

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

Department:
Human Settlements
REPUBLIC OF SOUTH AFRICA

Volume 3

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ACRONYMS

Integrated Development Plan	IDP
Member of Executive Council	MEC
Medium Term Expenditure Framework	MTEF
Municipal Infrastructure Grant	MIG
National Department of Human Settlements	ND
Provincial Department responsible for human settlement	PD
Value Added Tax	VAT

National Housing Programme for Housing Chapters of Integrated Development Plans

1 Overview

2 Policy Intent



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1 OVERVIEW

The Comprehensive Plan for the Development of Sustainable Human Settlements recognises that the supply of state-assisted housing must respond to the housing demand, and that this relationship is best packaged at a local level. Municipalities are accordingly required to take the lead role in negotiating the location of housing supply to facilitate spatial restructuring, facilitate a match between supply of different state-assisted housing typologies and build linkages between housing delivery, spatial planning and transportation systems.

In terms of Section 25 and 26 of the Municipal Systems Act 2000 (Act No. 32 of 2000), all municipalities are required to compile Integrated Development Plans (IDPs). These plans are single, all inclusive, strategic plans. IDPs are critical components of South Africa's developmental local government system where development priorities, resources and institutional arrangements and governance processes are negotiated and implemented amongst various actors.

The Housing Act, 1997 (Act No. 107 of 1997) ("the Housing Act") states in Section 9(1)(f) 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 initiate, plan, coordinate, facilitate, promote and enable appropriate housing development in its area of jurisdiction". Importantly, this planning should include a local housing strategy and delivery targets.

The Programme for the compilation of Housing Chapters of Integrated Development Plans has been developed; and establishes the provision of grants to a municipality to enable it to compile a Housing Chapter as part of its integrated development planning process. The Programme, and grant funding provided when needed, will enable the municipality to compile strategic, realistic Housing Chapters that are linked to Provincial Housing Sector Plans.

National Housing Programme for Housing Chapters of Integrated Development Plans

1 Overview

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2 POLICY INTENT

2.1 OBJECTIVES OF THE PROGRAMME

The Programme provides guidelines for the inclusion of housing planning in IDP processes and suggests an approach to the formulation of Housing Chapters in IDPs. Objectives are as follows:

- To support housing planning as a component/chapter of the IDP;
- To define the scope of the housing planning component of the IDP in relation to the Housing Act and housing policies;
- To outline and unpack clear roles and responsibilities of relevant stakeholders critical to achieving integration of housing planning with integrated development planning;
- To guide vertical and horizontal sector alignment;
- To provide an institutional structure to give effect to demand-defined and supply negotiated approach to housing provision;
- To introduce systems and procedures to support and reward strategic and operational planning by enforcing plan-led budgeting and implementation;
- To inform multi-year housing development plans of the provincial sphere as the basis for vertical alignment;
- To ensure that the housing planning activities which occur as part of the IDP are able to draw on existing housing related documentation and data resources;
- To ensure that the housing planning activities which occur as part of the IDP reflect community level concerns about housing demand;
- To ensure that the definition of housing demand as part of the IDP balances technical inputs with community-based inputs;
- To ensure the definition of housing demand is comprehensive and inform IDP objectives, strategies and project formulation and enable the specification of a municipal-wide picture of housing demand in the context of sustainable human settlements;
- To achieve agreement at municipal level about whether housing is a priority issue for the IDP or not and if so, to specify which aspects of the housing demand are to be prioritised for the IDP to also contribute towards overall strategic objectives of the municipalities; and

- To provide the rules for delivery and clarify the significance of planning in relation to delivery.

2.2 PRINCIPLES OF THE PROGRAMME

The Programme gives guidance on formulating Housing Chapters of IDP. This is directly related to local housing policy formulation and the housing development goals as set out the Housing Act as well as Government's National Housing Programmes must therefore be adhered to during implementation of this Programme. This Programme is also designed as a mechanism to achieve the following housing development goals and policies:

- It contributes to the overall spatial development & integration objectives of the municipality by providing spatial guidance to housing investment by the Government; and
- It contributes towards the development of sustainable human settlements by providing for an IDP integration phase to ensure inter-sectoral agreement on integrated programmes.

2.2.1 GENERAL PRINCIPLES

The following general principles should apply to the Programme:

Grants to municipalities: Grants under the Programme will be made available to municipalities for the compilation Housing Chapters of IDPs.

Adoption of IDPs: Each municipal council must, within a prescribed period after the start of its elected term, adopt a single, inclusive and strategic plan for the development of the municipality which links, integrates and coordinates plans and takes into account proposals for the development of the municipality. Housing planning should be included in this process.

Capacity building: Capacity building and support for the Programme will be provided on the provincial basis. Provinces, in consultation with municipalities may choose from a number of options for implementation of the Programme. Capacity building would be done through a "learning while doing" approach. Where outside capacity is appointed, terms of reference for outsourcing should be compiled in a way that would ensure the transfer of skills and building of local capacity.

Municipal planning in co-operative government: The planning undertaken by a municipality must be aligned with and complement the development plans and strategies of other affected municipalities and other organs of the state so as to give effect to the principle of cooperative government contained in Section 41 of

the Constitution 1996 (Act 108 of 1996). This Programme is premised on the provisions of the Intergovernmental Relations Framework Act, 2005 (Act No. 13 of 2005), that provides for the establishment of co-operative governance structures and systems, as well as alignment mechanisms.

Policy uniformity: Consensus around housing development policies among the three spheres of government should be strived for by applying the principles of cooperative government in a balanced fashion.

Community involvement: As part of the compilation of the municipal IDP, mechanisms, processes and procedures established in terms of Chapter 4 of the Municipal Systems Act, 2000, should be complied with to ensure that community needs and priorities are reflected. Additional community involvement would not be required for housing planning.

Procurement: Procurement procedures must be fair, equitable and transparent for the acquisition of external strategic housing planning capacity and the guidelines of the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000), must be followed. All service providers would also be required to undergo a briefing on project and skills transfer requirements.

2.2.2 PRINCIPLES WHICH FORM THE BASIS OF THE PROGRAMME

Underlying the approach to housing planning as part of integrated development planning are a set of key principles. These are indicated and elaborated upon below.

Sustainable settlement development and asset creation: Building human settlements goes beyond the production of houses and should ensure the integrated delivery of a wide range of social and economic amenities and infrastructure that ensure a supportive context for sustainable livelihoods and a strong civil society.

Restructuring of the institutional architecture for housing: Housing demands need to be addressed by coordinated and integrated planning, funding and capacity building efforts at different spheres and sectors of government.

Transformation of the intergovernmental planning and fiscal system: Housing policy instruments and their implementation agencies need to be aligned to ensure better flow of funds and more effective achievement of desired outcomes. To this end, housing planning as part of IDPs will form the basis for multi-year provincial housing plans.

2.3 APPLICATION OF THE PROGRAMME

2.3.1 DEFINITIONS

Some key concepts and terms applicable to the Programme are defined below.

Term/concept	Definition
Integrated Development Plan (IDP)	An IDP is a single, inclusive strategic plan for the development of a municipality that links, integrates and coordinates plans and take into account proposals for the development of the municipality, aligns resources and capacity of the municipality with the implementation of the plan, complies with the requirements of the Municipal Systems Act 2000, and is compatible with national and provincial development plans and planning requirements binding on the municipality in terms of legislation.
Phases of the IDP	Key events form the main phases of a project. The IDP process contains five main phases, namely an Analysis phase to determine the current situation, a Strategy phase to determine the vision and objectives of the municipality, a Project phase during which projects are formulated, an Integration phase where integrated Programmes are formulated and an approval phase during which a Municipal Council adopts the plan.
Key IDP structures of municipalities	<ol style="list-style-type: none"> 1. An IDP Steering Committee, comprising the Municipal Manager, key political stakeholders and municipal heads of Departments that acts as a technical working team making strategic recommendations to the IDP Representative Forum and the Council; 2. An IDP Representative Forum, comprising civil society, political stakeholders, officials, service providers and provincial and national departments; 3. Strategy/Project task teams, comprising delegated role-players from the IDP Representative Forum that reports back to the Forum on matters delegated to task teams.

2.3.2 APPLICATION

The Programme will be applicable to all provinces Local, District and Metropolitan municipalities.

The first step for implementation of the programme involves the identification of a person or team of people who will champion the issues in the IDP. PDs, in consultation with municipalities must decide who will fulfil this role. Aspects to consider will include human resources, dynamics of housing demand in the area and trends in Housing, but more specifically:

- Existing municipal housing capacity (where it exists);
- Existing IDP capacity;
- Provincial support through training of existing provincial capacity;

- Provincial support through creating new positions;
- District municipality support to its local municipalities;
- Funding and support to access outside capacity (consultants); and
- Creation of in-house municipal housing-related strategic planning capacity.

The trends in housing demand are related to migration trends, which are classified into four broad scenarios.

Scenario	Description	Implications for the Housing Voice
In-migration	Areas experiencing population in-migration and urban growth.	In-house municipal housing-related strategic planning capacity is recommended to ensure that housing supply meets the growing housing demand appropriately.
Out-migration	Areas experiencing population out-migration and subsequent population decline.	Interventions required ensuring that housing stock left behind by out-migrating population may be appropriated to deal with existing backlogs and short term needs. Provincial support (direct, or through the use of consultants) is considered to be the most appropriate option.
Temporary migration	Areas experiencing a temporary population influx due to short- to medium term opportunities.	Dedicated housing capacity required for a limited period of time. An appropriate option for the Housing Voice is considered as a temporary housing unit, or a dedicated, fixed term consultant. District municipalities could also be required to play a significant role in this scenario, potentially taking the role of the Housing Voice.
Backlog	Areas experiencing stable/neutral urbanisation (where in-migration is comparable with out-migration), but a historical housing backlog needs to be dealt with.	Housing capacity is required to address the housing backlog. The most appropriate option for the Housing Voice in these areas is considered to be outside capacity until the backlog has been eradicated (based on a clear strategy with fixed timeframes). It is envisaged that the district municipalities play a significant role in the compilation of backlog eradication strategies of its local municipalities. As soon as the housing backlog has been eradicated, it is assumed that the necessary housing issues could be dealt with by the IDP capacity with limited support from PDs.

District municipalities and PDs should assist local municipalities to become aware of the urbanisation and migration trends applicable to them.

2.3.3 LINKAGE WITH THE PROVINCIAL PLANNING PROCESSES

In terms of section 7(2)(g) of the Housing Act “Every provincial government must prepare and maintain a multi-year plan in respect of the execution in the province of every national housing programme and every provincial housing programme”.

The provisions of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA), and the regulations published by Treasury require provinces to compile and submit five year strategic plans, annual plans (MTEF) and to report quarterly on project progress in respect of the current financial year.

It should be noted that, for the purposes of housing development planning, the Multi-year Housing Development Plan and Annual Performance Plan are now subsumed into a single document its purpose being to provide for a single and coordinated planning process addressing the housing needs and programme implementation strategies over the required planning periods, and thereby improving investment predictability over the MTEF period.

It commences at municipal level, where IDP agreed priorities form the basis for provincial strategic plans and such provincial plans will inform the national plan. It is therefore important that quality IDPs are established with clear Housing Chapters.

2.4 WHICH MUNICIPALITIES WILL BE ASSISTED?

The Programme will provide assistance to all municipalities which do not have sufficient financial and/or human resources for the undertaking of Housing Chapters of IDPs.

Funding will be made available under this Programme to access external capacity where dedicated in-house capacity does not exist. Where dedicated housing planning/IDP capacity already exists that have the ability to perform strategic housing planning functions, funding for this purpose will not be provided.

Municipalities will, however, have to apply for such funding and the amount of funding to be released for compilation of Housing Chapters of IDPs depends on the type of support required.

2.5 FUNDING ARRANGEMENTS

2.5.1 FUNDING ALLOCATION

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

The MEC may require the applicant to submit a draft Housing Chapter of the IDP for approval for funding accountability purposes.

2.5.2 IDP HOUSING CHAPTER FUNDING

- Planning Coordination: The PDs will agree with municipalities in its area of jurisdiction, *inter alia* on the funding for the compilation and/or review of a Housing Chapter in the IDP;
- Progress payments to municipalities: 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 the Housing Chapter compilation or review process; and
- Progress payments by municipalities: Municipalities must only initiate progress payments in terms of contractual agreements with the service providers against the actual achievement of value for money and the certification thereof.

2.5.3 FUNDING INDICATORS

Funding for this Programme will be provided according to the following guidelines:

- Provinces and municipalities should jointly determine the level and nature of support required;
- The Programme should be implemented progressively, i.e. there should be a progressive improvement in the quality of the Housing Chapters. Capacity building is essential to achieve this. In the first year of implementation, hands-on support linked to capacity building should therefore be considered;
- Municipalities may apply for funding on an annual basis since the type and level of support required will change as capacity increases and the development of Housing Chapters for IDPs is improved;
- The Director-General of the National Department may annually announce the funding guideline amounts for the Programme;
- PDs may, depending on the size of the municipality, Housing Scenario prevailing in the area and the level of support required amend funding guidelines.
- The guideline amount does not make provision for training of individual PDs or municipalities to implement this Programme. Notwithstanding the above, PDs and municipalities are encouraged to augment funding to improve capacity.

- Owing to the fact that the benefits available under the Programme do not constitute transfer payments to beneficiaries, the funding expended will attract VAT.

Summarised support envisaged for different options of the Housing Voice are provided in the table below:

Housing Voice options	Support envisaged	Conditions
Existing municipal housing capacity	Limited financial support Technical support from PDs and National Department. Funding for limited hands-on support from consultants where required (subject to motivation) from Provincial DORA allocation.	Motivation of the level of support required from consultants. Hands-on support to be provided by consultants briefed about this Programme or otherwise approved by PDs.
Existing IDP capacity	Limited financial support Technical support from PDs and ND with specific focus on housing instruments. Funding for limited hands-on support from consultants where required (subject to motivation) from Provincial DORA allocation.	Motivation of the level of support required from consultants. Hands-on support to be provided by consultants briefed about this Programme or otherwise approved by PDs.
Provincial support - training of existing provincial capacity	No financial support Technical support from ND.	N/a
Provincial support - creating new positions	No financial support Technical support from ND.	N/a
District municipality support to its local municipalities	Limited financial support Technical support from ND and PDs. Appropriate other support, depending on whether District Municipalities require outside capacity or have existing housing/IDP capacity to perform housing planning functions.	Refer to applicable support (i.e. existing capacity or outside capacity).

Housing Voice options	Support envisaged	Conditions
Funding and support to access outside capacity	<p>Comprehensive financial support Financial assistance to municipalities based on the guidelines provided, that support may be provided for all or some of the phases of the IDP process. District municipalities are encouraged to play a leading role in obtaining funding support and managing outside capacity for housing planning in their local municipal areas and alignment with the strategies of the district.</p>	Submission of business plans to request funding. Provincial inputs into the Terms of Reference of consultants to ensure that the necessary skills transfer are provided for where required.
Creation of in-house municipal housing related strategic planning capacity	<p>Comprehensive financial support Financial support to consultants to assist in-house capacity for the first 2 years, based on the guidelines provided where required. Technical support from ND and PDs where appropriate.</p>	Submission of business plans to request funding; Provincial inputs into the terms of reference of consultants to ensure that the necessary skills transfer are provided for where required.

PDs are required to apply discretion with the financial support to be provided under this Programme. Provinces should take note that the Programme relies on IDP processes that municipalities are required to undertake.

2.6 INSTITUTIONAL ARRANGEMENTS

The roles and functions of national, provincial and local government are based on the principles of co-operative governance and subsidiarity and the creation of partnerships between the different spheres of government. This implies that 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

Under this Programme, municipalities are responsible for:

- Involving and informing appropriate housing sector parties in IDP processes;
- Compiling a Housing Chapter in the IDP that reflects housing concerns and priorities; and

- Providing IDP priorities to the PD for incorporation into multi-year provincial housing plans.

2.6.2 RESPONSIBILITIES OF PROVINCIAL GOVERNMENT

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

Key roles of PDs include:

- Participation in IDP process;
- Representing the PD in IDP process;
- Providing information to the IDP;
- Ensuring that Housing Chapter is brought into the provincial housing budget and PD processes;
- Monitoring quality of Housing Chapters;
- Providing funding to capacitate qualifying municipalities;
- Monitoring implementation of Housing Chapters; and
- Incorporating Housing Chapters of IDPs into MTEF annual operational plans, three year operational plans, strategic housing plans and Provincial Growth and Development Strategies.

The PD must also:

- Generally do everything in its power to assist municipalities to meet their obligations under this Programme;
- Assume the responsibility of the municipality/Housing Voice in cases where a 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;
- Assist with the evaluation of applications by the MEC; and
- Reserve, prioritise 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.

2.6.3 RESPONSIBILITIES OF THE NATIONAL DEPARTMENT

The ND will:

- Provide training and capacity building in collaboration with the PDs;
- Provide information support to PDs and municipalities;
- Maintain the Policy and Programme and assist with interpretation thereof; and
- Monitor the implementation of the Programme.

2.7 MEMORANDUM OF UNDERSTANDING

Once a municipality has agreed on priority issues and priority housing projects have been identified in the IDP, the Mayor of the municipality needs to enter into an agreement with the Provincial MEC to secure funding for the projects from the various applicable housing programmes.

Each individual project 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:

- Conditions imposed by the MEC when approving the project;
- Requirements of the procurement regime applicable;
- The type of assistance that will be provided in terms of financial and capacity support requirements, and 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;
- The agreed professional services to be procured, detail on the work to be done, and fees to be paid;
- Detail on any other agreed services to be provided and or procured; and
- Any other matters deemed reasonable and necessary to ensure meeting project objectives.

The new planning dispensation requires PDs to rely on IDPs only when allocating funding. Projects that are not indicated in the municipal IDPs will therefore in future not be funded from the National Housing Programmes.

2.8 MEASURING PROJECT PERFORMANCE

The performance indicators are to form part of an approved business plan and be used to evaluate and regularly report on the Performance against the work plan and expenditure targets contained in the business plan and quality of the Housing Chapters formulated.

The key performance indicator for this Programme is the number of quality Housing Chapters formulated. Quality is measured by the extent to which PDs can rely on the IDPs as basis for multi-year provincial plans, and the creation of sustainable human settlements. Process and product indicators are applicable.

Process indicators include:

- Consistent participation of provincial officials in housing planning as part of the IDP;
- Whether the terms of the IDP inform the allocation/spread of the subsidies determined by the PD or the accredited municipality;
- Participating provincial officials provide relevant and strategic information to the municipal housing planning process as part of the IDP;
- Identification and resourcing of an appropriate Housing Voice ; and
- Increased communication between housing sector role-players and the Housing Voice.

Product indicators should measure the extent to which housing is used as leverage for the creation of sustainable human settlements and encouraging public investment by other government departments. Measurable objectives include:

- Evaluation of performance of a housing project in the Housing Chapter of the IDP against the performance indicators of the specific National Housing Programme.
- Number and percentage of housing projects in the Housing Chapter of the IDP that forms part of integrated programmes, but also draws investment support from other departments (i.e. Health and Basic Education); and
- Number and percentage of housing projects in the Housing Chapter of the IDP that provides for social and economic support facilities funded from the National Housing Programme for the Provision of Social and Economic Facilities.