

The National Housing Code

FINANCIAL INTERVENTIONS

Accreditation of Municipalities

Enhanced Extended Discount Benefit Scheme

Individual Subsidies

Operational Capital Budget

Integrated Development Plans Part 1

Integrated Development Plans Part 2

Provision of Social and Economic Facilities

Rectification of Pre-1994 Residential Properties

Subsidy Quantum - Financial Intervention



human settlements

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Human Settlements
REPUBLIC OF SOUTH AFRICA

Volume 3

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ACRONYMS

Community Development Worker	CDW
Expanded Public Works Programme	EPWP
Integrated Development Plan	IDP
Member of Executive Council	MEC
Medium Term Expenditure Framework	MTEF
Municipal Infrastructure Grant	MIG
Provincial Department responsible for human settlement	PD
Value Added Tax	VAT
Central Business Districts	CBD

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Part A Programme for the Provision of Social and Economic Facilities

1 Overview

2 Policy Prescripts and Provisions



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PART A: PROGRAMME FOR THE PROVISION OF SOCIAL AND ECONOMIC FACILITIES

1 OVERVIEW

In view of the fact that since the inception of the Housing Subsidy Scheme in 1994, very little social and economic amenities have been developed in new townships/housing developments, the Comprehensive Plan for the Creation of Sustainable Human Settlements (September 2004) identified the need for a special intervention in this regard. The said Comprehensive Plan envisaged the introduction of a Programme to finance the provision of primary municipal community facilities by municipalities until such time as other dedicated funding for such facilities becomes available.

This Programme was therefore introduced as a funding mechanism for the provisioning of certain basic social and economic amenities or facilities.

The Programme has been instituted in terms of Section 3(4) (g) of the Housing Act, 1997 (Act 107 of 1997), ("The Housing Act") and is referred to as the National Housing Programme: Provision of Social and Economic Facilities.

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Part A Programme for the Provision of Social and Economic Facilities

1 Overview

2 Policy Prescripts and Provisions



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2 POLICY PRESCRIPTS AND PROVISIONS

2.1 POLICY INTENT

The main objective of the Programme is to facilitate the development of basic amenities which are normally funded by municipalities in cases where municipalities are unable to provide such facilities.

This Programme therefore promotes the provision of certain basic social/community amenities and economic facilities within existing and new housing areas as well as within informal settlement upgrading projects in order to achieve the following policy objectives:

- **Social development:** to facilitate the provision of social services through the development of primary, social amenities and community facilities such as parks, playgrounds, sports fields, crèches, community halls, taxi ranks, municipal clinics and informal trading facilities.
- **Economic development:** to facilitate the development of basic economic infrastructure such as transportation hubs, trading areas and/or informal markets.
- **Job creation:** The Programme supports job creation by promoting community based labour-intensive construction methodologies, which is an economic development strategy with its foundations in the Expanded Public Works Programme.
- **Social capital:** to encourage the development of social capital by supporting the active participation of communities in the design, implementation, management and evaluation of projects.

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 that will culminate in the delivery of selected social and economic facilities;
- **Funding under the Programme:** The Programme will only fund the development of the amenities in cases where municipalities are unable to provide such facilities within existing and/or short terms budget allocations;
- **A holistic approach:** The facilities that are developed through the Programme's funding mechanism must, as far as possible be provided 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 areas in need of social and economic facilities;

- **Implementing agents:** The Programme will be implemented by PDs. The role of the developer will be fulfilled by municipalities. However, where a municipality is unable to assume this role, the PD may act as developer;
- **Public to private partnerships:** The development of the social facilities should actively endeavour to encourage private sector involvement in the provision of social and economic facilities within the housing development context;
- **Suitable land:** The municipalities must identify suitable land taking into account the land use management schemes or zoning applicable in the said areas;
- **Location of facilities to follow principle of reinforcement:** The facilities provided must be located in dominant positions within settlements, taking into account open space public transport networks. Careful planning and placement of these facilities must strengthen its importance and significance thereby becoming focal points within the settlements;
- **Service standards:** 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;
- **Norms and standards:** Although this Programme is intended to be flexible so as to encourage local solutions, certain standards applicable to the facilities to be provided through the use of the funding from this Programme are set out in the guidelines for the implementation of projects for the provision of social and economic facilities;
- **Planned approach:** It is essential that when applications are made for financial assistance under the Programme the municipality must justify and substantiate the need for assistance to provide the required social and economic facilities;
- **Effective design:** Facilities to be funded through the Programme must be carefully designed so as to enable the cost efficient management and operation of the facilities;
- **Operational and maintenance costs:** Municipalities and/or other agencies contracted by the municipalities will be required to commit to staffing and maintaining the facilities, and will have the option of expanding and/or upgrading the basic facilities provided through the Programme with their own resources;

- **Financial viability:** It is important to establish the short and long term financial viability of a proposal for assistance to provide social and economic facilities. Not just the initial capital costs but also the future operational and maintenance costs of proposed facilities must be taken into account to determine the long term viability of a proposed project;
- **Community partnership:** The Programme is premised upon substantive and active community participation to ensure that facilities relevant to local needs and requirements are provided. Community participation should be undertaken through Ward committees with ongoing effort in promoting and ensuring the inclusion of key stakeholders and vulnerable groups in the process. The municipality must demonstrate effective interactive community participation;
- **Ownership of social amenities:** The ownership of all facilities developed through the Programme will reside with the municipalities who will also be responsible for the operation and maintenance costs of the facilities. Municipalities may, however, enter into agreements with outside organisations to manage and maintain the facilities on their behalf;
- **Project management:** The Programme will also fund project management requirements. However, municipalities should prepare a capacity building strategy to support the implementation of a project to ensure that internal capacity is built through the outsourcing process where applicable;
- **Procurement:** Procurement procedures must be fair, equitable and transparent for the acquisition of goods and services. The guidelines of the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000), must also be followed; and
- **Alignment with the Expanded Public Works Programme:** The provision of social and economic facilities and amenities will be subject to the Guidelines for the Implementation of Labour Intensive Infrastructure projects. Section 5, Part C of the General introduction: Specified National Housing Programmes of the National Housing Code, 2009 provides rules for application of the EPWP in the Housing Sector.

2.3 APPLICATION OF THE PROGRAMME

The Programme deals with the development of primary public, social and economic facilities (these are defined below) within existing and new housing areas as well as within informal settlements upgrading projects in cases where municipalities are unable to provide such facilities.

It is suggested that the range of appropriate social and economic facilities to be provided be determined in accordance with a needs assessment and a facilities audit of the area concerned.

2.3.1 DEFINITION OF PUBLIC SOCIAL OR COMMUNITY FACILITIES

Public social and economic facilities are defined as facilities that provide those basic amenities to communities which cannot be supplied directly to the individual dwelling unit and are thus supplied to communities in collective fashion within the public environment.

2.4 ELIGIBILITY

The Programme will provide assistance to all municipalities which do not have confirmed sufficient financial resources to provide such facilities.

Municipalities will therefore have to demonstrate that the proposed facilities for which funding are sought will meet the basic facility requirements of the recipient communities and that no other funding sources are available from which it could be financed.

2.5 FUNDING ARRANGEMENTS

2.5.1 FUNDING ALLOCATION BY THE MINISTER

Funding for the implementation of National Housing Programmes is allocated to provincial Governments by the Minister on an annual basis. Such funds are transferred to provinces in terms of the provisions of the prevailing Division of Revenue Act.

Project and/or specific Programme funding will be prioritised and reserved by provincial governments from their annual funding allocation.

2.5.2 PROJECT FUNDING

- **Planning coordination:** Within the context and process of its multi-year strategic plan compilation, the PDs will agree with municipalities in its area of jurisdiction and who qualify for funding through this Programme in terms of the eligibility requirements in paragraph 2.4 above, *inter alia* on the financing of specific social and economic facilities provisioning projects, per Medium Term Expenditure Framework (MTEF). Qualifying municipalities will therefore know which projects will receive funding per financial year and will undertake project planning accordingly;
- **Progress payments to municipalities:** Approved project funding may be released to the relevant municipality in a manner subject to such terms,

conditions and controls imposed by the MEC and as required by the provisions of the Public Finance Management Act, 1999 (Act 1 of 1999). Progress payments to municipalities shall be made against certification of the achievement of value for money as per agreed milestones. Such progress payments may include advanced payments to municipalities for each phase of an approved project; and

- **Progress payments by municipalities:** Municipalities must only initiate progress payments in terms of contractual agreements with the providers of goods and services on the basis of achievement of value for money.

2.5.3 GRANT FUNDING GUIDELINE AMOUNT

The actual cost of the project will be dictated by a variety of aspects such as location, township layout and local building pricing. However the MEC will have final approval over project funding.

- **What will be funded by the Programme?**

Undertaking of Needs assessment and Audit report (included as part of the funds provided for project management and project planning).
Detailed design of social facilities to be provided.
Project planning and project management.
<i>In-situ</i> engineering services and connection to internal networks, where required.
Construction of top structures.

- **Types of facilities to be funded**

Funding will be provided for the following facilities:

- Clinic or medical care facility;
- Community hall which should also, where required and appropriate, accommodate a crèche and municipal offices;
- Community park or playground with basic play equipment;
- Taxi rank which is to consist of a roofed structure, curbs and pavements to control traffic flow;

- Sports facilities – a level grassed area to accommodate a variety of different sports; and
- Small business/informal trading facilities; and
- Basic ablution facilities for the above facilities, if required. However, if the facilities above are to be provided in a multi-purpose facilities cluster arrangement, an ablution facility need not be provided for each separate facility as the ablution facility within the cluster would be sufficient.

Not all seven facilities have to be provided in all instances. A needs assessment of the community may indicate that only one or some of the seven facilities are needed. In such a situation only the funding for each facility required will be provided.

- **Value Added Tax**

In view of the fact that the benefits of this Programme will not constitute transfer payments to individuals, the funding provided will attract VAT. Project estimated costs must therefore provide for the addition of VAT.

- **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 specified per social or economic facility could be considered. The actual variation must be based on a professional assessment confirming the relevant conditions and must be costed in terms of minimum precautionary measures recommended by the professional.

- **Over payments**

If it is found that the approved grant amount, based on the estimates provided in the project application, exceeds the actual amount disbursed or to be disbursed in the implementation of a project, the balance/residual amount must be transferred to the account of the PD by the municipality.

- **Municipal counter-funding**

- A. Capital counter-funding**

The principle of public/private partnerships is to apply to the Programme and participating metropolitan and larger local municipalities, depending on their budgets as reflected in their IDPs may be required to fund up to 50% of the cost of the facilities to be provided. Municipalities are encouraged to increase their contributions where possible and such 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 municipality's IDP and in consultation with the Department of Cooperative Governance and Traditional Affairs. Municipalities will be entitled to use MIG to finance their counter-funding requirements under this Programme.

B. Maintenance and Operational Funding

Municipalities will be responsible for the operation and maintenance of all social and economic facilities created through this Programme. Funding for these activities must be provided for through the normal municipal budgeting process and, operational contributions will not be regarded as part of the capital contribution referred to above.

2.6 INSTITUTIONAL ARRANGEMENTS

The roles and functions of national, provincial and local government are based on the principles of cooperative governance and subsidiarity and the creation of partnerships between the different spheres of government. This implies that normally a role or function should be performed at the level most suitable for the circumstances.

The roles and functions attributed to the three spheres of government and others under this Programme are as follows:

2.6.1 RESPONSIBILITIES OF MUNICIPALITIES

It will be the responsibility of a municipality to consider whether the availability of and need for social and economic facilities in a community merits the submission of an application for assistance under the Programme, and if so the relevant municipality should:

- Initiate, plan and formulate applications for projects related to the provision of social and economic infrastructure, which in the case of municipalities that are not accredited, must be in collaboration with and, under the supervision of the PD;
- Request assistance from the PD on any of the matters concerned if the municipality lacks the capacity, resources or expertise;
- Submit the application to the relevant PD;

- Implement approved projects in accordance with agreements entered into with PDs;
- Assume ownership of the social and economic infrastructure provided;
- Manage, operate and maintain the social and economic infrastructure developed under the Programme;
- Ensure the availability of bulk and connector engineering services;
- Provide materials, assistance, and support where necessary to enable the projects related to the provision of social and economic infrastructure to proceed;
- Provide basic municipal engineering services such as water, sanitation, refuse removal services and other municipal services; and
- Where necessary the district municipality must provide inputs and assistance to a local municipality, and vice versa in appropriate circumstances.

2.6.2 RESPONSIBILITIES OF PROVINCIAL DEPARTMENTS

The PDs will be responsible for the funding and implementation of this Programme in partnership with municipalities. PDs must do everything in their power to assist municipalities to achieve their obligations under this Programme. The following are some responsibilities PDs should have to perform:

- Collaborate with and supervise municipalities in the initiation, planning and formulation of applications for projects under this Programme;
- Assume the development responsibility of the municipality in cases where the municipality is clearly not able to fulfil its obligations under the Programme;
- Forward applications to the MEC together with its comments and recommendations 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;
- MECs will have decision-making authority;

- 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 the duties and obligations provided for in section 7 of the Housing Act, 1997 if the municipality is unable to do so;
- 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 the municipality;
- Assist municipalities with the use and implementation of accelerated planning procedures; and
- Monitor the implementation of projects by a municipality.

2.6.3 RESPONSIBILITIES OF THE NATIONAL DEPARTMENT

The National Department must:

- Maintain the policy and Programme and assist with the interpretation thereof;
- Assist with project applications and evaluations and provide implementation assistance where required;
- Negotiate the allocation/reservation of funding for the Programme;
- Monitor Programme implementation.

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Part B Programme for the Provision of Social and Economic Facilities

- 1 Nature of the Guidelines**
- 2 Important Considerations
- 3 Suggestions on How to implement
Projects



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PART B: GUIDELINES FOR THE PROVISIONING OF SOCIAL AND ECONOMIC FACILITIES

1 NATURE OF GUIDELINES

This section provides suggestions on how to implement projects under the Programme, and therefore is non-prescriptive in nature. The MEC has discretion in the application of these Guidelines.

It is, however, important to note that the contents of the Guidelines are based on statutory provisions applicable to all spheres of government. The key legislation includes:

- The Constitution of the Republic of South Africa, 1996;
- The Public Finance Management Act, 1999 (Act No. 1 of 1999);
- The Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003); and
- The Housing Act, 1997 (Act No. 107 of 1997).

In considering the application of the Guidelines for the implementation of the Programme, consideration should be given to the implications of any deviations, measured against the provisions of the relevant legislative provisions.

The Constitution, 1996 obliges the three spheres of government to fulfil the obligations imposed by it, and to apply national and provincial legislation enacted in terms of the Constitution, 1996 (sections 85(2), 125(2) and 151 (3)). In the implementation of this Programme, all office bearers and officials must ensure compliance with this statutory framework.

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Part B Programme for the Provision of Social and Economic Facilities

- 1 Nature of the Guidelines
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2 IMPORTANT CONSIDERATIONS

2.1 PROGRAMME PLANNING REQUIREMENTS

Each PD annually develops and maintains a multi year housing development plan as part of the Strategic Planning Framework required by Treasury. Plans are compiled on the basis of the approved Housing Chapters of municipal IDPs and priorities agreed to between the MEC and the municipalities in the relevant province over the MTEF periods.

2.2 GENERAL GUIDELINES TO INITIATE FACILITIES

In general the identification of projects should be informed by the following:

- Preference should be given to projects situated in the Urban and Rural Development Nodes;
- Aligning the development initiatives with national priorities that are imposed from time to time;
- Facilities provided should benefit as many households as possible so as to improve the socio economic infrastructure available to housing developments; and
- The extent of the need for the requested combination of proposed facilities – as established through the facilities audit and needs analysis.

2.3 WHICH MUNICIPALITIES WILL QUALIFY TO RECEIVE FUNDING FOR THE PROVISIONING OF SOCIAL AND ECONOMIC FACILITIES?

The Programme will provide assistance to all municipalities which do not have sufficient financial resources to provide such facilities.

Municipalities will, however, have to demonstrate through the community profile and facilities audit that the proposed facility for which funding is sought will meet the basic facility requirements of the recipient communities.

2.4 PROVIDING FACILITIES IN PHASES

It is suggested that projects for the provision of social and economic facilities and amenities be undertaken in phases. Phase one entails a needs assessment of the community followed by a decision by the municipality on whether financial assistance will be required. If the municipality decides that funding will be required, the municipality should move into phase two which involves applying to the MEC for the in principle approval of, and funding reservation for, the project. The application

is made by submitting an interim business plan. Phase three is the final phase and begins with the application for final approval of the project by means of submission of a final business plan. Once a project has been finally approved by the MEC, the municipality will receive funding to implement the project, subject to the terms and conditions of this Programme and which the MEC may see fit to impose.

2.5 WHO WILL BE THE DEVELOPER?

- Municipalities act as developers;
- The projects are undertaken on the basis of a partnership of cooperative governance between the relevant municipality and the PD;
- In cases where a municipality lacks the capacity and expertise to undertake a project, the PD should assist and augment the abilities of the municipality; and
- In cases where a municipality is not able to take on the role as developer, the PD may decide to take over the developer role and execute the project on behalf of the municipality. In such cases there must be a structured agreement, which, amongst others, must address the matter of the municipality taking ownership and responsibility for the developed facilities.

2.6 FUNDING THE PROJECT

2.6.1 GENERAL MATTERS

- Funding will be secured by PDs from the annual allocation from the Integrated Housing and Human Settlement Redevelopment Grant by the Minister;
- Project funding will be based on the actual facility or facilities which are to be developed as determined by the needs assessments and facilities audit undertaken by the municipality. The parameters of such funding will be informed by The guideline amounts to be considered for each aspect of a project (which includes guideline amounts for the development and construction costs of each facility) which will be published by the National Department and provided to municipalities by annual circular;
- Once a project has been approved a grant will be made available to a municipality by a PD to undertake Phases 1 to 3;
- This Programme will provide for project planning and management fees up to an amount not exceeding 14% of the project cost. This amount should also incorporate the costs of the

undertaking of the needs assessment and audit report. This amount is to be based/calculated on the total actual cost of the project;

- Funding under this Programme is provided for the development of the basic facilities or amenities only. Municipalities will be responsible for the operation and maintenance costs of the facilities. Municipalities may, however, enter into agreements with outside organisations to manage and maintain the facilities on their behalf.
- In view of the fact that the benefits of this Programme will not constitute transfer payments to individuals, the funding provided will attract VAT. Project estimated costs must therefore provide for the addition of VAT.
- A variation for any extraordinary development condition of up to a maximum of 15% on the total grant amount specified per social or economic facility may be considered. The actual variation must be based on a professional assessment confirming the relevant conditions and must be costed in terms of minimum precautionary measures recommended by the professional.

2.6.2 WHICH FACILITIES MAY THE PROGRAMME FUND?

A. Basic ablution facility

A basic ablution facility refers to a 32m² structure. The said facility is to at least include two toilets for males and two for females. Both the male and female toilets are to be equipped with at least two hand washing facilities. It is also important to ensure that at least one toilet on both the male and female ablution facilities be constructed to also serve the needs of disabled people.

Should the facilities listed below be provided within a multipurpose facility cluster, careful attention should be paid towards the provision of the ablution facilities. Although all the facilities outlined above could be provided with separate basic ablution facilities, consideration should also be given towards the possible combination of the ablution facilities within one facility that could serve 2 or more of the above mentioned social and economic facilities.

B. Medical care facility

The purpose of facilitating the provision of municipal clinics is to ensure that the health of the residents are improved through obtaining access to preventative health care services and where necessary curative care.

The Programme will fund the construction of a 60m² municipal clinic structure.

Equipping these facilities with the necessary medical equipment and staff will however be a municipal function.

C. Community hall

Community halls are provided to serve as venues and focal points for a range of community activities which can include *inter alia* the following:

- Meetings of local organisations;
- Civic educational activities;
- Presentation of training courses;
- Celebrations;
- Recreational and cultural activities; and
- Temporary shelter for people in need during natural disasters, emergency situations and inclement weather.

It is thus important that community halls are designed and constructed to meet the space and facility requirements of several types of recreational activities. Where appropriate, a part of the community hall should be designated to serve as a day care centre/crèche for the children of working parents. In cases where the community hall does accommodate a crèche the Programme could fund the construction of a hall inclusive of a basic sanitation facility as set out above of approximately 520m². Should the community hall however not provide for a crèche then funding will only be provided for a 450m² facility. Such facilities may also provide accommodation for municipal staff providing essential services.

It should furthermore be noted that the funding provided through this Programme is for the construction of the basic structure only and any equipment and staff required is regarded as a municipal function and responsibility.

D. Community park/playground

A community park or playground is a multi –purpose, soft open or un-built space within a settlement with a vegetated or porous surface (which can also function as a stormwater retention facility) that offers opportunities to escape from intense concentrations of people and activity. Where possible and appropriate the park should form part of the network of open spaces within a town or city and should furthermore accommodate the greatest number of user groups and needs. The common needs of all users in relation to soft open spaces include:

- Physical requirements: water points, benches, waste bins and children’s play equipment;
- Shady and sunny places to sit and rest;
- Users need to feel safe from fast moving traffic and hidden places of refuge for criminals; and
- Present opportunities for active and passive engagement of people and spaces.

The funding is estimated to fund the establishment of a park of between 3 500 and 4 000 m² and is inclusive of costs for basic play facilities, benches, waste bins, a basic ablution facility, fencing and installation of an irrigation system. Budget constraints permitting, the playground/community park should be fenced so as to provide a secure environment for children to play.

E. Taxi rank

In view of the fact that taxis often present the only possible public transport option for many, the Programme will fund the provision of a set location (taxi rank) from which taxi services can be accessed. The facility should be located as near as possible to places of economic activity and other community facilities. The placement of the taxi rank should furthermore take into account current and anticipated future traffic patterns as well as linkages to other nodal transfer facilities.

The Programme will fund a taxi rank that will consist of a roofed structure to provide some shelter for commuters in adverse weather conditions, curbs and pavements to control traffic flow in relation to approximately 5 destinations/lanes, the picking up and setting down of passengers and an ablution facility should the taxi rank be developed separately from the other facilities also requiring ablution facilities.

F. Sport facilities

Sports facilities can also be considered as multi –purpose, soft open or un-built space within a settlement with a vegetated or porous surface (that can also function as a storm water retention facility) that offers opportunities for recreation. Where possible and appropriate sport fields should form part of the network of open spaces within a town or city and should furthermore accommodate the greatest number of user groups and needs. Such facilities should be located on level (minimised slope) low laying land adjacent to water courses and be incorporated into parkways. Every effort should also be made to locate these fields close to the existing or planned public transport facilities.

In view of the above, this Programme will fund the establishment/ construction of a standardised grassed field of (110m x 65m) which can be utilised for soccer, rugby and cricket. The funding guidelines to be published annually will, however, be based on the assumption that minimum groundwork (levelling, cutting and filling) will be required to create a level field. Should this ground work not be required, the maximum guideline amount for construction of the playing field should be reduced accordingly. Furthermore depending on the needs of the community as established in the needs assessment the Programme will also provide funding for a combi court that can be used for basketball, tennis, netball volleyball. A standard court size of (30m x 15m) will be provided. It should however be noted that fencing is not provided for and if needed the funding for this should be sourced from other sources. The facilities provided should furthermore be equipped with overlaying field markings so as to enable the space to be used for a number of different sporting activities. Funding for a basic ablution facility as set out above will also be available if required.

G. Small business facilities

Small business trading can be described as an economic activity undertaken by entrepreneurs who sell legal goods and services in a space deemed to be public property. This sector is credited with the creation of jobs and provides a source of income for the urban poor. Traders often require access to:

- Appropriate infrastructure and support services;
- Locations for trading that is easily accessible and highly visible and furthermore characterised by large flows of pedestrian traffic;

- Basic services like water, refuse removal, sanitation and electricity; and
- Safe and secure environment within which to conduct their business activities.

In view of the above, the Programme will fund the construction of approximately 10 to 12 hawker stalls with access to water and electricity on a pre-paid basis. These can typically be constructed in the form of a roofed structure with walls separating the trading units and equipped with garage doors providing a lock up facility as well as a basic ablution facility as set out above, should it be required.

Alternatively, the local authority concerned can prescribe uniform structures that can be dismantled. As indicated above access to ablution facilities will be provided either on a shared or individual basis depending on the development strategy pursued.

The ability of these trading structures to transform a multi – purpose facility into a hub for social and economic activity should be taken into account during the design of the facilities to be provided.

2.7 PLANNED OR NEEDS BASED PROVISION OF FACILITIES AND THE PURPOSEFUL DESIGN THEREOF

2.7.1 PLANNED OR NEEDS BASED PROVISION

It is essential that business plans submitted in terms of this Programme clearly justifies and substantiates the need for the social and economic facilities to be provided. Such an approach will ensure that the diverse needs of communities are met, potential for duplication of facilities are avoided, and chances of developing poorly located facilities are reduced. Following a planned approach to the provision of appropriate social and economic facilities thus entails:

- Completing a needs assessment and facilities audit within the recipient community - also taking into account facilities and amenities available in the surrounding areas. The information from these two sources can then be used to justify and substantiate the need for financial assistance to provide a particular combination of social and economic facilities.
- Providing evidence of how the proposed facilities link into the overall vision and the IDP of the local authority in question.

- Carrying out a feasibility study in terms of which the viability of the proposed facilities are evaluated in terms of inter alia location, capital costs, ongoing operational costs, possible future expansions, and ongoing operational strategies.
- Careful consideration of the impact that the provision of facilities will have on economic and social well being of the wider community;
- Ensuring compliance with municipal and other legal requirements;
- Appropriate location of facilities on suitable land located near public transport routes;
- Municipalities demonstrating that co-ordination and co-operation exists between the role players within the municipalities responsible for providing the various community facilities so that duplication is avoided and available resources are used optimally;
- Prioritising joint or multiple use approaches in both the provision and utilisation of community facilities and amenities, where practical and appropriate. The co-location or jointly provided facilities are thus to be encouraged as well as co-operation between local groups, agencies and even neighbouring municipalities to ensure optimal joint use of facilities to be provided; and
- The extension/upgrading of existing facilities should also be considered should any such facilities exist in recipient communities. In such cases any interventions funded through this Programme should be earmarked to achieve the maximum utilisation of existing facilities.

A. Facilities audit/inventory

The purpose of a facilities audit is to provide an overview of the community facilities and amenities owned and operated by municipalities within their area of jurisdiction. It can also be described as a study to investigate the supply of community facility land (earmarked for facility provision) and the actual provision and use of the community facilities. The audit will enable the municipalities to provide the public facilities in areas where they are lacking or insufficient within the framework of the norms and standards for such provision established by the municipalities themselves through their IDP's or by laws.

The existing public and private facilities within the particular neighbourhood and its surrounding area should thus be listed and described in terms of:

- type of facility;
- ownership;
- availability for use;
- location (indicated on a map);
- state of repair; and
- extent of current usage.

However the facilities audit should also both in the case of existing and newly planned developments take account of possible future facility development opportunities. This would essentially entail an assessment of undeveloped land within the specified area. The physical characteristics (e.g. soils, geology and hydrology) of any vacant land identified should be taken into account as it could impact on the cost of providing social facilities/amenities.

B. Needs assessment

It is important to realise that there is not one plan or standard for the provision of social and economic facilities or amenities that can be applied in each and every community. The provision of these facilities thus need to be adapted to suit locally expressed needs and interests. This can be facilitated by having a profile of the population for which the public facilities are intended. The said population to be consulted also refers to residents in the surrounding areas that will be making use of the facilities to be constructed. An area based approach to the provision, utilisation and management of public facilities should thus form the basis of the needs assessment.

The needs assessment in the case of informal settlement upgrading projects and existing as well as new housing developments could be linked to the survey and registration process of households. The needs assessment should thus provide information regarding:

- Size of population to be serviced by the facilities/amenities;
- Population density and distribution;
- Age and gender profiles;

- Cultural preferences;
- Income profile; and
- Community preferences and recreational patterns where appropriate.

It is, however, of the utmost importance that this aspect of a proposed project be undertaken in collaboration with the community. The community should be informed about the purpose for the survey and the possibility that it could lead to the provision of basic social and economic facilities or amenities within their community. It is expected that this activity will generally be undertaken by community development workers.

2.7.2 PURPOSEFUL DESIGN OF COMMUNITY FACILITIES

Facilities to be funded through this Programme should be carefully designed so as to enable the cost effective management and operation of the facilities. It is suggested that the design of the facilities are to be informed by:

- The purpose(s) or use(s) of the facilities;
- Needs of the disabled in gaining access to the facilities;
- Site details (physical characteristics);
- Planning constraints applicable to the site;
- Future requirements;
- Standard of the finishes;
- Cost limitations of the project;
- Practicality - good use is made of all available space, required staffing levels are minimised and management's needs are accommodated;
- Flexibility so as to allow for the multi-functional utilisation of space whilst still ensuring that there is potential for modifications to be made to accommodate changing community needs and potential future extensions and expansions;
- Consideration of the relationship that proposed facilities will have to the surrounding environment to facilitate the integration of the said facilities into the settlement or neighbourhood; and

- Energy efficiency and utilisation of materials with low maintenance costs.

2.8 MEMORANDUM OF UNDERSTANDING

Once a project has been approved and the PD has allocated the necessary funds, the municipality should enter into a written agreement with the PD.

Each agreement between a PD and a municipality should incorporate the approved business plan as an annexure, and should be signed on behalf of the PD by the Head of the Department and the Municipal Manager or other duly authorised representative. Details to be included in the Memorandum of Understanding are the following:

- 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 benefit from the project;
- Detailed description of the social and economic facilities to be provided;
- A detailed itemised breakdown of all amounts requested per facility;
- 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; and
- Detail of any other assistance to be provided.

Where appropriate, undertakings from the municipality 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 for the construction of the facilities and provision of basic municipal engineering services; and

- Operating and maintenance costs of the facilities provided.

2.9 MEASURING PROJECT PERFORMANCE

The following indicators should form part of an approved business plan and should be used to evaluate and regularly report on the impact of projects for the provision of social and economic facilities:

- Performance against the work plan and expenditure targets contained in the approved final business plan;
- Improvements in living conditions measured through:
 - Health indicators (by the decrease in the prevalence of preventable and curable diseases due to the primary health care provided by the newly established clinics, where these indicators have been recorded and are available);
 - Economic activity (increased number of business opportunities and number of temporary and permanent jobs created);
 - Social capital (particularly family stability and community cohesion); and
 - Decline in crime (crime statistics).
- The sustainability of upgrading projects should be measured through:
 - The willingness and ability of residents to pay for the use of the social and economic facilities as demonstrated by increased local government revenues;
 - The willingness and ability of government agencies to maintain and operate public infrastructure;
 - An indication of private sector investment in the facilities and in the wider community as well as the nature of such investment; and
 - A community satisfaction survey to determine the impact of the development on their lives.

2.10 NORMS AND STANDARDS

Although this Programme is intended to be flexible so as to encourage local solutions, certain standards applicable to the facilities to be provided through the use of the funding from this Programme are set out above.

Basic standard designs for the facilities listed above will be provided to fast track delivery by municipalities and PDs. These designs could also serve a basis for

amendments, should that be necessitated by the topography and/or layout plan of a settlement.

2.10.1 SERVICE STANDARDS

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. In the event of a dispute, a Council resolution must be obtained to resolve this issue. The installation and maintenance of connector engineering services must be undertaken in accordance with the principles of the EPWP to maximise job creation.

2.10.2 MULTI PURPOSE FACILITY CLUSTERS

The facilities provided by this Programme's funding mechanism should, where possible, be grouped together to form multi-purpose facility clusters within the recipient residential areas. The Programme intends to act as a catalyst for the establishment, over time, of nodes or centres which could function as central business districts (CBD's) where relevant and appropriate.

The Housing Code

Part B Programme for the Provision of Social and Economic Facilities

- 1 Nature of the Guidelines
- 2 Important Considerations
- 3 Suggestions on How to implement
Projects**



human settlements

Department:
Human Settlements
REPUBLIC OF SOUTH AFRICA

3 SUGGESTIONS ON HOW TO IMPLEMENT PROJECTS

3.1 PHASE 1: PRE-IMPLEMENTATION ASSESSMENT

Project applications should take the form of business plans to be submitted to the PDs. The provision of new and/or the adaptation of existing social and economic facilities and amenities need to satisfy local needs. At the outset, municipalities will be invited to apply for funding for the provision of social and economic facilities or amenities through the submission of interim business plans which could be informed by the facilities audit/inventory and the needs assessment.

3.1.1 EVALUATION OF CURRENT SYSTEMS

Based upon the information obtained through the facilities audit and needs assessment the municipality should come to a decision whether or not to abandon the proposal, to upgrade/expand or rehabilitate existing facilities or lastly to develop additional social and economic facilities/amenities with or without financial assistance from the Department.

The basis of the need for financial assistance for the provision of social and economic facilities is based upon:

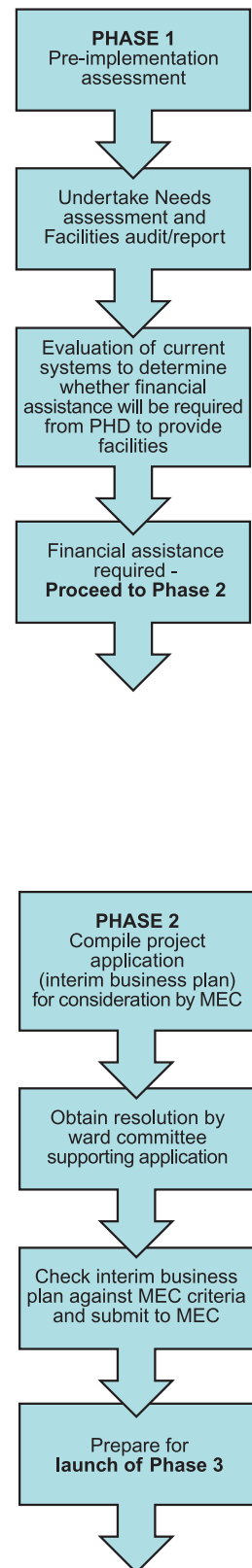
- Facilities audit/inventory;
- Community profile and/or needs assessment; and
- Municipal IDP and financial ability.

3.2 PHASE 2: APPLICATION FOR FINANCIAL ASSISTANCE

3.2.1 INTERIM BUSINESS PLAN

Should it be decided that financial assistance will be required it is advised that a suitable interim business plan addressing the following is prepared:

- Age and history of settlement;
- The type of social facilities to be provided based upon the facilities audit and needs assessment;



- Location of sites earmarked for development in terms of transportation nodes, existing employment and social facilities;
- Details regarding the ownership of the land considered to be suitable for the provision of the proposed facilities;
- The initial scoping of the geotechnical suitability (desk top surveys) of the land;
- Desk top environmental scoping should address the environmental suitability of the land for the purpose of developing the proposed social and economic facilities/amenities;
- Number of households the proposed facilities will serve;
- Relate the proposed social and economic facilities to local standards and policies of social facility provision;
- Demonstrate compliance with municipal and other legal requirements e.g. land use management requirements;
- Preliminary budget - which should include both the capital costs (including any own contributions) as well as an operating budget for up to three years. The said operating budget, which is regarded as the responsibility of the municipality in question, is to address operating fees and charges, any sponsorships secured and details of how any anticipated shortfalls will be funded; and
- Details of ongoing operational strategies for the social facilities that form part of project application.

3.2.2 CONSIDERATION BY THE MEC

The MEC should then consider these applications based upon the compliance of the project with the principles of the Programme as set out in section 2.2 as well as criteria for project evaluation as set out in section 3.8.

Upon the in principle approval of the project, which will result in the reservation of funding for the project, the compilation of a final business plan to be submitted to the MEC for approval, may commence.

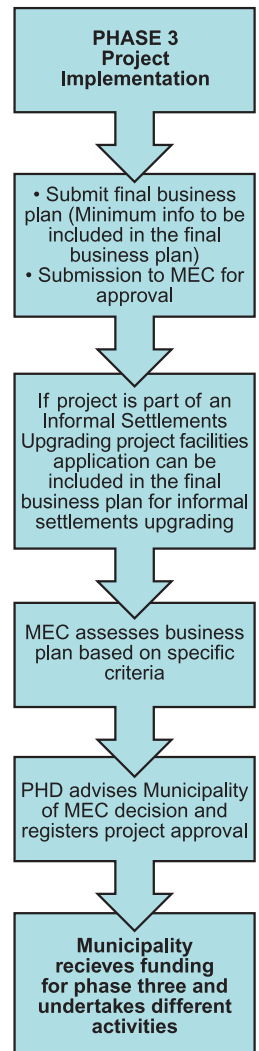
3.3 PHASE 3: PROJECT IMPLEMENTATION

The municipality should now submit a final business plan.

3.3.1 MINIMUM INFORMATION TO BE INCLUDED IN THE FINAL BUSINESS PLAN

It is advised that the final business plan contains the following information:

- The total number of households to benefit from the provision of the facilities;
- Map indicating the location of existing and proposed facilities within the settlement;
- Details of land ownership status - and where land is to be acquired, the details of negotiations with the land owner to date regarding the purchase and the purchase price required;
- Value of land to be acquired if applicable, supported by three independent valuations;
- A three year asset management plan for the facilities/amenities to be provided - indicating that both major and minor maintenance activities are scheduled and appropriately funded;
- Preliminary site plan for the facilities - which is to be informed by:
 - Planning constraints applicable to the site;
 - Site details (physical characteristics);
 - Areas of related use patterns should be located in relationship to each other by grouping compatible uses together and separating non compatible uses;
 - Adequate provision is made for parking;
 - Appropriate levels of lighting and surveillance is made possible through the placement of the facilities;
 - Future requirements for expansion;
 - Circulation and traffic flow between various facility areas should be deliberately planned to ensure safety and aesthetics;



- Safe access for pedestrians; and
- Incorporation of natural features as far as possible.
- Proposed preliminary design of the facilities which should, where suitable, be informed by:
 - The purpose(s) or use(s) of the facilities;
 - Taking locally determined design requirements and/or influences into account;
 - Alignment with the EPWP;
 - Needs of the disabled in gaining access to the facilities;
 - Site details (physical characteristics);
 - Planning constraints applicable to the site;
 - Future requirements for expansion;
 - Standard of the finishes;
 - Cost limitations of the project;
 - Practicality - good use is made of all available space, required staffing levels are minimised and management needs are accommodated;
 - Flexibility so as to allow for multi-purpose spaces, there is potential for modifications to be made to accommodate changing community needs and potential future extensions and expansions;
 - Consideration of the relationship that proposed facilities will have to the surrounding environment to facilitate the integration of the said facilities into settlement or neighbourhood;
 - Energy efficiency;
 - Utilisation of materials chosen for durability, availability, and associated with low maintenance costs; and
 - Revised workplan for the implementation of the project;
- Confirmation of municipal counter funding;

- Revised workplan linked to the funding release requirements for the implementation of the project;
- Revised budget for the project (addressing both capital and maintenance and operations costs for at least a three year period after completion of facilities/amenities; and
- Proposed monitoring and reporting framework for the project, which shall form the basis for monthly progress reporting to PDs.

Note that in the case of informal settlement upgrading projects the final business plan as set out above can with the specified additions be submitted as part of final business plan for the upgrading of informal settlements. Where applicable and appropriate business plans for the provision of socio and economic facilities could accompany housing project applications for new housing initiatives.

3.3.2 AFTER APPROVAL BY MEC, MUNICIPALITY RECEIVES FUNDING AND UNDERTAKES ACTIVITIES

The MEC should consider the final business plan and, upon approval, the municipality will receive funding to undertake the following activities:

- Detailed site plan; and
- Detailed design of social facilities to be provided.

3.4 CONSIDERATION OF BUSINESS PLANS BY THE MEC

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

- Policy intent and prescripts of the Programme;
- The availability of funding;
- Project business plan that contains the components outlined in section 3.8 – particular attention should be given to the section outlining and substantiating the need for social facilities/amenities;
- National priorities;
- Project applications forming part of informal settlement upgrading projects and existing and new housing developments in the Urban and Rural Development Nodes should receive preference in a prioritisation process;

- Availability and quantum of the counter-funding contributed by the municipality from its own resources including e.g. the MIG grant;
- Capacity of the municipality to undertake and implement the project successfully;
- IDP alignment: The extent to which the provision of social and economic facilities is prioritised in the IDP;
- Extent to which it can be demonstrated that the Programme will be establishing a platform for the future delivery of secondary and tertiary social services such as schools, hospitals and police stations;
- Demonstrate that the annual operating budget is indeed affordable to the municipality and that budgets have been re-aligned to ensure that sufficient funding is available for the operations and maintenance of the proposed facilities;
- Inclusion of public to public and public to private partnerships in the funding, future operation or possible expansion of the social and economic infrastructure or amenities;
- Degree to which the management approach of the facilities or amenities will foster community development and establish links to the broader community; and
- Level of community support or buy in secured so as to foster community ownership of the facilities constructed.

3.5 APPROVAL OF APPLICATION

Upon receipt of the decision by the MEC, the PD should immediately notify the municipality whether an application has been approved, approved with conditions, partially approved or declined. Should the application be approved, the PD should then register the approval of the project.

3.6 AGREEMENT BETWEEN PROVINCIAL DEPARTMENT AND THE MUNICIPALITY

Each agreement between a PD and a municipality should incorporate the approved final business plan as an Annexure. The agreement should be signed on behalf of the PD by the Head of the Department and the Municipal Manager or other duly authorised representative.

The agreement should at least contain the following:

- A clear description of the approved project and approval registration number;
- Conditions imposed by the MEC when approving the project;

- 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;
- Procurement requirements;
- Details of community participation plan and confirmation of the commitment to implement the agreement reached with the community;
- Total number of persons/households to be assisted under the project;
- Detailed description of the social and economic facilities to be provided;
- A detailed itemised breakdown of all amounts requested per facility;
- 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, fees to be paid;
- Detail of any other assistance to be provided;
- Any other matters deemed reasonable and necessary to ensure meeting project objectives.
- The processes to manage the implementation 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;
 - How conflicts will be resolved and procedures to be followed should the agreement be terminated; and
 - Signatures of members to indicate acceptance of the terms of contract. The date and place of signature should be included.

Where appropriate, undertakings from the municipality 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 for the construction of the facilities and provision of basic municipal engineering services; and
- Operating and maintenance costs of the facilities provided.

3.7 PROGRESS PAYMENTS

A. Advance payments to municipalities

To prevent adverse cash flow constraints at municipal level, the MEC may consider administering advance payments as per agreed project phases. The submission and payment of subsequent claims for further advance payments, or for actual work done should be subject to the receipt and approval of proof of work done in terms of any prior advance payment made, and/or the achievement of the full compliment of work required per relevant phase.

B. Payment for providers of social and economic facility goods and services

The PD will manage the approved project budget and expenditure of funds must be for the purposes approved and subject to the conditions imposed by the MEC.

The principle of the achievement of value for money must be upheld when payments are considered for housing goods and services.

Where the municipality implements the project, the municipality must validate, approve and submit claims received or prepared by itself to the PD for final approval and the transfer and/or payment of the amount so claimed.

Where the PD implements the project, it must validate and approve claims received and effect payment thereof.

The circumstances and nature of the project as described in the application and project agreement will determine and identify the cash flow requirements of the specific project.

C. Refunding

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

funds back to the PD. A revised final project cost should be submitted to the MEC for approval.

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 PD. The PD may set off such overpayment against any outstanding 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 PD. This will exclude funds legitimately still due for payment, as determined by the PD and the municipality

3.8 PAYMENT MILESTONES

PAYMENT MILESTONES					
Milestones		Description of milestone activities	Nature of payment	Actual cumulative amount	Document required as proof for payment
1.	Land acquisition – existing settlements	<p>Land acquisition agreement signed by both parties to the contract.</p> <p>The lodging of the transfer documents for registration in Deeds Office.</p>	Full purchase price of land and fees payable to conveyancer on lodgement and completion as applicable.	No ceiling – average of 3 valuations.	<p>Land purchase to be paid by the local authority.</p> <p>Signed acquisition agreement.</p> <p>Proof of lodgement of registration.</p> <p>Proof of final registration.</p>
2.	Needs assessment and facilities audit	<p>In case of informal settlement projects the needs assessment to form part of beneficiary registration process. In cases of new and existing housing developments the information specified in section 6.1.1 are to be provided.</p> <p>Indicate the existing public and private facilities within the particular neighbourhood and its surroundings in terms of section 6.1.1.</p>	Fees where CDW's are not deployed at R100 per household.	Forms part of point 3 as set out below.	<p>Municipal approved needs analysis report.</p> <p>Municipal approved facilities audit report.</p>
3.	Project planning and project management	<p>Compilation of interim business plan.</p> <p>Approval of final business plan.</p> <p>Approved project management implementation plan.</p> <p>Project management in accordance with approved project plan.</p>	% of fees as interim payment based on value for money.	Up to 14% of project value excluding land price.	<p>Approved site layout plan.</p> <p>Approved design of social and economic facilities to be provided.</p> <p>Approved project implementation plan.</p>

PAYMENT MILESTONES					
	Milestones	Description of milestone activities	Nature of payment	Actual cumulative amount	Document required as proof for payment
4.	Engineering connector services installation	Completion and hand over certification of installed services by municipality.	% of payments based on progression with services installation and final hand over certification.	Up to 25% of project value excluding land price.	A certified copy of the approved engineering designs and specifications issued by the municipality.
5.	Construction of top structures	<p>Foundations, foundation plinths and surfaced approved by qualified person/municipality.</p> <p>Building of top structures to wall plate level approved by qualified person/municipality.</p> <p>Completion of top structure approved by qualified person/municipality.</p>	<p>Cost of construction of social and economic facilities.</p> <p>Cost of all the labour and materials.</p> <p>Cost of all labour and materials.</p>	Up to 100% of project value excluding land price.	

