for exposure to natural disasters should receive preference;
- Whether the settlement is situated in **dangerous areas**, or is threatened by eviction, or is already the subject of a Court Judgement regarding eviction and/or upgrading;
- **Value for money** in relation to the size of the settlement must be taken into account, particularly where considerable amounts are expended on the acquisition and/or rehabilitation of well-located land;
- **Whether the project comprise the relocation of the community.** Preference should be given to projects that comply with the objective of minimising the disruption of the community and thus minimises the need for resettlement of some members of or the whole community;
- The availability and quantum of **municipal counter-funding**. Preference should be given to projects where municipalities provide counter-funding in excess of minimum requirements;
- Whether **the contracting strategy** complies with the Governments community empowerment objectives;
- Whether the other **public sector resource requirements** have been aligned and confirmed;
- Whether the matter of **illegal immigrants** has been satisfactorily addressed and resolved;
- The acceptability of the strategy for the **management of relocations** to new stands, the demolition of shacks and the protection of the vacated land against re-invasion;
- The **relationship between the municipality and the residents** of the informal settlement, as demonstrated through a resolution from the ward committee; and
- The planning regarding **the housing consolidation phase** solutions.

The MEC may impose any conditions that he/she deems necessary for the successful execution of the project.

No application will be approved unless funds are allocated to the project by the Provincial Housing Department.

13.11.6 After the approval of the final business plan

Upon receipt of the decision of the MEC, the Provincial Department of Housing must immediately notify the municipality whether an application has been approved, approved with conditions, partially approved or declined.

The Provincial Housing Department will then register the approval of the project.

13.11.7 Administration of Approved Funding

Funds in respect of approved projects will be provided and managed by the Provincial Department of Housing based on the approved application and conditions imposed by the MEC which constitute the approved business plan for the project, and will be made available to the municipality

Where a municipality or provincial housing department, as the case may be, is to procure housing goods or services (excluding the acquisition of land) to assist with implementing a project, it must use the procurement documents and contracts similar to the format set out in the Annexures to Part 3 Chapter 3A of the National Housing Code, to be adapted for the purposes hereof and must consider the requirements in terms of progress payments as described in Section 13.2.15 of this Chapter.

In regard to the acquisition of land the following must be applied:

- In the Case of state owned land the Land will not be purchase and transfer may proceed in terms of the agreement reached with the state land owner;
- In the case of land that needs to be acquired to proceed with the in situ upgrading of the exiting settlement, the municipality may negotiate directly with the land owner regarding the purchase of the land; and
- In the case of alternative land required for resettlement of the whole or part of the community, the municipality must proceed with the acquisition of the land in terms of the provisions of Chapter 3A : Housing Subsidy Scheme- Project Linked Subsidies: Greenfield developments. Therefore land owners of the land identified within the IDP and found to be the suitable location for the project as agreed to by the relevant community, must be requested to offer their land for sale to the municipality in the context of an open call for offers process.

13.11.8 The Agreement between the Provincial Housing Department and the Municipality

Once a project has been approved and funds have been allocated by the Provincial Department of Housing, the municipality shall forthwith enter into a written agreement with the Provincial Department of Housing.

Each agreement between a provincial department of housing and a municipality must incorporate the approved final business plan as an Annexure and must include the details set out below, and must be signed on behalf of the Provincial Department of Housing by the Head of the Department and the municipal manager or other duly authorised representative, on behalf of the municipality:

- A clear description of the approved project and approval registration number;

Conditions imposed by the MEC when approving the project;

Requirements of the procurement regime applicable;

Total number of persons/households to be assisted under the project;

Detailed description of the land on which the project will be executed; and

The approved project specifics in respect of the following:

envisaged planning of the area;

The agreed professional services to be procured, details on the work to be done, and fees to be paid;

The tenure rights to be awarded under phases 1 to 3 of the project;

The planning details of the township indicating layout land uses sizes of stands and intended zoning of the stands;

The details on the interim municipal engineering services to be provided, if applicable;

The details of the permanent municipal engineering services to be provided;

The type of permanent housing solutions opted for phase 4 of the development;

- Detail of any other assistance to be provided.

A detailed itemised breakdown of all amounts of the grant and the total grant amount;

Details of the contracting strategy selected;

Details of the community participation regime and confirmation of the commitment to implement the agreement reached with the community;

The amount of the grant approved under the Programme which will be discounted against subsequent housing subsidies to the extent to which it contributes materially to the future permanent housing solution for the beneficiaries of the Programme;

A detailed project implementation plan also indicating the cash flow, agreed project milestones and progress payments;

Rental and/or occupational compensation to be charged for phases 1 to 3;

Provision for assistance to indigent persons;

Details on any other agreed housing goods or services to be provided and or procured; and

Any other matters deemed reasonable and necessary to ensure meeting project objectives.

13.11.9 Progress Payments

13.11.9.1 Payment for providers of housing goods and services

The approved project budget will be managed by the provincial housing department and expenditure of funds must be for the purposes approved and subject to the conditions imposed by the MEC.

The municipality must be/ or will become the owner of the land and engineering services installed. In all circumstances the principle of the achievement of value for money must be upheld when payments are considered for housing goods and services.

Therefore:

- Where the municipality implement the project, the municipality must validate, approve and submit claims received or prepared by itself, to the provincial government's department of housing for final approval and the transfer and/or payment of the amount so claimed.
- Where the provincial government's department of housing implement the project, the department must validate and approve claims received and affect payment thereof, subject to the receipt of written acknowledgement of satisfaction from the municipality on the work done/services delivered.

The circumstances and nature of the project as described in the application and agreement with the Provincial Department of Housing will determine and identify the cash flow requirements of the specific project. In principle, the guidelines provided in Table 6 below must apply (subject to any amendment / condition which the MEC may impose on the approval of the project).

13.11.9.2 Advance payments to Municipalities

To prevent adverse cash flow constraints at municipal level, the MEC may consider administering advance payments as per agreed project phase in terms of Table 6 below. The submission and payment of subsequent claims for further advance payments or for actual work done will be subject to the receipt and approval of proof for work done in terms of any prior advance payment made, and/or the achievement of the full compliment of work required per relevant phase. Payment by a municipality from such advance amounts received must be done in accordance with the provisions of Table 6 below.

The guidelines on project phases and payment milestones contained in Table 6 below are based on a typical project example where the municipality implement the project.

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This must be adapted by the Provincial Department of Housing in conjunction with the municipality for purposes of the specific project, based on the approved project items and grant amount.

Project Phases and Payment Milestones: 5000 unit project

PHASE 2: LAND ACQUISITIONING, PLANNING AND ENGINEERING SERVICES DESIGN				
Milestones		Description of Milestone Activities	Nature of Payment	Actual amount per grant (incl. VAT)
1.1	Land Acquisitioning	<ul style="list-style-type: none"> Land acquisitioning agreement signed by both parties to the contract. The lodgement of the transfer documents for registration in Deeds Office. 	Full purchase price of land and fees payable to conveyancer on lodgement and completion as applicable.	No ceiling: Average of 3 valuations
1.2	Social surveys & beneficiary registration, participation facilitation and project information flow	<ul style="list-style-type: none"> Compiling beneficiary list & gathering of textual data and record data on register. Facilitate community participation and ensure project information flow 	Fees where CDW's are not deployed	As agreed to between developer and service provider
1.3	Pre-planning	<ul style="list-style-type: none"> Geotechnical surveys, EIA scoping, township layout scoping on completion and acceptance of reports and interim project enrolment by NGBRC 	% of fees for professionals on achievement of mandates	Up to R446,66 per stand
1.4	Dispute resolution	<ul style="list-style-type: none"> Professional expertise appointment to resolve disputes, % of fees on progress basis and final on dispute settlement 	% of fees for professionals on achievement of mandate	Up to 400,00 per household
1.5	Interim engineering services	<ul style="list-style-type: none"> Provision of emergency/interim services: Communal water, communal sanitations emergency road access etc. 	Actual cost of interim services upon completion of each	Up to R1 500 per stand

1.6	Housing support services	<ul style="list-style-type: none"> Professionals and equipment for housing support, training store management etc. 	Fees for professionals and actual cost of equipment in terms of agreed mandate	Up to R500,00 per household
PHASE3: DETAILED PLANNING, LAND REHABILITATION AND PERMANENT SERVICES PROVISION				
	Milestones	Description of Milestone Activities	Nature of Payment	Actual amount per grant (incl. VAT)
1.7	Planning and Land Surveying	<ul style="list-style-type: none"> Finalisation and approval by Municipality of base plan, site investigations, contour survey, land survey (final EIA, and geotechnical details), layout planning, and approval. On submission of General plan for approval. On approval of general plan, pegging of stands and opening of township register as applicable. Project enrolment by NHBRC 	% of fees for town planning, land surveying, geotechnical and EIA services as interim payment. Final payments on completion approval of General plan and NHBRC enrolment	Up to R444,78 per stand
1.8	Engineering services design	<ul style="list-style-type: none"> On submission and municipal approval of final engineering services design, specification and procurement documentation. 	% of fees for engineering services design as interim payment. Final payment on completion of mandate.	Up to R466,54 per stand
1.9	Engineering site supervision fees	<ul style="list-style-type: none"> Linked to milestones on engineering services construction progression 	% of fees for site supervision	Up to R118,18 per stand
1.10	Engineering services construction	<ul style="list-style-type: none"> Completion and hand over certification of installed services by municipality as per services category 	% of payments based on progression with services installation and final on hand over certification.	Up to R9 618,37 Per stand
1.11	Project Management	<ul style="list-style-type: none"> Approved project implementation plan. Project management in accordance with approved project plan. 	% of fees as Interim payment based on value for money. Final payment on project completion.	Up to 8% of project value excl. land price, social facilitation and housing support

The envisaged expenditure and payment against milestones must be indicated in detail in the project application/final business plan and subsequent agreements. As and when specific agreed milestones are reached or completed, claims must be submitted to the

municipality, or provincial department of housing, as applicable, together with the necessary proof that the milestone has been reached. The municipality or Provincial Department of Housing as the case may be must scrutinise claims so submitted and approve or reject them within the time period as agreed with the service provider.

The municipality or Provincial Department of Housing, as applicable, must on approval of a claim, certify that all services, works and goods claimed for, have been received in good order and the work has been executed to its satisfaction.

Where the municipality implements the project, the claim, together with such proof required and the municipal certificate of approval must be submitted to the provincial government's department of housing for payment.

The department must satisfy itself that all requirements have been met and must effect payment within 30 days from receipt thereof.

The requirements for proof, as indicated in Table 7 below, must be required in respect of each payment relating to a project under the relevant phase.

Payments made for a specific milestone must not exceed the amount indicated in the project budget for such specific milestone and or product, work or service provided.

13.11.9.3 Documentary proof for payment

Progress Payment	Document required as proof for payment
Land	<ul style="list-style-type: none"> Land Purchase: <ul style="list-style-type: none"> Signed acquisition agreement. Proof of lodgement of registration. Proof of final registration.
Land Surveying	<ul style="list-style-type: none"> Copy of pre-planning studies, copy of contour plan, approved SG diagram, Municipal approved draft General Plan, SG approved General plan and pegging of stands as applicable. Proof of NHBRC preliminary enrolment approval
Town Planning	<ul style="list-style-type: none"> Proof of municipality approved layout plan, proof of submission of land development application, proof of environmental record of decision, letter of approved application, letter of approval of township registration, as applicable.
Preliminary engineering services	<ul style="list-style-type: none"> Proof of approval of completion of construction of services
Permanent engineering Services design	<ul style="list-style-type: none"> A certified copy of the approved engineering designs and specifications issued by the municipality, contract documentation.
Housing Support	<ul style="list-style-type: none"> Certification of satisfaction with mandate achievement by service provider and receipt of goods in good order
Mediation and Conflict Resolution	<ul style="list-style-type: none"> Monthly report and statements as per agreement, as the case may be.

Progress Payment	Document required as proof for payment
Social Surveys, Beneficiary Registration, community participation and project information flow	<ul style="list-style-type: none"> • Municipal approved survey report. • Municipal approved beneficiary registration database, list. • Certification of community participation through agreed structure
Municipal engineering services installation and site supervision	A copy of the approved municipal handover certificate in respect of the municipal engineering services. Monthly site supervision reports, final municipal completion and handover certificate as applicable and as build drawings. In the case of progress payments, municipal approved progress certificates.

13.11.9.4 Refunding

A situation may occur where expenditure is less than the budgeted amount. In such an event on project completion, the municipality will transfer such excess funds back to the Provincial Department of Housing.

If for whatever reason a situation occurs where an amount in excess of the amount to which a supplier of goods, works or services is entitled has been paid, the supplier will on demand refund the overpayment to the provincial government's Department of Housing. The Provincial Department of Housing may set off such overpayment against any later amount due to the municipality or service provider.

If for whatever reason the project is cancelled, funds not expended will be transferred back to the Provincial Department of Housing. This will exclude funds legitimately still due for payment, as determined by the provincial government's Department of Housing and the municipality.

13.11.10 A Framework for a strategy to manage the movement of households within project phases and the demolition of informal structures as and when households relocate to their formal housing

The management of the movement of households within a project, the influx of new households and the demolition of informal structures as and when households access their formal housing is a critical success factor for project execution.

The MEC in considering project applications will require a detailed strategy, as agreed to by the representatives of the community and the municipality, on how these aspects of the project will be managed. The following could be considered in the compilation of the required strategy:

Movement of households within settlements:

It is expected that due to the informal nature of informal settlements households may tend to vacate settlements and resettle to new locations, perhaps to follow new work opportunities, or as development initiatives become known, households from other settlements, areas and/or regions may move to the informal settlement under development. These actions will have a substantial affect on planning and project execution phases.

To ensure that this aspect of the project is managed it is suggested that the following steps be introduced:

Inhabitants of settlements identified for upgrading and where the agreement between the municipality and the community is to be concluded, must be informed of the destructive effects of the movement of families in and/or out of the settlements will have of project execution. Due to this the community should assume full responsibility for their development project and ensure that any such movements are detected and reported immediately to the developer. A sense of community policing should thus be instilled;

Any new comers to an surveyed and registered settlement must be recorded and dealt with in accordance with the recommendation of the community and municipal ward representative;

Households that leave the settlement must also be recorded to enable the adjustment of the household register and project planning;

All surveyed informal structures should be clearly marked with visible numbers to ensure that movements are detected when such occur;

Surveyed areas should preferable be mapped to indicate where registered households are located within a community this could be done via Satellite Imaging;

Households in a settlement should be clearly informed that the rights to development assistances they have acquired due to their presence within the target community are not transferable to any other settlement and that should they relocate to another area, they will have to abide by the development planning initiatives in respect of the new area

Demolition of informal structures

The developer must ensure that in respect of each formal housing opportunity it created and a household is allowed access, it must demolish the informal structure vacated by the beneficiary household. No access to permanent housing solutions should be awarded if the informal structure on the stand to be vacated has not been demolished.

In addition to the demolition of the informal structure, the developer must ensure that the land vacated by the beneficiary household must be protected against re-invasion/occupation. This should also be done on the basis of community policing principles, the strict enforcement of municipal by-laws and through close monitoring by means of constant site investigations and/or satellite imaging surveillance.

Any re-invasion of land must be promptly dealt with in accordance to the provision of the relevant legislation.

The strategy should demonstrate the processes that will be followed in securing the vacated land. In this regard it should include:

The methodology to be employed;

The personnel involved or private capacity that will be acquired; and

The systems that will be utilised.

ANNEXURE A

GUIDELINES FOR THE CONTENTS OF AN AGREEMENT BETWEEN THE MUNICIPALITY AND THE INHABITANTS OF AN INFORMAL SETTLEMENT TO BE UPGRADED

The following issues should be addressed in a contract that is designed to bind the parties to the agreement regarding the development of the informal settlement.

1. The description of the project relevant to the implementation of the agreement.
2. A description of the municipal ward within which the project is situated.
3. The purpose of the agreement.
4. A clear indication on how the membership of the parties to the agreement is structured, who is represented by each party, and in terms of what mandate. Provision may also be made for the co-option of members, for "non-voting" members, for observers and for the attendance by invitation of consultants.
5. The broad objectives of the agreement.
6. The responsibilities of each party to the agreement. This could include a list of functions to be performed in terms of the agreed development process, and should be specific so that all members know what is required of them. The following must be addressed as a minimum:
 - A clear indication of the nature of the project;
 - A clear indication of the requirement for resettlement if applicable and the details of the new location and number of persons earmarked for resettlement;
 - Details of the contracting strategy that will be employed for the project, eg. a turn key development strategy for each phase of project execution, the traditional planning design and specification and tender route etc.
 - How job creation will be furthered;
 - Details of the township layout, planning opted for and services standards as well as housing typologies, eg. higher density rental housing, individual ownership options etc.
 - The timeframe for the project;
 - The cost of consumable services during or in respect of the various phases of the project and the commitment to make payments;
 - The application of the Indigent Free Basic Services programme in respect of the project;
 - If illegal immigrants are present in the community, how such persons will be treated during and after the conclusion of the project;
7. The processes and proceedings of the agreement. This must include details of:
 - When, where and how often the parties will meet;
 - The description of the quorum for a constituted meeting;

- The process of appointment of a chairperson and secretary and their terms of office;
 - The responsibility regarding secretarial functions;
 - The manner in which decisions will be made; and
 - How conflicts will be resolved and what shall be done with the project should the agreement be terminated.
8. Signatures of members to indicate acceptance of the terms of contract. The date and place of signature should be included.