




Design and Implementation Evaluation of the Integrated Residential Development Programme

SUMMARY REPORT



human settlements
planning, monitoring
and evaluation

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The Evaluation has been guided by a Steering Committee comprising key stakeholders including Department of Human Settlements, National Treasury and DPME.

The Steering Committee has met at important stages in the process to provide inputs into the methodology and content of the evaluation. Members of the Steering Committee have also provided commentary on the documented outputs. Steering Committee members reviewed draft documents, and provided verbal inputs into workshop sessions, as well as written inputs to the project team.

The project was peer reviewed by Mark Napier and S Rihanzu who offered independent review of all evaluation deliverables.

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1. Introduction

The Department of Planning, Monitoring & Evaluation has appointed a team comprising the Rebel-Group Advisory Southern Africa (Pty) Ltd. (hereafter RebelGroup), the Project Shop and Progressus Research and Development (hereafter Progressus) to undertake a design implementation evaluation of the Integrated Residential Development Programme (IRDP).

The IRDP was initiated in 2006 in response to the Comprehensive Plan for the Development of Sustainable Human Settlements (otherwise called Breaking New Ground (BNG) of the National Department of Human Settlements. The purpose of the IRDP is to facilitate the development of integrated human settlements in well located areas that provide convenient access to urban amenities, including places of employment. The programme also aims at creating social cohesion.

The IRDP provides for the acquisition of land, servicing of stands for a variety of land uses including commercial, recreational, schools and clinics, as well as residential stands for both low, middle and high income groups. A range of different land uses and income groups are provided based on local conditions and requirements.

This report is the summary evaluation report and includes:

- Evaluation purpose and method
- Overview of the IRDP
- The Theory of Change
- The case studies
- Evaluation findings
- Recommendations

2. Evaluation purpose and method

The purpose of the evaluation is to assess the implementation of four pilot projects (see table below), to draw out lessons for the IRDP and determine how best to strengthen the programme to achieve the desired outcomes at scale.

Table 1: Case study projects

Province	Municipality	Project
Eastern Cape	Nelson Mandela Metro	Zanemvula
Gauteng	City of Johannesburg	Cosmo City
Gauteng	City of Johannesburg	Pennyville
Gauteng	City of Tshwane	Olievenhoutbosch

The focus of the evaluation is on the **programme design** and its **implementation**. The evaluation is undertaken in response to specific evaluation questions as detailed in the table below.

Table 2: Evaluation Questions

	Research Questions
Planning for integration	<ul style="list-style-type: none"> • What are the key contextual factors that allow for a suitable (or unsuitable) planning environment for the implementation of the IRDP? • Were the principles of integrated residential development followed throughout the various projects? How were these interpreted and/or adapted for the specific context? • How do integrated residential development (IRD) projects relate to wider land use planning and housing processes? Related to this, how are the various housing programmes viewed, planned and sequenced to achieve integrated projects? • Do provinces and municipalities have capacities to manage and implement integrated residential development projects?
Achieving integration	<ul style="list-style-type: none"> • Are there indications that the IRDP theory of change is working? • To what extent have the projects been able to integrate different land uses i.e. commerce, retail and residential developments? • Is there evidence from the case studies that indicate better functioning urban spaces, social inclusion and spatial integration? • Are there indications that the developments/projects have affected local property markets (both within the settlements and surrounding areas)? • Has the implementation of integrated development pilot projects triggered changes in how provinces and municipalities plan housing projects? Are provinces and municipalities embracing integrative development principles?
Funding arrangements	<ul style="list-style-type: none"> • What forms of funding arrangements were utilised in the development of the projects. • Which subsidies and grants instruments have been used to deliver on IRDP projects? • What mix of private and public funding made projects viable? • What is the nature of cross subsidisation in each of the projects and what conditions make for effective cross-subsidisation?
Institutional arrangements	<ul style="list-style-type: none"> • Analyse cooperative governance strategies and key institutional arrangements used in the management and implementation of the projects • What are the institutional mechanisms that facilitated (or inhibit) successful implementation in each of the projects? Were there any context specific institutional and capacity arrangements that enabled implementation in the case study projects? • Were the delivery channels and institutional arrangements sufficient and suitable for the effective delivery of IRDP projects? • Why has there been limited success in getting the private sector to participate in IRDP projects? What needs to be done to incentivise the private sector to be more active partners in the delivery of IRDP projects i.e. institutional structure, composition of the projects?
Monitoring of projects	<ul style="list-style-type: none"> • How has the implementation of integrated projects been monitored? • To what extent have the monitoring frameworks been adequate and effective in tracking both project and programme implementation?
Lessons learnt	<ul style="list-style-type: none"> • What are the institutional and policy lessons that can be drawn from the implementation of integrated projects? • What made the projects work or not work and what is the potential for 'upscaling' or strengthening the programme? • What are the strengths and weaknesses of the programme? Indicate why and provide recommendations to improve programme weaknesses.

IRDP programme conceptualisation and design	<ul style="list-style-type: none"> • What is the theory of change of the IRDP and is it consistent, coherent and appropriate, given the issues the IRDP responds to? • What are the key historical motivations that gave rise to the development of the IRDP? • What are the philosophical arguments that underpin the IRDP? • How does the IRDP interface with the rest of the programmes of the Department and other government initiatives that govern the development of human settlements in the country?
Understanding of the IRDP and support for implementation	<ul style="list-style-type: none"> • How have provinces and municipalities understood and interpreted the IRDP? • What systems have been put in place by national and provincial departments to support the implementation of integrated residential projects?

A Steering Committee was established comprising key agencies involved in the implementation of the IRDP programme and identified experts. The Steering Committee provided input into the work undertaken.

Case study research involves selecting a few examples of the phenomenon to be studied – in this case four IRDP projects - and then intensively investigating the characteristics of those examples (“cases”). By closely examining a relatively small number of cases, and comparing and contrasting them, the researcher learns about significant features of the phenomenon and how it varies under different circumstances¹. While there are limitations with respect to this methodology – specifically in respect of generalisation of results and potential information biases – case study research is useful in respect of informing both policy work as well as future empirical and related investigations.

The evaluation method comprised the following:

- 1) A desktop literature review was undertaken of both local and international literature. This provided the background and context to the IRDP and formed the basis on which the logic framework for the IRDP was formulated.
- 2) The logic framework for the IRDP was formulated, set out in a theory of change. This was workshopped with the Steering Committee.
- 3) Case studies of the four selected projects were developed as follows:
 - A review of documentation sourced both from the Internet, as well as from the individuals interviewed (see below)
 - Interviews with relevant officials and service providers involved in the packaging and implementation of the selected projects was undertaken
 - A site visit was undertaken.

Each case study was written as a separate report.

- 4) A household survey was undertaken of approximately 100 households in each of the four project areas respectively.
- 5) The response to the evaluation questions and the development of recommendations was

¹ See, Robert K. Yin (2012), Applications of Case Study Research, Third Edition. Sage.

undertaken through workshops and analysis by the project team. Annexure A sets out the documents reviewed and interviews undertaken.

3. Overview of the IRDP

As indicated in the Housing Code (NDHS, 2009), the IRDP was developed to give effect to the objectives of the Comprehensive Plan for the Development of Sustainable Human Settlements (NDHS, 2004), by incorporating the following:

- A comprehensive development approach to integrated township development which accommodates all the needs identified in a specific area or community. This relates to land use and the provision of municipal engineering services and sites for all land uses to ensure the development of integrated and sustainable human settlements;
- A phased development approach in terms of which a housing project is packaged in phases to facilitate effective project management and administration, as well as effective expenditure and application of housing funds;
- The allocation of serviced residential stands and top structures at the final stage to qualifying beneficiaries, as well as the sale of other residential stands and/or top structures to persons who do not qualify for subsidies at a variety of prices depending on the income and profile of the households;
- Housing construction is administered in terms of the basket of housing development options available within the National Housing Programmes for qualifying beneficiaries; and
- The provision of serviced sites for a variety of non-residential use essential to integrated Human Settlements.

A fundamental departure point applied in the IRDP from previous subsidies is the fact that the creation of serviced stands in a new township is no longer subject to the identification and approval of a qualifying housing subsidy beneficiary (NDHS, 2009).

An IRDP project is required to be delivered in terms of a procurement compliant process as follows (NDHS, 2009):

- **A developer** must manage the total development process and administer the project in terms of the provisions of the Programme. A developer can either be a municipality or a provincial department where the municipality lacks capacity;
- **Professionals** establish the township, design and monitor the installation of the services and to design the housing units, and provide project management services; and
- **Contractors** construct the services and housing units.

The services of professionals and contractors can be procured in a number of ways, depending on how a developer wants to allocate risk and manage the project. A developer can choose any one of the following three contracting strategies or a combination thereof (NDHS, 2009):

- **Turnkey contract where** the contractor is appointed by the developer through a public tender to do all work related to the successful completion of the project.

- **Traditional pre-planned contracts** where professional and contracting services may be provided in-house or may be procured through public tenders.; or
- **Development contracts** through which community contractors are contracted through public tenders.

The IRDP was designed as a **two-phased delivery mechanism** where Phase 1 includes (NDHS, 2009):

- All the necessary planning and land acquisition required to secure well located land.
- Legal processes to obtain development approval (township establishment), environmental approval and other necessary approvals).
- The design of the layout of the project for different typologies of housing and different economic groups, sites for schools, community facilities, shops and business sites and parks and open space.
- The installation of internal services.

In Phase 2 house construction for subsidy beneficiaries commences, as does the sale of stands to non-qualifying beneficiaries. Sites for commercial and social development are also sold so that facilities and amenities can be provided at the same time as the house construction. Hence, Phase 2 requires strong co-ordination of all the stakeholders who will be developing their land so that schools, clinics, shops, parks and community halls can be built at the same time as the subsidy houses, the rental housing, the finance-linked houses and the private sector, affordable housing.

The total project cost financed through the IRDP is determined by the MEC in line with the funding policy as determined by MINMEC from time to time. In determining the project amount, the MEC takes the following into account:

- All phase one activities can be funded through the IRDP.
- In Phase 2 the costs for house construction for qualifying beneficiaries are not funded through the IRDP but are accessed from other relevant National Housing Subsidy Programmes. The costs for the development of commercial and social facilities must be funded by the relevant government entity. House construction for non-qualifying beneficiaries must be funded by the private sector and the individual household.

IRDP supports the use of holistic development approaches. (NDoHS, 2009). What this essentially provides for is that community needs should be supplied in an integrated manner. In this regard projects with social and business amenities will be given preference. Furthermore beneficiaries should have choice in terms of housing needs. Sustainability is another key element. A settlement is deemed to be sustainable based on its promotion of social amenities such as education, health, social welfare, employment, shopping, sport and recreation. Tied to the issue of sustainability is community self-management, another important facet with projects not only being able to demonstrate community benefit but to enable the community to preserve and maintain the community assets.

4. The Theory of Change

Set out below is a reconstruction of the theory of change underpinning the IRDP, based on a review of BNG (NDHS, 2004) and the Housing Code (NDHS, 2009). This ToC aims to articulate the causal relationships between the various elements of the programme and how the IRDP intends to contribute to the envisaged outcomes and impact.

The ToC presented below assumes as its unit of analysis a specific project / development.

The ToC for the IRDP is framed by BNG which has set as its vision the utilisation of the housing programme to promote the achievement of an integrated society through the development of sustainable human settlements and quality housing. On the basis of this the IRDP should **contribute towards the achievement of an integrated society**.

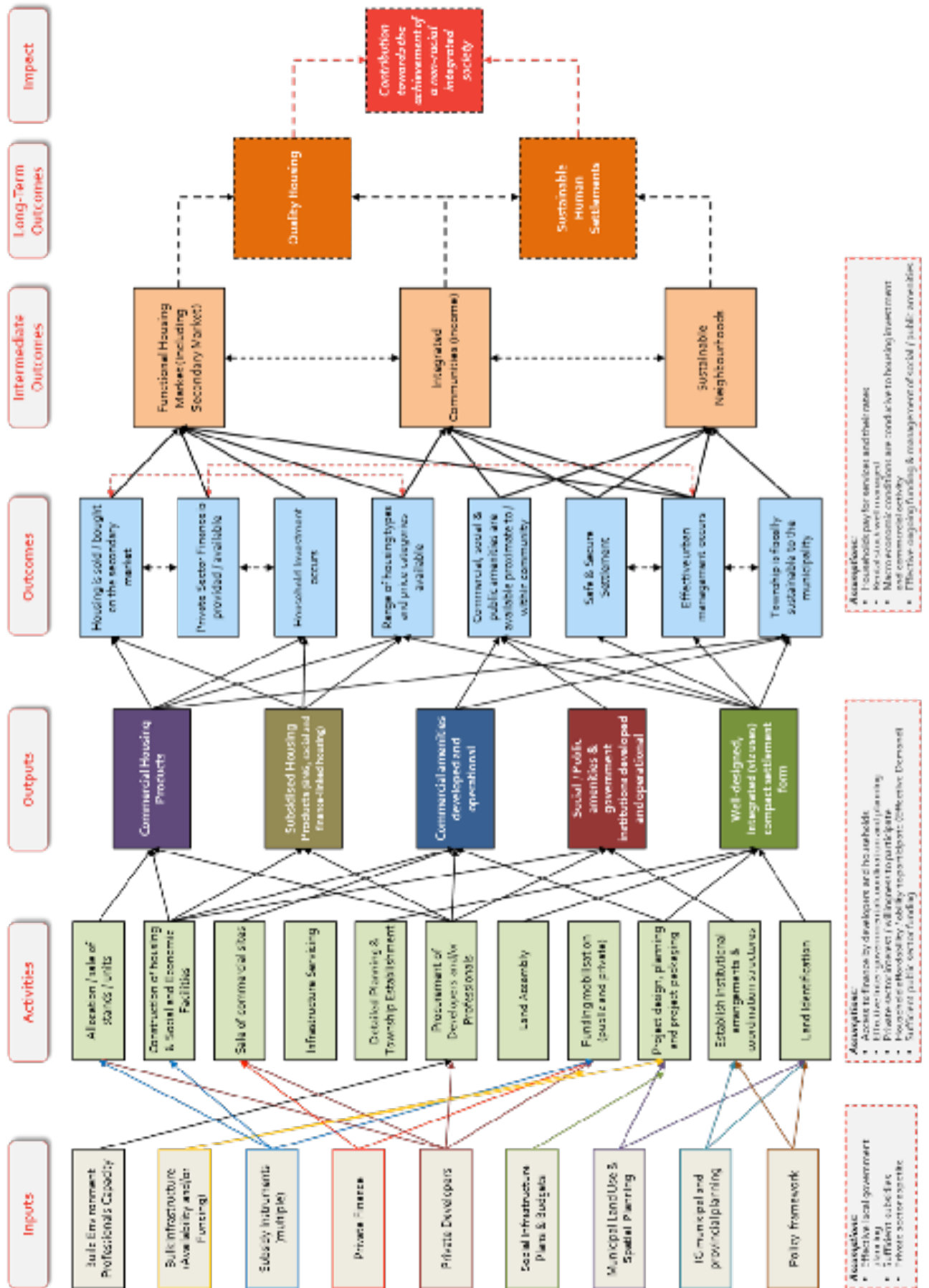
In addition the following long term outcomes are to be achieved:

- The first is the delivery of **quality housing**, which should include both subsidised as well as commercial housing.
- The second is sustainable human settlements, which is understood as well-functioning self-sustaining and fiscally sustainable townships which should be integrated (economically) with mixed-uses.

In order to achieve the above long term outcomes of quality housing and sustainable human settlements, three **INTERMEDIATE OUTCOMES** have to be achieved:

- Functional Housing Markets. This includes an effective secondary market.
- Integrated Communities. This is understood to be about the inclusion of a range of income demographics in the settlements area.
- Sustainable Neighbourhoods. Sustainable neighbourhoods are understood as neighbourhoods that are functional in respect of service delivery and urban management and that offer a quality life to its residents.

Figure 1: IRDP Theory of Change



5. The case studies

This section provides a high level overview of each case study. The conclusion reflects the key elements of and time line for each case study.

5.1 Cosmo City

The project was conceptualised as a mixed-use, mixed income integrated development prior to the release of the Breaking New Ground policy from the Department of Human Settlements in 2004. Cosmo City was initiated by the City of Johannesburg and the Provincial Department of Human Settlements in response to the burgeoning informal settlements of Zevenfontein and Riverbend. The developer was Codevco (Pty) Ltd, a private consortium made up of Basil Read and Kopano Ke Matla that entered into a Land Availability Agreement with the City of Johannesburg (the City) and undertook the development of the project as the City's agent.

A 1 100 hectare greenfields site, traversed by a large wetland, was purchased for around R30m by the City and developed in phases. The project includes 5 000 subsidised houses (RDP), 3 000 credit-linked houses and 3 300 fully bonded houses. A large site zoned Res 4 was sold to the Johannesburg Housing Company (JHC) in 2008 which they developed as a social housing project of 281 rental units called Hlanganani Gardens. In addition, 12 school sites were included, 40 sites demarcated for churches, clinics and crèches, 43 park and recreational sites, 30 commercial and retail sites and a 40 hectare industrial park making it a mixed-use development that had all social and non-residential uses planned along with the housing uses. Upon completion, it is estimated that Cosmo City will be home to 65 000 – 70 000 people. The area is substantially fully developed, save for some non-residential sites and the remaining Res 4 sites.

Cosmo City, while located on the urban development boundary of Johannesburg, is considered well located. It is located on Malibongwe Drive, an important north-south arterial road and the R14 that links Johannesburg to Tshwane. The area is well connected to the metros of Johannesburg and Tshwane, despite being 25km from the centre of Johannesburg. It is accessible to Randburg (large taxi hub), Roodepoort and Midrand which are all centres of employment. It is close to the growing industrial area of Kya Sands and is not far from Lanseria airport. The area around Lanseria is earmarked as a future growth area so Cosmo City will increasingly become a well-located suburb in the north west of Johannesburg.

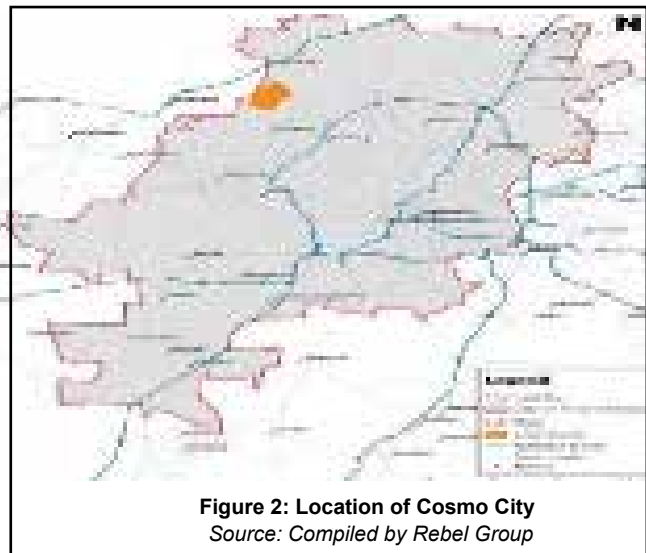


Figure 2: Location of Cosmo City
Source: Compiled by Rebel Group

The project falls under the jurisdiction of Region C of the City (Lebeta, 2008, p. 4). Cosmo City comprises most of Ward 100 within the region.

5.2 Zanemvula

The Zanemvula project was established in 2004 as a result of a visit by President Thabo Mbeki and the Minister of Housing to the Soweto-on-Sea/Veeplaas informal settlement. The project is a collaboration between the National Department of Human Settlements, the Eastern Cape Department of Human Settlements and the Nelson Mandela Bay Metropolitan Municipality.

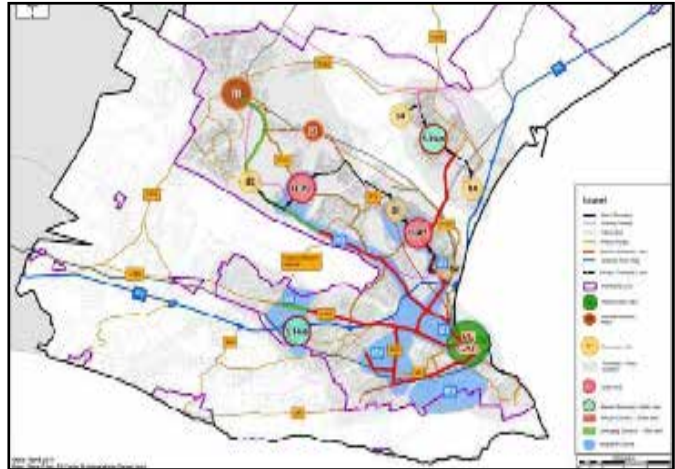


Figure 3: adapted

The implementing agent was initially the Nelson Mandela Bay Metropolitan Municipality (NMBMM) and then for a short period Thubelisha Homes. Towards the end of 2009, the Housing Development Agency (HDA) took over the management of the project.

While it began as an informal settlement upgrading project, it includes greenfields development of 7 498 new houses, informal settlement upgrading of 1 065 units and the rectification of around 460 houses that were built previously and rental opportunities for 323 families² (Nelson Mandela Bay Metropolitan Municipality, 2006, p. 3). Overall the project is estimated to house up to 90 000 residents in 20 000 units when complete.

Zanemvula is a complex housing project that incorporates areas that can be categorised as source areas and destination areas. The source areas are Soweto-on-Sea and Veeplaas which are located close to the Chatty and Little Swartkops rivers approximately 12-15 km north-west of the Port Elizabeth CBD. The destination areas are:

- **Chatty 3 and 4:** approximately 5 km further north-west of Soweto-on-Sea to the north of Stanford Road. This township had already been planned and so was thought to be ready to accept beneficiaries from the source area;
- **Chatty 5, 12, 13 and 15:** on the western boundary of Chatty 3 and 4 separated by the Bloemendal Arterial road. This township is larger than Chatty 3 and 4 and extends southwards over Stanford Road.
- **Areas of Joe Slovo West, Bethelsdorp Area C Extension:** These large areas are to the east of the Chatty townships, closer to Soweto-on-Sea. Joe Slovo West (is an extension of Bethelsdorp township) is so named as it lies to the west of an existing township

² This is according to the Zanemvula Draft Business Plan 2006, page 3. These numbers have since been revised.

(informal settlement) called Joe Slovo. To the north is Despatch and KwaDwesi is at the southern boundary (The Housing Development Agency, 2015).

- **Bethelsdorp C** is land that is owned by the Mzingisi Trust (set up by the IDT in 1996 to fund the relocation of beneficiaries from Soweto-on-Sea).

Zanemvula is structured into **four key programmes**(The Housing Development Agency, 2011, p. 2):

- Programme 1: New RDP Houses : The construction of new RDP houses in the Chatty, Joe Slovo West and Bethelsdorp (also called Kwadesi extensions) areas;
- Programme 2 : Informal settlement upgrading : Informal settlement upgrading of Soweto-on-Sea / Veeplaas;
- Programme 3 : Rectification of existing houses: The rectification of units in Soweto-on-Sea;
- Programme 4: Rental: The construction of rental units.

It is noted that despite attempts by the HDA and the housing authorities to initiate the rental housing, to date no rental units have been constructed.

5.3 Pennyville

The Pennyville development has its origins in 2006. Its purpose was to provide accommodation for the Zamimpilo Informal Settlement. A land-swap agreement was reached between the City of Johannesburg and Safrich with the understanding that a development vehicle consisting of Safrich and Calgro M3 would undertake the development of the Pennyville site for the city in line with the City's specific needs (Erasmus, 2015; CoJ, 2007).



Figure 4: Location of Pennyville in Relation to the Jhb CBD

(Source: Google maps)

Pennyville is a 100ha development (PDG, 2011, p.1-2). Originally intended to be a conventional RDP-development, the project ultimately transformed into an integrated housing development of 3127 housing opportunities through a joint initiative between the City of Johannesburg's Department of Housing and a private company called the Pennyville Zamimpilo Relocation Pty Ltd (PZR) comprising Safrich and Calgro M3 (PDG, 2011, p.1).

It consists of a mix of tenure types, a mix in income groups and a mix of social groups (Landman, 2012). The settlement comprises 1 090 fully subsidized free-standing and semi-detached

units; 462 fully subsidised multi-storey walk-up units; 207 JOSCHO social rental family units; 188 JOSHCO three-room rental units (564 rooms); and 804 market rental units (PDG, 2011, p.4).

With respect to social amenities, Pennyville is home to a crèche which was developed and donated by Pennyville Zamimpilo Relocation (a subsidiary of Calgro M3 and Absa Group), in support of the City's Early Child Development Programme at a cost of R3, 9 million (CalgroM3, 2011; Dube, 2013; CoJ, 2014). There is also a satellite library service and a police station, which was upgraded during the development of the area (CalgroM3, 2011). Additionally, there is a well-maintained public park which was built by the City (Erasmus, 2015). Currently no other social amenities exist, however there is a commitment from the provincial departments of health and education to build a school and a clinic (Baloyi, 2014, p.59).

Pennyville is located south of Roodepoort, and 7km south west of the Johannesburg CBD (PDG, 2011; CalgroM3, 2014). It lies on the main BRT route, and is adjacent to the New Canada train station. Both the BRT route and the railway line connect the Johannesburg CBD with Soweto (CalgroM3, 2014) Major highway routes include the N1, N17, Main Reef road, and Soweto highway. Pennyville therefore exists in a highly accessible location (CalgroM3, 2014). The project is close to a major shopping centre and industrial areas (Department of Housing, 2014).

Pennyville is located in the municipality of the City of Johannesburg and lies on the border between Administrative Regions B and C (CoJ, 2011, p.56).

5.4 Olievenhoutbosch

The Olievenhoutbosch development originated in the 1990's. The initial interventions in the area comprised RDP housing projects to address the needs of households living in informal settlements. In 2006 a new project was announced by the then Housing Minister that was seen to be aligned with BNG. This project, named Olievenhoutbosch, (Extension 36) is a Ministerial Housing Project which comprises a joint venture between; ABSA Bank, ABSA Property Developments (DEVCO), National Department of Housing, Gauteng Department of Housing and The City of Tshwane.

The project aimed to produce a total of 5688 dwelling units which were to be divided as follows:

- 3216 Subsidised units (fully owned)
- 1291 Institutional/ social housing units (rental)
- 1181 Bonded housing units (fully owned)

Olievenhoutbosch is located in the Southern Region of Tshwane close to its border with Johannesburg Metro. It lies to the west of the N1 and the developing Johannesburg-Pretoria urban corridor centred around Centurion and Midrand. It lies adjacent to the N14 route between

Mogale City (Krugersdorp) and Pretoria and thus enjoys good access to both on the only un-tolled freeway in Gauteng. This road also provides good access to the emerging Lanseria (airport) node and to Centurion business districts.

Its relative location in relation to rapidly urbanising areas is improving with the growth of light industry and office development in the highly significant Johannesburg – Pretoria corridor and as residential and commercial centre developments take up increasing areas of vacant land to the west of the N1. This area is developing rapidly and is considered to be Gauteng’s primary development corridor.



Figure 5: Location and context

Thus while the Olievenhoutbosch area was considered peripheral in the 1990’s it is now well located in relation to emerging economic opportunities.

5.5 Conclusion

A time line for each of the projects is provided in the figure that follows. In addition a table provides an overview of the key features of the four case studies.

As indicated in the time line and table, all of the projects were developed prior to the IRDP. However all of the projects were based on the principles of BNG and thus while their development predates the IRDP it is appropriate to analyse their outcomes as if they are IRDP projects.

All of the four case studies were intended as mixed use, mixed income integrated developments within the policy intent of BNG. The size of the four projects vary with Cosmo City being the largest (11,581 residential units) followed by Zanemvula (9,023 residential units). Olievenhoutbosch and Pennyville are smaller with 5,688 and 2,751 residential units respectively.

Figure 6: Timeline of the case studies (Source: Author's own)

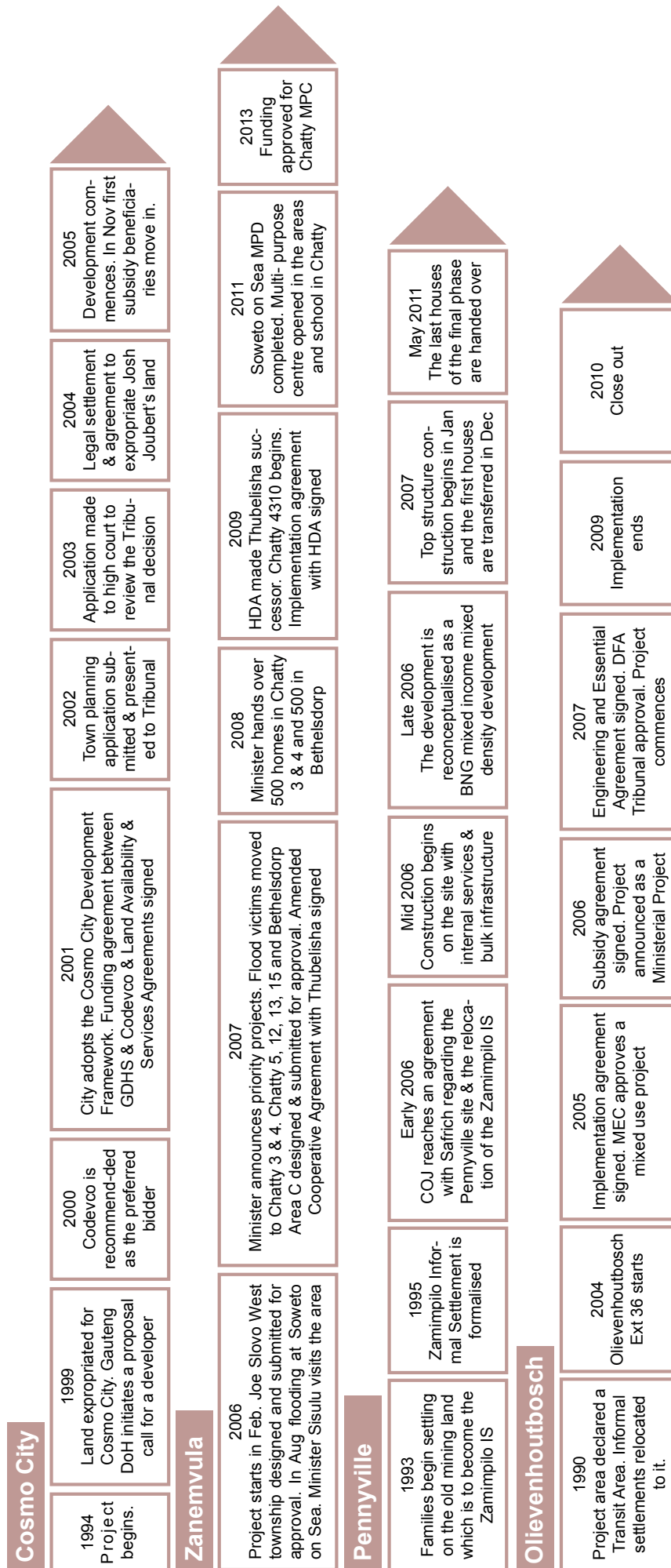


Table 3: Overview of the case studies

	Cosmo City	Zanenvula	Pennyville	Olievenhoutbosch
Project starts	1994	2006	1993	2004
First houses delivered	2005	2008	2007	2009
Project ends	Ongoing (ends in 2023)	Ongoing	2011	2010
No of years between start and first houses	11	2	14	5
Type of development	Mixed use, mixed income integrated development	Section 29 national priority project and a housing mega project	Mixed settlement comprising a mix of tenure types, income and social groups	Integrated human settlement to provide low income housing.
Size of the project	5,000 subsidised houses, 3,000 credit linked houses, 3,300 fully bonded houses, 281 rental units, 12 school sites, 40 sites for churches, clinics and crèches, 43 park and recreation sites, 30 commercial and retail sites, 40 hectare industrial part	7,498 subsidised houses, 1065 informal settlement upgrade units, 460 rectifications of existing subsidised units	1,090 subsidised houses (free standing and semi-detached), 462 subsidised multi storey walk ups, 207 social rental units, 188 three room rental units, 804 market rental units. A crèche, satellite library services, police station and public park.	3216 Subsidised units (fully owned), 1291 Institutional/ social housing units (rental), 1181 Bonded housing units (fully owned)
Total no res units	11,581	9,023	2,751	5,688
Relationship to the IRDP	Development commenced prior to the IRDP, but were based on BNG principles of integrated, compact urban development	Development commenced prior to the IRDP, but were based on BNG principles of integrated, compact urban development.	Development commenced prior to the IRDP, but were based on BNG principles of integrated, compact urban development.	Development commenced prior to the IRDP, but were based on BNG principles of integrated, compact urban development.
Key project objectives	To create the sustainable integration of communities and homeowners with widely varied financial, cultural and social backgrounds, while incorporating very high standards of environmental compliance	To create an integrated & sustainable community that has access to economic opportunities, a variety of affordable & secure housing & tenure options, reliable & affordable basic services, educational, entertainment & cultural activities, as well as health, welfare & police services	To provide housing so as to eradicate the Zamimpilo informal settlement. The project was structured so as to demonstrate the commitment of the City of Johannesburg to the development of integrated human settlements.	Achieving a fully integrated development model.
Project location	Urban development boundary in the north of Johannesburg	Between Uitenhage and Despatch in Port Elizabeth	South of Roodpoort and 7km south west of the Johannesburg CBD	Southern region of Tshwane close the border of Johannesburg

6. Evaluation findings

6.1 Planning for integration

This section sets out the way in which planning was undertaken in respect of each of the case studies and addresses the evaluation questions as shown in Table 2.

6.1.1 Planning process undertaken to enable an integrated residential development

Cosmo City, Pennyville and Olievenhoutbosch were planned prior to the implementation of the IRDP programme and therefore did not follow the 2-step IRDP development process. This process proposes that all the planning and servicing of the development occur in Phase 1 and Phase 2 is when the top structures and facilities are developed. However, all of the projects broadly followed this approach. The entire area was planned upfront according to a strong brief to include a mix of housing typologies and social facilities. The planning process included the undertaking of technical studies and securing approvals, the development of the layout plan and then the township establishment process. Development was then undertaken in phases. Cosmo City was unique in that each typology was included in each phase, along with schools and parks. This project therefore achieved higher levels of integration than did the other projects.

In Zanemvula, the implementation depended on the availability of development land, timing and sequencing of the subsidy payment tranches. Development was limited to the funding obtained via the subsidy. There were many delays in making subsidy payments. Therefore implementation was piecemeal and targeted to different areas of the project. Resources were therefore not collectively focused on one area where all the elements of integration could be addressed. It has resulted in a housing project scattered over different areas rather than an integrated project rolled out logically and systematically according to a holistic project plan and cash flow for the entire area. It has also resulted in homes with basic services for the low income beneficiaries and not much else.

6.1.2 Key contextual factors that allow for a suitable planning environment

On the basis of the review of the case study projects the following contextual factors allow for a suitable planning environment for the IRDP:

- 1) **The land for the project and the basis by which it will be implemented is identified upfront. In addition there is clarity on the amount of funding and when it is going to be provided. This enables the planning to be undertaken within a clear framework and parameters.** This approach was adopted in Cosmo City, Pennyville and Olievenhoutbosch and ensured that the projects were well integrated. Zanemvula on the other hand was undertaken on an adhoc basis and resulted in a fragmented less integrated development. The planning was influenced heavily on the availability and flow of funds and thus was undertaken on a piecemeal basis. It is noted that the planning and layout of each settlement making up the project was integrated, but this was less so for the project as a

whole and did not translate into integrated settlements ultimately.

- 2) **There is a need for clear agreements that specify roles and responsibilities.** This gives certainty to all parties and reduces risk particularly for private sector partners and increases commitment to making the project work. In Cosmo City the clear agreement with Basil Read meant that the company was willing to invest in the planning process and in overcoming the challenges during the process.
- 3) **Consultation with the beneficiary community if there is one.** This ensures that community needs are incorporated into the plans developed and reduces dissatisfaction once development occurs. This was applied in Cosmo City. It is acknowledged that IRDP projects do not need to identify the beneficiary community up front.
- 4) **Local government must be committed to and play a central role in the planning particularly in respect of securing bulk infrastructure commitments.** Cosmo City is a very good example where high level capacity and large budgets were allocated and prioritised whereas in respect of Zanemvula the municipality was not able to add own funding and so had to be developed to basic infrastructure standards (no top up).
- 5) **The use of a private sector development partner and a turnkey contracting strategy which enables the development to be planned and implemented at an arm's length from the bureaucracy of government proved to be extremely effective** in Cosmo City, Pennyville and Olievenhoutbosch. This enabled whole-project costing to be done which ensured that project roll out was integrated. It could be determined up front what the cost of all the housing typologies will be and the relative proportions or mix that would make the project viable to the private sector. In Zanemvula when HDA took over this approach was taken, although PDHS subsidy agreements were limiting as they relied on value being added before tranche payments could be made to contractors, requiring the HDA to bridge the payments.

6.1.3 How projects relate to wider land use planning processes

Cosmo City was identified in an area wide plan prior to being initiated and was undertaken so as to fulfil the requirements of this plan. Cosmo City was developed as a result of the 1996/97 Northern Metropolitan Local Council's Land Development Objectives which identified the need to provide housing for the growing informal settlements of Zevenfontein and Riverbend.

In respect of Zanemvula, the relocation projects were planned within a broader planning area of the NMBMM, however, the growth and future integrated nature of the area will rely on surrounding development nodes being attractive to investment and the whole corridor area being uplifted.

Pennyville and Olievenhoutbosch do not appear to have been developed within the context of a wider land use plan. The projects were rather a direct response to addressing conditions within an informal settlement in a specific area. The land selected for the project was

an opportunistic decision whereby the land was accessible. However both projects are well located into existing areas with good transportation access to social amenities and economic opportunities.

6.2 Achieving integration

This section sets out the way in which the projects achieved the key principles of integration and addresses the evaluation questions as shown in Table 2.

6.2.1 Indications that the IRDP theory of change is working

The ToC for the IRDP (see section 4) is framed by BNG which has set as its vision the utilisation of the housing programme to promote the achievement of an integrated society through the development of sustainable human settlements and quality housing. On the basis of this the IRDP should **contribute towards the achievement of an integrated society**. In addition the following long term outcomes are to be achieved:

- The first is the delivery of quality housing, which should include both subsidised as well as commercial housing.
- The second is sustainable human settlements, which is understood as well-functioning self-sustaining and fiscally sustainable townships which should be integrated (economically) with mixed-uses.

In order to achieve the above long term outcomes of quality housing and sustainable human settlements, three **INTERMEDIATE OUTCOMES** have to be achieved:

- Functional Housing Markets. This includes an effective secondary market.
- Integrated Communities. This is understood to be about the inclusion of a range of income demographics in the settlement area.
- Sustainable Neighbourhoods. Sustainable neighbourhoods are understood as neighbourhoods that are functional in respect of service delivery and urban management and that offer a quality life to its residents.

As shown in the table below the evidence indicates that in respect of Cosmo City and Olievenhoutbosch the theory of change is largely being realised.

In respect of Zanemvula the ToC is not being achieved as the project has not resulted in a mixed income and mixed use development where the residents have access to a range of social and economic facilities. As Zanemvula stands at present, it is difficult to conclude that it is an integrated residential settlement as intended in BNG and the IRDP. Facilities have been slow to be provided and are very limited and a mix of housing typologies, including FLISP and affordable, market-related houses have not been attracted to the area yet. No medium density rental or social housing has been developed. It remains a site of RDP houses and informal shacks. In addition the fact that Zanemvula is occupied only by

very low income households undermines its sustainability in that such households cannot afford to pay for engineering services and rates and are therefore likely to be an ongoing burden on the City.

In respect of Pennyville representatives from both the City and the developer acknowledge that the Pennyville model may not be sustainable (Erasmus, 2015; Mothotaona, 2015; Pumzile, 2015). This is largely because Pennyville has an unfavourable mix of housing typologies and, since it does not include fully bonded units, it does not cater for the full spectrum of the market (Erasmus, 2015). Rather, the majority of the units are fully subsidized, which means that the residents don't pay rates and taxes, and that they get a certain amount of water and electricity for free or at a subsidized rate. Another substantial component of the development is the partially subsidized units, whose residents do pay rates and taxes but at a discounted rate (Erasmus, 2015). The consequence of this is that, while the City is required to provide on-going services to the site, it earns limited rates and taxes (Erasmus, 2015). Consequently, the development becomes a "big black hole" which the City pumps money into on a monthly basis, but out of which it gets very little in return (Erasmus, 2015).

In particular, the RDP units are perceived as being unsustainable (Erasmus, 2015; Skosana, 2015; Mothotoana, 2015). This is because the people living in these units do not have the money necessary to maintain and invest in their properties. The walk-up RDP units, which have given rise to sectional title issues, are particularly problematic. Indeed, the RDP residents are failing to maintain the buildings, and the City insists that it doesn't have the budget to maintain them either (Mothotoana, 2015).

	Cosmo City	Zanem-vula	Penny-ville	Olieven-houtbosch
Delivery of <u>quality housing</u> , which should include both subsidised as well as commercial housing	√	X	X	√
<u>Sustainable human settlements</u> , that are well-functioning self-sustaining and fiscally sustainable townships which should be integrated with mixed-uses	√	X	X	√
Functional Housing Markets. This includes an effective secondary market	√	X	X	√
Integrated Communities. This is understood to be about the inclusion of range of income demographics in the settlements area	√	X	√	√
Sustainable Neighbourhoods. Sustainable neighbourhoods are understood as neighbourhoods that are functional in respect of service delivery and urban management and that offer a quality life to its residents	√	X	√ (engineering services) X (social and community facilities)	√ (engineering services) X (social and community facilities)

Table 4: Performance of the case study projects against the long term and intermediate outcomes of the ToC

6.2.2 The extent to which different land uses have been integrated

Cosmo City has been able to integrate different land uses and provides residential, commercial and retail sites (both formal and informal) within the project and an industrial/business estate in close proximity.

In Zanemvula no integration has occurred and the project provides only residential development. The project is also poorly located in the urban area with limited access to external retail and commercial developments. Given that Zanemvula is located in a development corridor this could change in the future.

In Pennyville some integration has occurred in that residential developments have been provided, along with limited retail development including a petrol station and informal commercial activities. However while the development itself does not provide a high level of retail and commercial development it is centrally located with access to multiple transport modes. Accordingly the households in the settlement have access to the Johannesburg CBD, industrial areas and a major shopping centre.

In Olievenhoutbosch as is the case with Pennyville, the settlement itself predominantly provides residential development. However the project forms part of the Johannesburg – Tshwane corridor and is integrated spatially via a road system with access to retail and commercial facilities.

Accordingly it is concluded that of the four projects only Cosmo City has achieved integration of different land uses within the project itself. Pennyville and Olievenhoutbosch provide access to the residents in the project through being well located within the regional area with access to transport networks. Zanemvula achieved the lowest level of integration of different land uses in that it is not well located and does not have easy access to commercial and retail developments.

6.2.3 Evidence of better functioning urban spaces, social inclusion & spatial integration

1) Functioning urban spaces: Two components of functioning urban spaces are analysed. The first is the way in which the layout plan has been structured and the extent to which this is functional. The second is the extent to which the development provides access to households to engineering, social and economic facilities and is therefore a functional urban space from the perspective of the individual household. In terms of a functioning layout plan the following is noted:

- The Cosmo City design separates spatial areas for different housing typologies rather than inter-mingling them. This was a conscious decision and was largely informed by market considerations. The segregation has been questioned as to whether it does promote social integration, but it has allowed the market to respond positively making the bonded houses very successful and generating rates income and revenue for the City. The cross subsidisation of the costs for services made the subsidy houses (RDP) areas and bonded areas similar, thereby reducing the distinction between the different housing typologies.
- With respect to Zanemvula, while each of the layout plans showed well-designed areas based on integration principles, none of the mixed use areas have been developed as intended and remain barren waste lands and dumping grounds separating the RDP housing areas that have been developed. As each area was designed independently from one another the overall project is a collection of separate projects not coherently linked.
- In Pennyville, according to the developer, proper town planning and urban design principles were applied, and the multi-storey units were located on the major roads for access purposes (Erasmus, 2015). Moreover, the social amenities are accessible to the residents (Erasmus, 2015).
- In Olievenhoutbosch, the layout of the settlement makes provision for a range of land use and housing typologies as well as tenure arrangements. These have been arranged physically in a very rational spatial dispensation which arranges business sites in ways which focuses buying power in the most accessible locations on the southern edge of the settlement, locates civic/community facilities (except education facilities) in clusters maximizing convenience and in relation to their scale or order and promotes non-motorised transport / pedestrian systems.

The residential component does create a level of separation between different density levels, housing typologies and tenure systems by arranging them in general into a series of bands. Thus while the settlement as a whole accommodates the variability in density, typology and tenure these are physically separated. This effect is however lessened by the arrangement into consecutive bands rather than in discrete cantons. The bonded component is situated in the most distant outer band and residents there will move through the subsidised detached, semi-detached and row housing areas to exit the area or access civic functions. The layout responds to market signals which favour income separation (or at least the separation of bonded products) in a way that lessens the impact of separation.

If functioning urban spaces are assumed to be areas which have a high level of engineering services and are designed to include areas of mixed land uses, that when developed, will provide easy access to social and commercial facilities, or if such facilities are close by, then this has been achieved in respect of Cosmo City, Pennyville and Olievenhoutbosch. This has not yet been achieved in respect of Zanemvula, although the layout plans do make provision for mixed land uses.

The projects perform differently in this regard (see table below). This is dependent on the extent to which social and economic facilities have been provided within the settlement, as well as the extent to which the settlement itself is well located in an urban area.

Criteria	Cosmo City	Zanemvula	Pennyville	Olieven-houtbosch
High level of engineering services	√	X	√	√
Access to social services (schools, parks, community centres etc.)	√	X	X	X
Access to social/commercial facilities	√	X	√	√

Table 5: Performance of the case study projects in respect of functioning urban spaces, social inclusion and spatial integration

2) Social inclusion: There does appear to be a feeling of being included socially in all the projects. The table below sets out findings from the household's survey undertaken in each of the four project areas. The table indicates that in all four areas households get along well or very well with the people in their immediate area (above 80%) and to a lesser extent with people in other house types (between 49 and 61%).

This is corroborated by other evidence including for example:

- A survey in Cosmo City (2015) by the University of Cape Town which found that 60% residents said that they felt part of the community where they lived.
- In Pennyville research by Buloyi (2104) found that there are strong economic and social

relationships between the residents of the different typologies in the settlement. It is noted however that in Zanemvula a study undertaken in 2013 found that there is a poor sense of place and few opportunities to grow social relations in the settlement due to the absence of social facilities. This is in contrast to the findings of the household survey.

	Cosmo City	Zanemvula	Pennyville	Olieven-houtbosch
% of households who want to live forever in the area	43	89	36	27
% who rate the quality of their accommodation as good or very good	68	33	49	47
% who feel they know the people in their area well or very well	65	90	78	82
% who feel that they know the people in other house types well or very well	47	73	33	46
% who feel they get along well or very well with the people in their area	80	98	91	92
% who feel they get along well or very well with the people in other house types	61	79	49	56

Table 6: Findings from the survey of households by area (Source household survey 2015)

3) Spatial integration: The extent of spatial integration varies in respect of the four projects:

- Cosmo City while in a seemingly peripheral location in the Johannesburg Metropolitan area is in a growth area with many expanding industrial, commercial and private housing estates all around it. It has a clear economic rationale and context.
- Zanemvula does not have this although it may develop in this way in the future if the strategic plans and BEPP proposals come to fruition and investment other than government spending is attracted to the wider area. Further it does have the potential to become an integrated settlement because the layout planning of each area promotes and accommodates this and the vacant land for mixed uses may be taken up in future when more investment in the adjacent hubs occurs. As more economic development extends towards the area and if roads are upgraded and tarred, the area may become more suitable for private investment. At worst, the vacant sites could become invaded, making it more informal than it was at the start of the project.
- Pennyville is well-located and accessible, and is therefore integrated into the fabric of Johannesburg.
- The spatial integration of Olievenhoutbosch into the wider city region is assured. It is located close to Gauteng's main and most rapidly development corridor. It is likely that Olievenhoutbosch's location will become more advantageous over time.

6.2.4 Effect on local property markets

All three types of housing typologies in Cosmo City appear to be contributing to an active property market in their immediate areas. Properties appear to be formally traded at values higher than their initial establishment cost. This may also be reflective of the Demacon survey findings that indicated that all residents surveyed indicated that they understood the investment value of property. Bonded houses are being sold between R550 000 – R1m, depending on the level of improvements done to the property. RDP houses are being sold between R200 000 – R345 000 also depending on the improvements, in particular the number of additional outside rooms on the property. RDP homes are being sold for cash, presumably because of the 8-year restriction on the sale of the homes.

In Zanemvula there is a formal housing market (albeit quite 'thin') emerging and owners are using estate agents to do the sales. It would appear that the Zanemvula developments have not impacted negatively on surrounding areas³. However, what is apparent is that bonded houses or greatly improved RDP houses are not being established in this area. Zanemvula has been unable to attract affordable housing to the area. Also, RDP beneficiaries in Zanemvula have not done significant upgrades to their homes. This is in stark contrast to the integrated development of Cosmo City, Johannesburg where it was observed that almost every RDP, FLISP and bonded house has seen private owners invest in improving their homes. This may be due to a combination of factors not least of all being the limited availability of disposable income of beneficiaries in Zanemvula.

The Pennyville development consists purely of rental units and RDP units that are still within their eight year restriction period and thus cannot be sold. Consequently, no property market has emerged in Pennyville to date. The property market has been enriched with the development of the project and there appears to be a lively market in the bonded products in surrounding areas. The range of house prices on offer are from about R400 000 to R900 000 indicate that considerable value has been created and that there is appetite for improvements. The market is on the up.

The neighbouring areas exhibit property values two to three times that of the Olievenhoutbosch market. However, the stand sizes there are generally three times larger than those within Olievenhoutbosch. The construction of a development targeted at the subsidised and the lower end of the bonded market does not appear to have detracted from the general pattern of residential development west of the N1. The emergence of gated estates targeted at different income groups from middle to upper ranges reflects this.

6.3 Funding arrangements

³ This observation is based on a simplistic on-site observation by author in June 2015.

This section sets out the way in which funding was provided in respect of each of the case studies and addresses the evaluation questions as shown in Table 2.

6.3.1 Funding arrangements utilised

The table below provides an overview of the funding arrangements utilised in the projects.

	Funding arrangements	% of expenses borne by stakeholders	Key challenges
Cosmo City	The funding provided was a mix between public and private sector with the City and Province providing the bulk of the funding. Substantial private sector gearing occurred (17% of the expenses). The financial modelling, programming and cash flow management was done along business lines and the developer bridged gaps in funding from the public sector to ensure a smooth cash flow and roll out.	City – 47% (R548 million) Developer – 17% (R192 million) Province – 30% (R350 million) Eskom – 7% (R77 million)	<ul style="list-style-type: none"> - Finance and cash flow and coordinating finances from the Province and City - Service provision was not forthcoming as agreed in respect of education, health, parks etc. The developer contributed significantly to the development of the schools and parks. Operational funding was provided by the relevant service department. - Problem of receiving the Restructuring Capital Grant from the SHRA for the Social Housing development
Zanemvula	The funding was sourced from the public sector only predominantly through the national subsidy programme. The project was declared a Section 29 priority project which enabled a guaranteed allocation of funds over a specified period. No private sector gearing was achieved.	National government (via province) – 100% (R1 billion)	<ul style="list-style-type: none"> - HDA was only paid when they had delivered value. The development costs were therefore bridged by the HDA. This was onerous and placed financial risk on both the HDA and the contractor. - Limited social facilities have been provided due to the service departments not allocating funding.
Pennyville	The project was funded through multi sources of funding including ABSA, MIG, the City of Johannesburg, SHRA, Joshco, and the Gauteng Department of Human Settlements. The City and Developer were able to manage the flow of the funds in a manner which enabled the project to be both commercially viable to the developer and affordable to the State.	No data	<ul style="list-style-type: none"> - The developer carried very little risk and therefore potentially could have lacked sufficient incentives to ensure delivery. It did however also act as an incentive for the developer to participate in the project.
Olievenhoutbosch	The project was funded through multi sources of funding including ABSA, MIG, the City of Tshwane and the Gauteng Department of Human Settlements.	No data	

Table 7: Overview of funding arrangements

6.3.2 Subsidies and grant instruments used

The table below sets out the subsidies and grant instruments used in the four case studies. As is evident in the table the main subsidy used was the project linked subsidy for internal services and top structures and the Municipal Infrastructure Grant (MIG) for bulk infrastructure. In the areas where social housing was developed the Reconstruction Capital Grant was used from the SHRA. In addition top up grants were provided in Cosmo City, Pennyville and Olievenhoutbosch by the City to improve the level of service provided both in terms of the infrastructure and top structure. This did not occur in Zanemvula. In Cosmo City there was also a relaxation of the payment of connection and building plan fees.

What is evident is that there is an opportunistic use of subsidies and grants that directly respond to the unique circumstances of the project and the time frame within which it is being implemented.

Table 8: Subsidies and grants used

	Subsidies	Grant instruments
Cosmo City	- Project linked subsidy - FLISP	- Top up to the project linked subsidy provided by the City - Relaxation of the payment of connection and building plan fees by the developer
Zanemvula	- Top sliced from the HSDG but allocated through the Project linked subsidy - UISP	
Pennyville	- MIG - Project linked subsidy - RCG (SHRA)	- Top up to the project linked subsidy provided by the City - Provincial (institutional) housing subsidy from province - CRU/COJ capital grants
Olieven-houtbosch	- MIG - Project linked subsidy - DME subsidies	- Top up to the project linked subsidy provided by the City

6.3.3 The mix of private and public funding applied

Middle and higher income suburbs in a city grow by developers identifying land and planning the area. They then raise bridging finance to install services and construct houses. The loans are recouped upon sale of the properties. In particular sites such as petrol filling stations and local shopping centres are often developed first to generate cash flow. The whole project is planned, costed and cashflow is modelled for the entire project up front. All costs are determined and phasing geared towards recouping costs as efficiently as possible. Private, bonded housing residents are attracted to such developments if facilities such as schools are developed at the same time. So, timing and sequencing of development are important considerations. Large private developers are also able to bridge finance should there be delays in municipal servicing or they may install services in lieu of bulk contributions to ensure that holding costs and delays are minimised.

In an integrated project where affordable housing is included, this model applies to those components. There is no funding obtained up front from a municipality or other government departments for market-driven housing products. So there would be no housing subsidy that would contribute to roads and other municipal infrastructure in such areas. A developer would be taking a high risk to provide such housing in a low income area, especially if no market is found for the houses that are built. So, models of integrated housing typologies and markets need careful consideration of how to partner with the private sector and how the risks will be managed.

Of the four case studies it appears that Cosmo City achieved the greatest mix of private and public funding. This was achieved through a high commitment and investment by the City particularly in respect of providing the land, waiving building plan and development contribution fees and providing a top up to the subsidy funds to improve the level of service. In addition the financial modelling, programming and cash flow management was done along business lines. All of the above enabled the developer to take risk and bridge gaps in funding from the public sector.

In Pennyville and Olievenhoutbosch some gearing by the private sector occurred in that both developments contain a mix of public and private sector stock for different income groups. The extent of this could not be determined due to the fact that financial modelling does not appear to have occurred and the information on the extent to which public and private sector funding occurred is not available.

In Zanemvula it was not possible to attract private investment. This was due to the adhoc nature of the way in which development was undertaken and that there was not a clear vision up front for the project as a whole and the role of the private sector

6.3.4 Cross subsidisation applied

The cross subsidisation that occurred in the projects is based on the way in which the proceeds from selling land or units is applied as follows:

- In Cosmo City the City subsidised the cost of the land. The revenue from the land sales was collected by Codevco and the agreed City share was handed back to the City and it in turn was used to offset the capital cost of the services. This allowed a higher level of service to be provided than what is possible using subsidy funds alone.

Further the developer provided schools, parks and a higher level of engineering services in the subsidy and affordable (FLISP) housing areas. This was incorporated into the capital costs of the projects and included into the price of the units sold.

- In Pennyville some level of cross subsidy occurred through the sale of the rental units to

Diuculo, the proceeds of which contributed towards the additional costs of the subsidised top structures.

It does not appear that there was any cross subsidisation applied in Zanemvula and Olievenhoutbosch. In respect of Zanemvula this was due to the fact that the project was driven by the subsidy tranche payments and municipal contribution to services only and this limited the ability to cross subsidise.

6.4 Project Partners and Institutional Arrangements

This section sets out the institutional arrangements applied in the case study projects and addresses the evaluation questions as shown in Table 2.

6.4.1 Institutional arrangements

An overview of the institutional arrangements and cooperative governance strategies in respect of each of the case studies is shown in the table below.

Table 9: Overview of institutional arrangements and cooperative governance strategies

	Institutional arrangements	Cooperative governance strategies
Cosmo City	<ul style="list-style-type: none"> - Implementation was undertaken as a partnership between three stakeholders namely the City of Johannesburg, the Gauteng Provincial Department of Housing and Codevco (which was a private developer consortium comprising Basil Read and Kopano Ke Matla) - Institutional arrangements were specified in three signed agreements - There was a strong community participatory structure 	<ul style="list-style-type: none"> - No agreements appear to have been put in place with other Departments to secure budget and a commitment to deliver social facilities. The City was required to coordinate and facilitate this contribution. This was a failure and resulted in the limited delivery of these facilities by these departments.
Zanemvula	<ul style="list-style-type: none"> - The project was implemented as a result of an agreement between the then Housing Minister, the provincial MEC for housing and the executive mayor of the municipality (NMBMM). The tripartite agreement was clear and instructive and separated the political agreement from the technical implementation. - Thubelisha Homes was appointed in 2007 as the project manager in place of NMBMM. This was due to a lack of capacity within the NMBMM. In 2009 HDA was appointed as the project manager in place of Thubelisha Homes - The tripartite agreement was ground breaking and promoted high level political support for the project as it gave clear roles for the political and technical parties. 	<ul style="list-style-type: none"> - One of the roles of the Provincial Department of Human Settlements was to coordinate all activities relating to its other departments to assemble all the necessary resources and facilitate the approval of applications made to other provincial departments for the provision of non residential services and facilities - A Cooperation Agreement was signed however the commitment made were not delivered.

Pennyville	<ul style="list-style-type: none"> - The City of Johannesburg appointed PZR under a turnkey contract. This enabled the City to specify the precise mix and specification of the housing units to be developed. - The turnkey arrangements contributed to the project's success in that the developer had the authority, management and financial capability to deliver the targets set. The turnkey contract also enabled the developer flexibility to adapt to market conditions. 	<ul style="list-style-type: none"> - No cooperation agreements with other service departments were put in place and the developer was required to secure support from these department in respect of the implementation of social facilities. This resulted in none of these facilities being developed.
Olievenhoutbosch	<ul style="list-style-type: none"> - Olievenhoutbosch was implemented as a turnkey project. The project was undertaken by the City of Tshwane, the then Provincial Department of Housing, the then National Department of Housing, ABSA Bank and ABSA Property Developments (DEVCO) (the developer). The project was formalised through an agreement. - The project was identified as a Ministerial Housing Project. It is believed that this contributed to the motivation of officials and increased willingness of the City of Tshwane to provide top up funding. 	<ul style="list-style-type: none"> - No arrangements were made or incorporated into the agreement on the need to develop social facilities and other non residential land uses.

6.4.2 The institutional mechanisms that facilitated successful implementation

Cosmo City, Pennyville and Olievenhoutbosch used a turnkey contract approach whereby an external private sector developer was appointed to implement the project. This was a key factor to the success of these projects. The turnkey approach centralised the programme management process permitting control of all inputs and thereby permitting effective sequencing. This resulted in the establishment of an efficient and effective delivery process, largely eliminating procurement and other delays. It also facilitated the identification, management and mitigation of risk as it permitted quick decision making.

These three projects also benefitted from having clear founding agreements with participants roles clearly defined and also the projects had a legible project structure. This assisted to reduce conflict which debilitates and delays many projects. The institutional arrangements contributed to clear role definition and assigned responsibilities that made easier for private sector developers to assess and manage their risks. The turnkey approach helped to simplify the projects structure and permit those tasked with delivery to get on with the job.

The management of large projects such as Cosmo City, Pennyville and Olievenhoutbosch are extremely complex and having a project structure nimble enough to respond to evolving project demands was a distinct advantage. Using a private sector developer had the advantage over the public sector as it enabled a structure that was less rule-bound and is able to structure a management response that fits the circumstances.

Zanemvula on the other hand used a state owned entity as the developer. This was less

successful but could have been more the result of the change from Thubelisha Homes to HDA. The project did have founding documents that set out clear roles and responsibilities. However both Thubelisha Homes and HDA were more restricted in their ability to take quick decisions and manage and mitigate risk, as well as structure finances than a private sector developer would have been. Accordingly Zanemvula was completely dependent on subsidy funds and did not achieve integration to the extent that the other projects did.

Olievenhoutbosch and Zanemvula received special status from National Government and this ensured that the funds were prioritised through the top slicing mechanism and so PDHS could allocate subsidies outside of their normal provincial subsidy allocations.

The delivery channels and institutional arrangements appear to be efficient in Cosmo City, Pennyville and Olievenhoutbosch in respect of achieving a mix of typology and income. In Zanemvula the delivery channel and institutional arrangements did not achieve this (for details see section 6.1.2).

6.4.3 Intergovernmental coordination

Where all the projects failed to achieve effective delivery of an IRDP project is in respect of social facilities and other non-residential uses. It appears that no formal agreements were put in place in respect of Cosmo City, Pennyville and Olievenhoutbosch. The City or Province was required to coordinate with the relevant departments to ensure that the relevant facilities were provided timeously. In Zanemvula a cooperation agreement appears to have been put in place. In all instances there was a high level of failure in respect of the delivery of these facilities and non-residential uses.

In the case of Cosmo City the developer addressed this issue by incorporating some of these costs (schools and parks) into the capital costs of the project and developing them as part of the project.

The key fundamental challenge identified in the review of the case studies is how to achieve intergovernmental coordination in order to ensure that the social and economic facilities required to make an integrated settlement are implemented in time and as part of the development process.

6.4.4 Extent of private sector participation

Cosmo City, Pennyville and Olievenhoutbosch were successful in securing private sector participation, particularly through the turnkey contract approach. Zanemvula was not successful and this was due to the fact that a turnkey contract approach was not applied and the role of the private sector was not conceptualised at the start of the project. The fact that the project only delivered subsidy housing and areas were developed to low infrastructure standards also undermined private sector participation.

With respect to the turnkey contract approach, key elements to the success of the private sector participation is ensuring that there is a smooth flow of funds into the project from the public sector, that roles and responsibilities are clearly specified and that structures are established that enables the private sector developer to have full management decision making. Also, committed private sector partners tend to extend their involvement and in Cosmo City they did beneficiary education, tree planting, skills development and still retain an office in the area where residents can get assistance and information

6.5 Monitoring of projects

This section sets out the way in which monitoring of the case studies and addresses the evaluation questions as shown in Table 2.

On the basis of the review of the four case studies it can be concluded that monitoring of the projects in respect of the requirements of the IRDP has been poor. Monitoring when undertaken appears to have been focused on the extent to which housing units were delivered. Factors such as the extent to which mixed income integration and the provision of social facilities and other non-residential uses are developed have not been monitored.

The monitoring frameworks appear to have been adequate and effective in respect of monitoring the terms of the legal agreements put in place and the extent to which subsidy funding is applied. The frameworks have not been effective in terms of the broader requirements of the IRDP.

7. Overall conclusions

7.1 Programme relevance and design

The evaluation of the four case studies has indicated that IRDP projects if undertaken effectively are able to deliver integrated accommodation for a mix of lower income households at scale. The case study analysis has indicated that this form of human settlement delivery if undertaken correctly can result in increasing private sector investment into the delivery of housing for low income households, while at the same time creating integrated sustainable settlements. Given the increasing need for housing in South Africa it is concluded that the **IRDP programme continues to be relevant**. The four case studies delivered in excess of 29,000 units over a ten year period.

While the overall design of the IRDP programme is logical and effective there are challenges which undermine the extent to which its application results in achieving the overall outcome of integrated sustainable human settlements. Of the four case studies Cosmo City is the most effective and this project has best met the long term outcomes as set out in the TOC and has resulted in a sustainable human settlement and integrated development. The other projects have been less effective in achieving the outcome of creating a sustainable hu-

man settlement and integrated development, with Zanemvula being the least effective. These challenges relate to funding availability and flow, intergovernmental coordination to enable simultaneous investment in residential units and non-residential facilities and the extent to which private sector and household investment occurs.

The fundamental difference between Cosmo City and the other case study projects is the significant role played by both the private sector partner (Codevco) and the public sector partner (the City of Johannesburg). Both championed the implementation of the project, investing resources and capital.

Zanemvula on the other hand clearly indicates that it is not possible to achieve the TOC of the IRDP using public sector funding alone. In addition while a Special Purpose Vehicle such as the HDA is more effective than a local or provincial government body, it is not as flexible as a private sector partnership. The HDA is not able to bridge funds as effectively as the private sector and is not able to raise additional sources of funding itself. Should an entity such as the HDA be used, then the subsidy funds should be provided upfront to be more effective.

The IRDP programme does not address the issue of density and the four case studies reviewed (with the exception of Pennyville) result in very low density developments. The massive explosion of backyard rooms in Cosmo City has increased the densities in this development, despite the concern that the densities are now beyond the initial level of services provided and that it brings a level of informality into the area. This form of densification also has the added benefit of providing an income to the owners of the properties, thus increasing the sustainability of the development, however it was not conceptualised as part of the design of the IRDP programme.

7.2 Intergovernmental coordination

All four projects clearly indicate a fundamental flaw in the TOC of the IRDP which is that Human Settlement Departments can only provide subsidies for some services and low income top structures, yet a fully integrated development needs many sources of funding to provide facilities and non-subsidised housing. A substantial portion of the funding required is not in the 'control' of Human Settlement Departments, who cannot compel municipalities to top up infrastructure standards, nor dictate to provincial departments on allocating budgets for infrastructure and social facilities.

All entities within the three spheres of government need to buy into the concept of the IRDP. While most would not hesitate to do so in principle, if budgets are committed elsewhere or where there are competing demands, the buy-in does not happen. Further intergovernmental relations functions within municipalities and provinces are separated from operational and finance functions, which makes it difficult to secure commitment. So, in practice both the Inputs and Outcomes that are set out in the ToC largely rely on many other actors and only

one is substantially (yet not exclusively) in the hands of Human Settlement Departments and their funding arrangements/instruments.

If an IRDP project is located within an existing urban area such as the case of Pennyville and Olievenhoutbosch, then the extent to which non-residential investment is required is less, in that the households living in the area are able to access social facilities and economic opportunities from the surrounding areas. The key focus in respect of these projects is the extent to which the transportation network supports the integration objectives.

In respect of large projects such as Cosmo City and Zanemvula, which are located in peripheral areas, if integration is to be achieved the development of non-residential uses must occur simultaneously with the residential uses. In respect of these projects it needs to be recognised that the projects are not just the responsibility of the Department of Human Settlements but requires a wider municipal and provincial (and even national and parastatal) area of focus.

All of the case studies indicated that current methods of integration are ineffective including coordination structures (such as interdepartmental meetings, technical team meetings etc) and written agreements (such as Cooperation Agreements). For example:

- In Cosmo City, the City was required to coordinate and facilitate the contribution of other Departments and the Province through normal coordination processes. This did not always occur.
- In Zanemvula the Provincial Department of Human Settlements was required to coordinate the contribution of other Departments and a Cooperation Agreement was signed and commitments were made. However these commitments were not met.
- In Pennyville the developer was required to secure the support from the necessary provincial and municipal departments, but was not successful in doing so.

7.3 Enabling investment and sustainability

The case studies have shown that key to the success of an IRDP project is the extent to which it enables investment by the private sector and households into the development and the extent to which the development is sustainable. Cosmo City was extremely effective in this regard and indicated a number of factors that need to occur. The challenges experienced by Zanemvula and to a lesser extent Pennyville and Olievenhoutbosch reinforce these findings. The key factors that are necessary to enable investment include:

- A mix of formal housing typologies is critical. A key success factor is that bonded, private market houses, social housing or affordable rental form the core of the development. This is important as these housing typologies result in home owners who pay for services and rates. Developments should therefore be structured so that sufficient income is obtained from these home owners to enable the Municipality to maintain the area and ensure good urban management.

- The level of services and facilities provided (i.e. tarred roads, investment in parks, availability of schools etc.) does impact on the extent to which the private sector and households are prepared to invest into the area. These services and facilities must be developed simultaneously when the residential uses are developed in order for non subsidised households to want to purchase housing and for other investment to occur (such as shops, garages, but especially the presence of schools).
- Informal development either in the form of informal settlements, backyard rental or informal retail activities does hinder formal private investment. Private investment is sensitive to the risk of their investment losing value. Bonded private households cannot risk owning properties that are reducing in value while servicing loans over periods in the region of 20 years. While informal activity (such as backyard rental and retail services) should be encouraged it must occur in a regulated manner that does not result in a reduction of urban management and control.
- The location of a project within the sub-regional context is critical. Projects must be located in a growing economic area and must have access to affordable public transportation networks. A critical success factor is that the location must be attractive to the market.

7.4 Institutional Aspects

The most effective institutional arrangement appears to be a private developer that is contracted either on the basis of a Public Private Partnership or turnkey contract. The turnkey contracting approach appears to result in high levels of success in developing an integrated settlement. The developer must be experienced and be able to access sufficient funding raised off balance sheet to invest in the project over an extended period of time (10 to 15 years). The private developer must be prepared to share the risk, which should be manageable with uncertainty reduced.

Strong municipal commitment and drive is required whereby the municipality plays a key role in planning, managing and implementing the project. This support should be both political and technical.

A clear vision for the project and the specification of key roles and responsibilities is critical. There should be binding documents and agreements that set these out.

The establishment of Steering Committees and Technical Task Teams is a good way to separate the oversight functions from the day-to-day arrangements. What is required is sustained commitment from representatives and participation by decision-makers so that meetings are effective.

7.5 Community consultation and training aspects

While IRDP does not require beneficiaries to be identified upfront, once they are identified,

consultation and involvement from the early stages in a project is critical. This should continue throughout the project and after its completion. In Cosmo City both Codevco and the City were involved in education initiatives with the beneficiary community including home ownership training, land use and building regulations, skills development, regular newsletters (now a local newspaper) and the establishment of a local office in the area.

7.6 Funding Aspects

A key challenge in Cosmo City and Zanemvula was the stop - start provision of funding. Cosmo City was able to overcome this through the private sector partner that could raise the funding to smooth the flow and in fact it was a condition of the agreement that Codevco have bridging funds on hand. In Zanemvula it severely restricted the basis by which development occurred and the extent to which integration could be achieved. Zanemvula showed that integrated projects cannot be undertaken successfully on subsidy funds alone. Dedicated funding both in respect of the subsidy funding and additional funding over and above that provided through the subsidy is critical. Additional funding must be obtained not only from the public sector (municipal top-ups) but also the private sector.

A project and cash flow management plan needs to be developed up front. This should be agreed by all the funders together and should form the basis of the commitment of funds.

Projects need to generate a revenue stream. Cosmo City was very successful in achieving this through an agreement with the City to share the proceeds of the sale of land, thereby incentivising the developer to attract non-residential development and providing some income back to the City who purchased the land.

7.7 Mix of housing typologies

The right mix of units is a critical success factor. The type of typologies can include market related bonded houses, affordable (FLISP) houses, subsidised houses and rental stock. The mix will vary for each project and will depend, inter alia, on the location of the project. The key criteria for formulating this mix is to contribute to the sustainability of the area. There needs to be sufficient households that pay rates to make the provision of services viable by the municipality. It also attracts retail and other forms of non-residential investment and contributes to the creation of a secondary market.

For example, the high proportion of subsidy units in Pennyville have called into question the sustainability of the development. According to the developer, Pennyville taught us that you shouldn't have more than 40% of the development consisting of subsidised housing. In fact, it is suggested that the best mix for an integrated development is one third fully subsidised units, one third partially subsidized units, and one third fully bonded units (Erasmus, 2015).

7.8 Urban management

It is important that there is continued and ongoing urban management of the area including the maintenance of public spaces and ensuring that households comply with building, planning, health and other regulations. This requires the project to be integrated into the operational functions of the city and ensuring institutional and budgetary capacity to do the management

7.9 Understanding of the IRDP and support for implementation

On the basis of the four case studies undertaken it appears that most provinces and municipalities understand the IRDP as it is reflected in the ToC. The challenge has been the ability to secure coordination across departments.

No special systems or processes were identified that have been put in place by national and provincial departments in order to implement IRDP projects, although some guidance on contracting arrangements is provided.

In the case of Cosmo City, Pennyville and Olievenhoutbosch it does appear that the provinces and municipalities had capacity to manage and implement the projects. In this regard the turnkey contractor arrangement proved to be extremely successful. In the case of Zanemvula neither the Province nor the Municipality had sufficient capacity hence the introduction of initially Thubelisha Homes and more recently the HDA.

On the basis of the evidence obtained in respect of the four case studies it is not possible to determine if the implementation of the projects has changed how provinces and municipalities plan housing projects and the extent to which integrative development principles have been embraced. However the following is noted:

- Cosmo City has won 3 awards: “the Best Housing Project”, “Best Developer of the Year” and “Best Public Private Partnership” (Urban Dynamics, undated). This has given the project national and international profile and recognition. It has been the subject of numerous studies, study tours (by politicians from many provinces) and research. It is seen as a best practice in many respects and has inspired ideas of doing similar developments elsewhere, not only in Johannesburg but in other cities.
- There does appear to have been learning and application of mechanisms between Cosmo City, Pennyville and Olievenhoutbosch.
- Since the completion of the Pennyville development, Johannesburg has seen the emergence of several other integrated developments, such as Fleurhof. These developments have clearly drawn on the Pennyville model for inspiration.

8. Recommendations

- 1) It is recommended that the IRDP programme is continued, but is improved upon to enhance its effectiveness as set out below.

2) **Two types of projects** : The programme should be enhanced to implement two types of projects:

- **Smaller projects that are implemented on infill sites within existing urban areas.** These projects are important for the densification and compaction of cities and to enhance the use of existing scarce nonresidential facilities. It is more economical to increase the usage of these facilities than to invest in new infrastructure. These projects should be encouraged and do not need to fulfill the integration requirements of larger projects located in peripheral areas (see below). When undertaking these smaller projects a review should be made of the surrounding areas to determine what nonresidential facilities are available and based on this the extent to which they need to be provided within the project itself. A key focus should be on ensuring that transportation networks are extended or enabled so that the integration objectives are achieved. These projects are likely to be easier to implement than the larger projects (see below) and will require less complex funding streams. In addition it is likely that they can be implemented by a Department of Human Settlements predominantly, using current existing subsidy funds. They may also have shorter turnaround times.

- **Larger projects located in Greenfield areas.** These projects are an important part of city building. However they require extensive and coordinated funding, both public and private and are implemented over long time frames (10 to 20 years). Accordingly they should only occur in areas where there is a high market demand. Such projects should be implemented as a public private partnership or turnkey contract. The private partner should have the experience and capacity to implement the project. The projects should comprise a mix of housing typologies that responds to locational needs and should be implemented in a manner where the nonresidential facilities are developed simultaneously with the residential areas. These projects need to be elevated in the decision making processes of municipalities and provinces, so as to secure the intergovernmental cooperation required to achieve integration (for more details see below). Further special funding arrangements are required in order to ensure committed funding over the life of the project (see below).

The IRDP programme guidelines should be expanded to set out these projects and the basis by which they should be implemented.

3) **Clear approval criteria:** The guidelines for the approval of an IRDP project should specify the following criteria that need to be met:

- Smaller projects must be aligned with the Integrated Development Plan and Spatial Development Framework of a municipality. Larger projects must be specified in the Integrated Development Plan, Built Environment Performance Plan (BEPP)

or Service Delivery Business Improvement Plan (SDBIP) of a municipality.

- Funding for a project should not be approved unless there is clear evidence of the market need that the project serves and the extent to which integration is being achieved.
- Both smaller and larger projects must specify the mix of typologies to be provided. In larger projects the percentage of households that are exempt from paying for services and rates must not be more than 40% of the total households in the development. In smaller projects the extent to which the development is contributing to the sustainability of the area in which it is being located must be explicitly indicated. The decision regarding the mix of typologies needs to be based on a sound financial model that demonstrates the long term fiscal sustainability of the development.
- All projects must have a project and funding plan prior to implementation commencing.
- All projects must indicate how ongoing urban management is going to be undertaken. In respect of the larger projects the funding plan should incorporate ongoing maintenance for a period as part of the costs of the development.

4) Funding: Smaller projects can be funded using the current IRDP subsidy allocation and HSDG funding and other funding sources as required in terms of the particular need of the project.

It is proposed that a new financial instrument is established to provide funding for larger projects. This funding instrument should comprise the following:

- It should enable the project to access a specified allocation per annum in terms of its project and cash flow plan. The funding allocation should be a lump sum amount that is not linked to the number of subsidised residential units being provided.
- The finance provided should be bridging finance that will enable cash flow for the project to be implemented in terms of its plan. The finance should be used to develop both subsidised residential units, services to a higher level of specification, as well as non-residential facilities. Non subsidised residential units should only be financed by private sector funds.
- The amount of the facility should be determined on a project by project basis and on condition that it is matched by private sector investment.
- The project will be required to access funding from the different funding streams (subsidies, project revenue etc) as currently occurs, and will pay back the funds as and when they are accessed. This will enable the project to be implemented timeously without being delayed due to different approval and payment processes.

5) Intergovernmental relations: Currently the level of integration achieved in respect of IRDP projects is determined by the degree to which departments talk to one another and

the extent to which they are able to prioritise and allocate budget within an aligned framework. This is not sufficient. What is needed is for the IRDP project to be directly linked to the budget allocations and approval process of the municipality and provincial government (and other actors like Eskom). An investigation into mechanisms that can enable this needs to be undertaken.

The introduction of a financial framework (the Capital Investment Framework (CIF)) to accompany the Spatial Development Framework, as prescribed in The Spatial Planning and Land Use Management Act 16 of 2013 (SPLUMA) and applied by the City of Johannesburg is an attempt to guarantee investment in the right places. This framework specifies the process of using the spatial investment priorities, as identified in the Spatial Development Framework, as criteria to select and prioritise capital projects. The process would include: defining the weighting of the various criteria used to select and prioritise projects; identifying who makes the necessary decisions; and establishing how these decisions translate into the provinces or municipalities approval of the capital budget for inclusion in the MTEF.

6) IRDP projects and informality: The case studies indicate that IRDP projects appear to be more successful when including a mix of formal housing typologies. The success of Cosmo City and key challenges in Zanemvula indicate that the level of services provided (i.e. tarred roads, investment in parks etc.) does impact on the extent to which the private sector and households are prepared to invest into the area. Further informal development either in the form of informal settlements, backyard rental or informal retail activities could hinder formal private investment.

Given the important role that informality plays as a generator of income for households further investigation is needed into how informality impacts on private sector investment and the extent to which it undermines IRDP projects. IRDP projects need to create a balance between an environment in which the private sector will invest and enabling lower income households to build incrementally or undertake incremental economic activities.

7) The following additional research should be undertaken:

- Factors that influence social integration and cohesion.
- How informality impacts on private sector investment in IRDP projects.
- An investigation into how delivery by all relevant departments can be secured as and when it is required

Annexure A: Documents reviewed and interviews undertaken

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Agreement for the Implementation of a Land Development Project known as Olievenhoutbosch: April 2005, Subsidy Agreement January 2006, Engineering and Services Agreement April 2007
Bid Committee Submission to the City Manager: February 2008

Terms of Reference Project Steering Committee (Undated)

Terms of Reference Technical Committee (Undated)

Terms of Reference Legal and Finance Committee (Undated)

Terms of Reference Communication and Beneficiary Committee

Ward 48 Relocation and Allocation Committee: 20 March 2007

8.2 Interviews undertaken

8.2.1 Cosmo City

Name	Position	cell	email
Brian Mulherron	Basil Read – project developer/manager	082 555 6919	bm@cosmo.co.za
Linda Ngcobo and Edward Makwarela	Gauteng DoHS – Regional Head Johannesburg GDHS - Project manager - Johannesburg	011 6305093 011 630 5090	linden@hla.gpg.gov.za Edward.Makwarela@gauteng.gov.za
Paddy Quinn	City of Johannesburg – project manager	083 400 3718	paddyq@joburg.org.za
Manie Meyer	New Developments Manager	Johannesburg Housing Co	
Lisa Smith	Leasing Officer	Johannesburg Housing Co	

8.2.2 Zanemvula

Name	Position	cell	email
Jacko McCarthy	HDA	082 557 9412	jacko.mccarthy@thehda.co.za
Schalk Potgieter	NMBMM	082 374 1233	spotgiet@mandelametro.gov.za
Ms Mpho Ndoni	EC PDHS (was regional director when I did interviews)	041 404 0782	mphon@ecdhs.gov.za
Mr Khaya Panyizo	Chief Project Manager	079 515 4086	khaya@ecdhs.gov.za

8.2.3 Pennyville

Name	Designation	Organization
Phumzile Skosana	Project Manager	City of Johannesburg
Sello Mothotoana	Assistant Director of Projects	City of Johannesburg
Tinus Erasmus	Project Manager	CalgroM3
Linda Ngcobo	Head of GDHS	Gauteng Dept of Human Settlements
James Maluleke	Development Manager	JOSHCO
Cheryl Holmes	Housing Manager	JOSHCO
Ingrid Van Biljon	Manager	Zelri Properties
Zaheer Bhaila	Project Support Officer : Housing Development	JOSHCO
Ingrid Van Biljon	? Manager Zelri Properties	Zelri Properties
Vunyiwe Mabongo	? Project Manager	GDHS

8.2.4 Olievenhoutbosch

Name	Designation	Organization
Ms. M. Harrilal	Deputy Director Department of Human settlements	City of Tshwane
Mr. K. Viljoen	Engineer	Bigen Africa

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