



# **CATALYTIC PROJECTS**

## **Developers & Contractors Workshop**

**3 September 2015**

# Outline of Presentation

- Catalytic projects definition
- Contribution to MTSF targets
- Assessment process
- Recommended projects
- Delivery arrangements
- Benefits / Incentives for Catalytic projects
- Regionalization – A New One-Stop-Shop Approach
- Funding arrangements
- Way forward

# Catalytic Projects Mandate

## A Commitment by the Minister of Human Settlements

*On 15 July 2014, the Minister of Human Settlements announced her 100 Days Program (15 July 2014 to 13 October 2014), which included a commitment by the Department of Human Settlements to “identify and implement 50 national priority catalytic projects using different tenure options to deliver mega, high impact integrated and sustainable human settlements that clearly demonstrate spatial, social and economic integration”.*

*The identification and implementation of these projects will align to the Human Settlements Master Spatial Plan and will form part of the outcomes of the MTSF in terms of ensuring Adequate Housing and Improved Quality Living Environments, and will be implemented during the five-year MTSF period (targeting the implementation of 10 projects per year).*

# Catalytic Projects: Definition

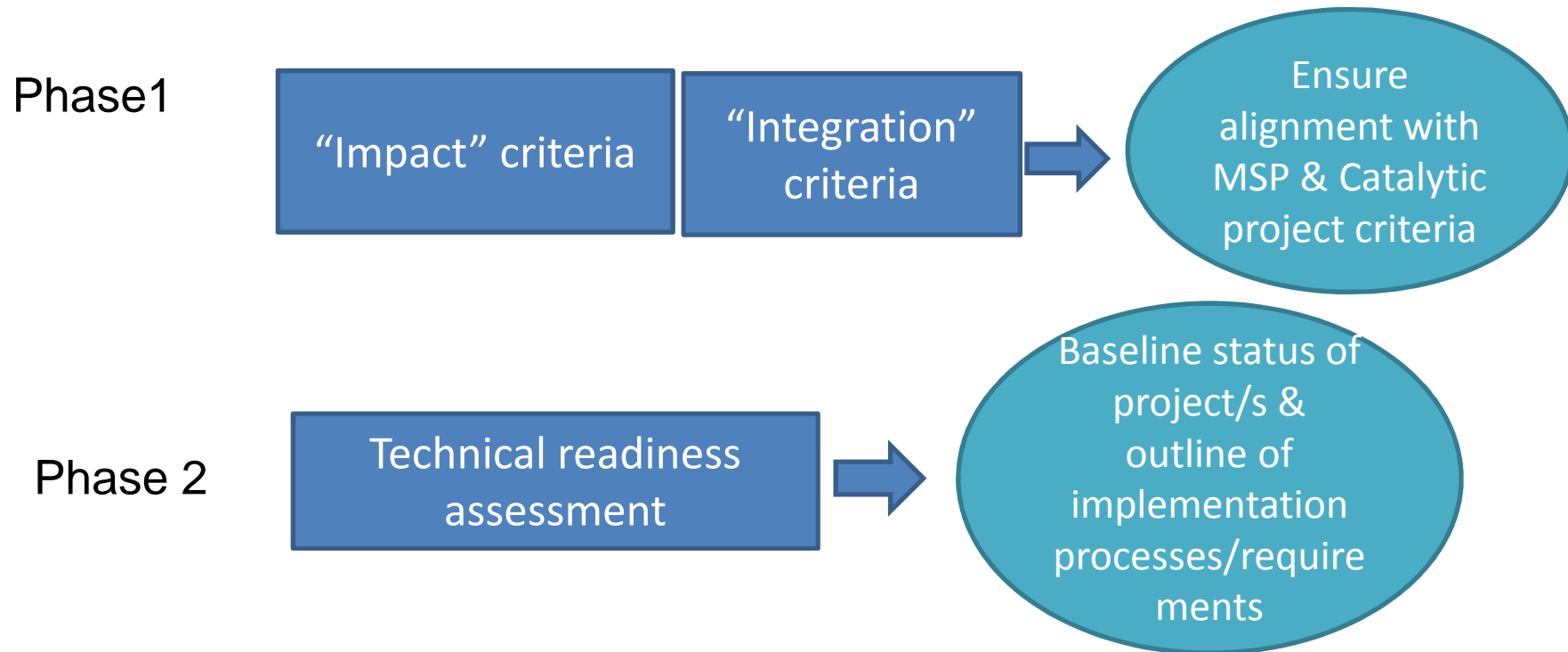
Human settlement Catalytic projects can be range from mega scale inclusionary neighbourhoods to seemingly small but high impact interventions. The **underlying principle** of all of these is that they are all spatially targeted interventions whose main objective is to ***intervene to deliberately restructure settlement patterns and impact on the environment.***

## 2014-2019 MTSF Targets – Breakdown of 1.5 million Housing Opportunities

Housing Intervention	Target
Upgrading of informal settlements	750 000 households upgraded to level 2 (USDG) 150 000 (Annual target)
Free hold - individual ownership units	563 000 individual housing units for subsidy market 112 600 (Annual target)
Development Finance (DFI)	110 000 loans (70 000 FLISP plus 40 000 DFI loans) which produce new affordable houses
Social housing rental	27 000 social housing rental units 5 400 ( Annual target)
Upgrade of hostels	10 000 Community Residential Units 2 000 (Annual target)
Private affordable rental	35 000 affordable rental Units (incl.10 000 Mining Towns) 7 000 (Annual target)

# Assessment of Proposed Projects

Assessment of proposed projects covers two component parts:



# Assessment of Proposed Projects

- Provinces and Metropolitan municipalities submitted projects for considerations as catalytic projects.
- In addition, HDA and Gauteng DHS issued separate invitations to tender private sector project proposals(RFP/RFI)
- All projects proposals are taken through the same assessment process coordinated by NDHS.
- Both government & the private sector were asked to complete:
  - the MSP assessment tool
  - Project readiness assessment
- An Assessment panel was appointed by NDHS
- The Minister will consider and announce recommended catalytic projects

# Assessment of Proposed Projects

- The assessment and recommendation of the projects was undertaken in a process which included the following stakeholders:
  - CoGTA
  - National Treasury
  - Water and Sanitation
  - Department of Energy
  - Department of Transport
  - Municipalities
  - Provinces
  - Department of Human Settlements Entities



# Projected Delivery from Projects

- Projected delivery from the proposed catalytic projects over 5 – 10 year period of projects lifespan:

	No. of Projects	No. of Estimated Housing Opportunities	Estimated Value of Development Cost
<b>Government</b>	31	466 324	91 023 003 922.00
<b>Private sector</b>	46	808 504	204 332 925 656.00
<b>Total</b>	<b>77</b>	<b>1 274 828</b>	<b>295 355 929 578.00</b>

# Readiness Status of Projects

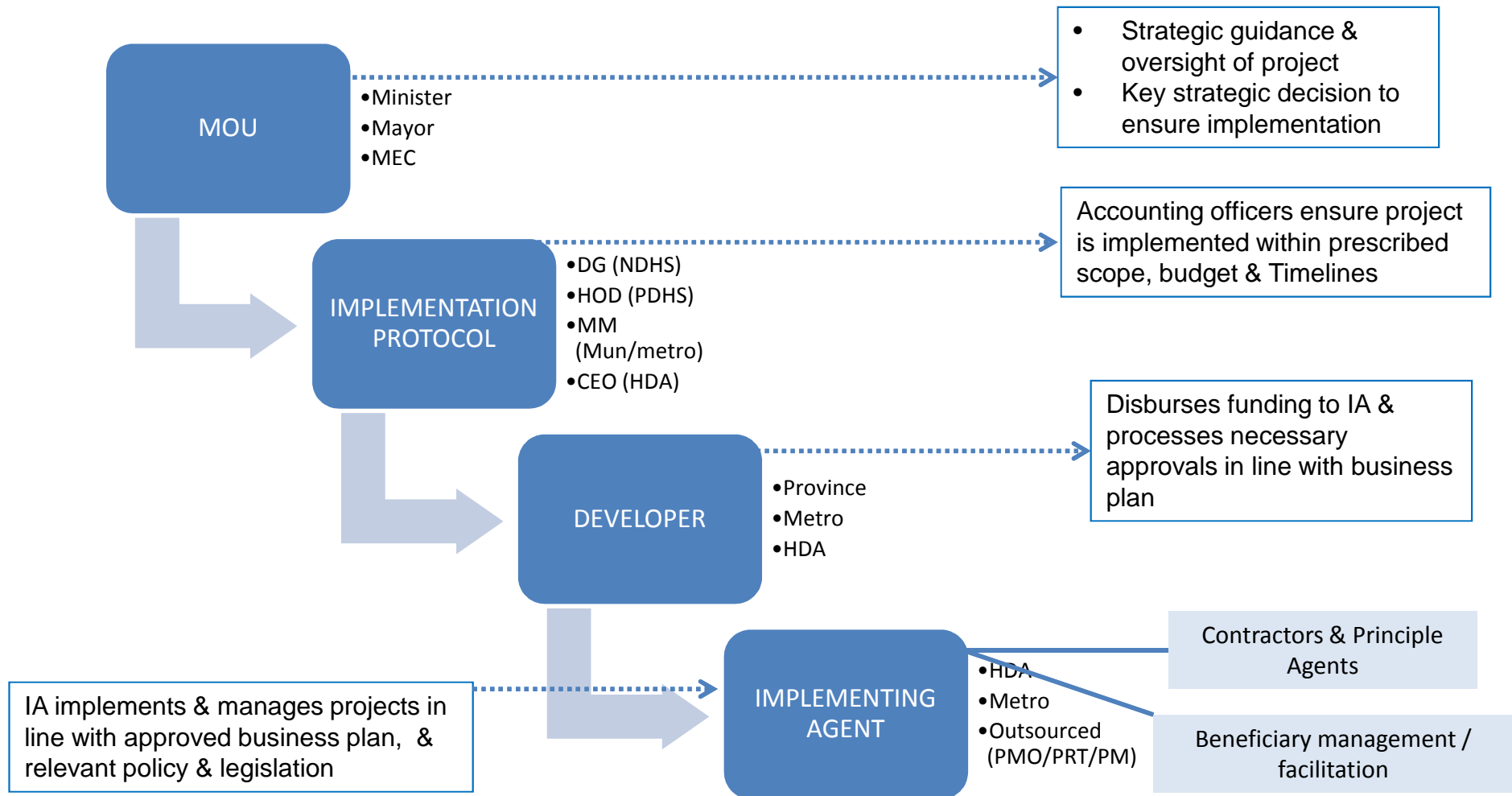
<b>Project Readiness Status</b>	
<b>Government Projects</b>	<b>Total</b>
<b>No. of projects</b>	<b>31</b>
<b>In Planning</b>	<b>11</b>
<b>In Implementation</b>	<b>20</b>
<b>Budgeted for</b>	<b>23</b>
<b>Not Budgeted for</b>	<b>8</b>
<b>Private Projects</b>	
<b>No. of Projects</b>	<b>46</b>
<b>In Planning</b>	<b>15</b>
<b>In Implementation</b>	<b>31</b>
<b>Budgeted for</b>	<b>17</b>
<b>Additional Projects Requiring Funding and Leveraging</b>	<b>29</b>

# Land Status of Projects

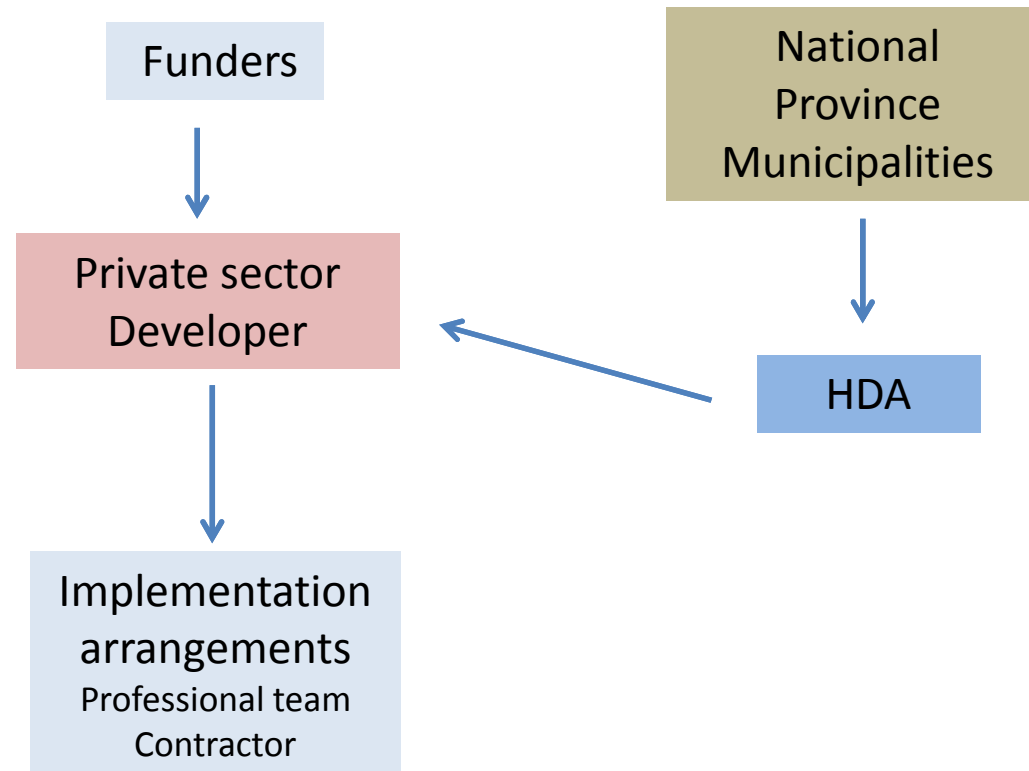
<b>Proposed Land to be Development in Catalytic Projects Development</b>	
<b>Projects</b>	<b>Hectares</b>
Government	24332.7354
Private	34004.0613
<b>Total</b>	<b>58336.7967</b>

Note that in most cases land is already currentl held/acquired by either government or private sector

# Government Projects Delivery Arrangements



# Proposed Projects Delivery Arrangements



# Benefits / Incentives for Catalytic Projects

## Benefits for the Private Sector:

- **Prioritise, target and focus resources** (financial and other) in the human settlement sector towards scale delivery;
- **Mobilise Inter-governmental support, co-ordination and alignment – both vertical & horizontal**
- **Demonstrate Impact and Integrate** in terms of the spatial environment and as envisaged by the MSP;
- Measures to fast-track projects through collaboration between **government & private sector**
- **Integration in delivery;** and
- **Promotion of job creation** especially among the youth and women located in the project areas.

# Benefits / Incentives for catalytic projects

## Outcomes / Benefits for government:

- Projects that offer the ***scale delivery of housing opportunities*** (10 000 houses and 5000 serviced stands over the next five years)
- Projects that include a ***variety of housing typologies and cover a variety of housing programmes*** plus the projects contribution to MTSF
- Projects that provide ***mixed income and/or mixed development***
- Projects that will maximise job creation opportunities locally and specifically assist with the ***mobilisation and utilisation of the youth brigades***
- Projects that can demonstrate a maximum ***gearing of overall government investment*** and human settlement specific investment
- Projects that can demonstrate ***sustainability over the long term*** and post project completion and promote and impact on the creation of sustainable integrated human settlements
- Projects that promote joint ***collaboration between the private sector and government*** in order to facilitate efficiency, effectiveness and fast-tracking of project development and delivery
- Projects that demonstrate and ***promote innovation in terms of the master spatial plan*** criteria and intentions as well as other areas of the project where innovation can be activated
- Projects need to indicate the ***nature and type of government support required***

# Benefits / Incentives for Catalytic Projects

The following will constitute key elements of catalytic projects programme risk mitigation strategy :

- Forward ***multi-year planning*** backed by a credible solid ready to implement pipeline of projects (5-15 year horizon);
- Establish and maintain ***joint venture development collaborations/projects*** characterised by public-public partnerships and private public partnerships;
- Consider ***ring-fencing and top slicing of specific capital grants*** across sectors targeting USDG, HSDG, MIG, Integrated transport grant and national electrification grant (10% of each Grant) to upscale delivery of catalytic projects.
- The ***utilisation of DBSA*** Capital Grant & Project preparation facilities for improved outcomes and development impact
- Support from the NUSP and City Support programmes will be prioritised to support catalytic projects



# Benefits / Incentives for Catalytic Projects

- Establish *multi sectoral* Programme Steering Committee at National, Provincial and Municipal levels with differentiated responsibilities to oversee and coordinate the implementation of catalytic projects backed by project specific and funded multi-year delivery agreements.
- Consider multi-year and transversal procurement plan for catalytic projects

# A New One-Stop-Shop Approach - Regionalization

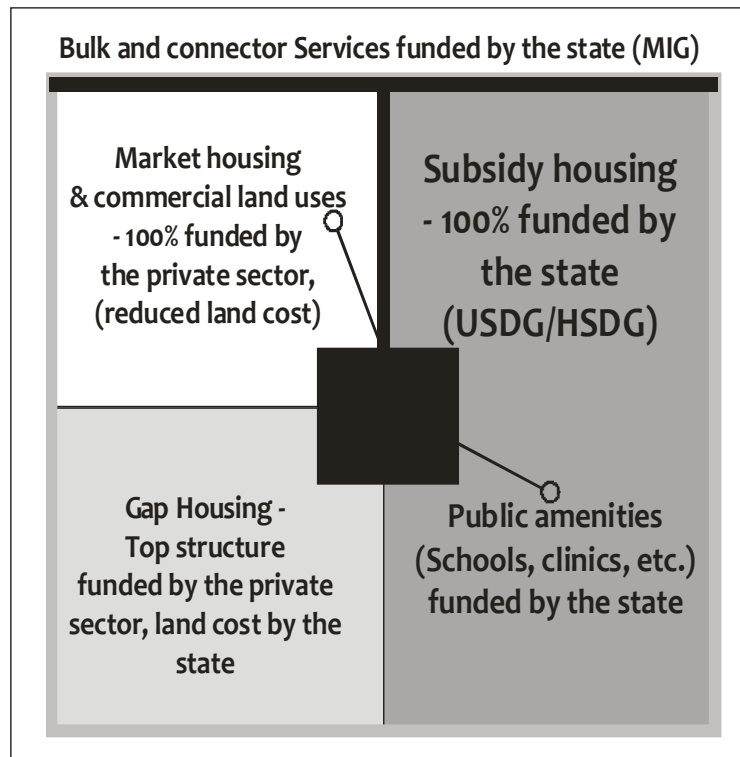
- The Minister of Human Settlements is concerned with the outputs in the human settlements delivery chain , especially in light of the poor performance in the year to date and previous financial year in the outputs for houses and serviced stands
- The Department is proposing the implementation of a “Regionalized Operational War Room” as a remedial response to the current under performance in the sector
- The War Room is considered a One-Stop-Shop approach that will:
  - Ensure optimum performance of the Human Settlements Programmes and Projects
  - Unblock the human settlements delivery value chain and provide “real time” intervention in problem areas
  - Identify and mitigate risks in the delivery value chain
  - Provide responsive support to Provinces, Metros and Human Settlement Entities and Private Sector Developers
  - Ensure improved monitoring and reporting on the performance of the sector - MTSF outputs, outcomes and targets

# A New One-Stop-Shop Approach - Regionalization

- The proposed regionalized approach will be as follows:
  - Region 1: Gauteng, North West, Free State
  - Region 2: Kwazulu-Natal, Limpopo, Mpumalanga
  - Region 3: Eastern Cape, Western Cape, Northern Cape
- Each regions will be headed by a Regional Head
- The head of each region will be assisted by a team of professionals for each province
- Regional focus areas:
  - Business Plan Delivery: Current year + Future Years (Pipeline Planning)
  - **Catalytic Programme Planning and Implementation**
  - Title Deeds (Backlog and current delivery)
  - Informal Settlements Upgrading (Capital and Operational)
  - Affordable Housing Delivery: Current year + Future Years (Pipeline Implementation)

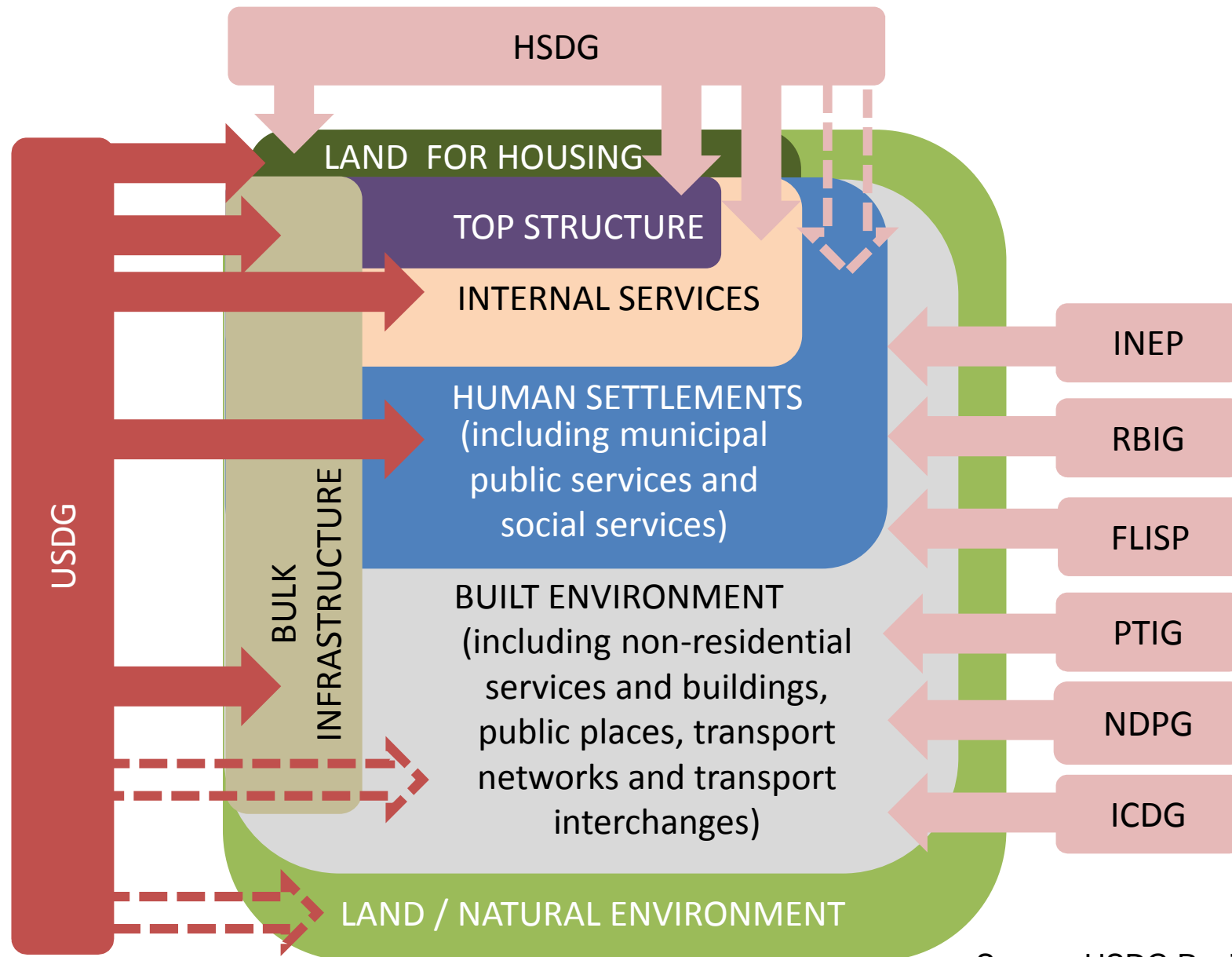
# Funding Arrangements

Mixed development / settlement funding arrangements – based on case studies of mixed income developments undertaken to date



**Combinations/  
arrangements will be  
adapted based on specific  
project requirements and  
recommendations from  
transaction advisors**

# Funding arrangements



# Way Forward

