

Housing sector plan



High level overview

Hosting the 2010 FIFA Soccer World Cup in South Africa has indeed brought attention of the world to this country. As the world descends on the shores of our country in 2010, they will be greeted by a variety of socio-economic complexities, including the dire need for housing for the poor in Johannesburg and other metros alike. The impact of the economic crisis has accentuated the burden, affecting especially the delivery target of 100 000 housing units in this Mayoral Term. Since December 2009, a total of 58 960 housing units of the mayoral target of 100 000 had been built, resulting in a delivery rate of just over 58%.

Notwithstanding some of the challenges, the housing sector continues to promote the following strategic objectives, identified in the five-year IDP programme:

- On a progressive basis, and over the longer term, all residents in inadequate housing to access affordable, safe and decent accommodation;
- Meet housing needs at all levels of the housing ladder through accelerated facilitation and supply, as well as effective management of a diverse range of products for purchase or rental;
- A fully functional secondary housing/property market in all parts of the city, so that all households can realise economic value from investing in their residential assets;
- Quality of the City's existing and future housing stock is enhanced and maintained; and
- Increased liveability and sustainability of all residential communities, with equitable access to green spaces, social and cultural differences, transportation and economic opportunities, and adoption of green housing practices and technologies.

These objectives are supported by the IDP programmes and the delivery agenda that are reflected in the detailed sector plan. The priority programmes for the 2010/11 financial year continue to be the formalisation of informal settlements, the delivery of 100 000 housing units programme and the proficient management of Council-owned

stock. These programmes are central to the implementation and achievement in terms of the Housing Sector Plan and the five-year IDP of the City of Johannesburg.

On 25 November 2009 Housing Department had a Human Settlement Summit. The purpose of the summit was to create a platform for interaction between CoJ's Housing Department and stakeholders. Different sectors were clustered according to the following role players: civil society, the legal fraternity, built environment institutes and professionals, financial institutions, property management sector, developers and contractors. Pre-summit engagements were facilitated by the Housing Department to identify and deliberate on the concerns of the different stakeholders.

At the summit resolutions were proposed by the stakeholder commissions. It is anticipated that in early 2010, the cluster working groups will interrogate the proposed resolutions and prepare activity plans. Through this exercise the proposed resolutions will be reviewed and/or amended if necessary, prior to them being formally approved by the City of Johannesburg. The following resolutions were proposed at the summit:

Cluster	Proposed resolutions
Legal Fraternity	<ul style="list-style-type: none"> • Establish a working committee that recommends initiation on new legislation, commenting on new legislation, and amending or repealing of current legislation • Convene a working group that will constructively address law enforcement and administrative processes • To appoint a team to make proposals to formulate and oversee practical mechanisms to give genuine and speedy expression to the implementation of policies to address the actual needs of society, which is not in conflict with legislation
Property Management Sector	<p>The City of Johannesburg will embark on a continuous education campaign which is intended to inform and update the residence on amongst others the following:</p> <ul style="list-style-type: none"> • Rights and obligations of the residents on various tenure option • General information relevant to the resident's tenure options • Any social package available to qualifying residents; • Any other issue which is of relevance to the residents <p>The City of Johannesburg will establish a programme for a special usage category of properties known as Registered Social Landlords (RSLs) for which special forms of incentives will apply. A task team be established to give attention to the housing challenges in the suburban areas and to develop strategies and precinct plans for the upgrading of housing</p>
Built Environment Institutes and Professionals	<p>Establish an inclusive reference group to advise City of Johannesburg, Housing on the latest research and best practices in delivery of integrated sustainable human settlements. Recommend to the appropriate sphere of government a streamlining of instruments such as:</p> <ul style="list-style-type: none"> • Planning • Housing code • National Building Regulations • National Compulsory Standards Regulator (NCSR) • Environmental <p>Ensure innovative designs that are affordable to improve the quality of human settlements</p>

Cluster	Proposed resolutions
	<p>CoJ to prioritise high-density infill developments in the facilities rich core of the City, close to public transport, schools and other ancillary facilities</p> <p>Built Environment and other professional bodies to sponsor a competition on sustainable human settlement</p>
Financial Institutions	<p>Banking institution and City of Johannesburg require future dialogue. Thereafter discussion in finding financial solutions for particular projects can take place. Housing/ financial forum established where the participants should consist of:</p> <ul style="list-style-type: none"> • Banks (Banking Council) • Institutions (NHFC, DBSA, NURCH, GPF, HDA, IDC, HIS) • Developers • CoJ officials (Housing, Finance, Joscho) • National and Provincial Government • Community Based Representation The Forum will debate, discuss the following: <ul style="list-style-type: none"> – Bridging finance for projects – End-user finance, challenges and solutions – Costing of material vs. subsidy quantum – Procurement of funding for rental and social housing – Cost of funding (agreements reached between national and financial institutions – MoUs) – Flisp (Finance Linked Individual Subsidy Programme) revision of programmes/policy – Timelines: engagements and discussions will take three months, where after the Forum will convene to map the way forward
Civil Society	<p>City-owned stock: The City must accommodate both options of ownership and rental and implement support mechanisms such as beneficiary education and property management</p> <p><i>Hostels</i></p> <ul style="list-style-type: none"> • Establish a hostel forum by June 2010, inclusive of both staff and public hostels in the City • Develop a comprehensive hostel upgrading programme that converts hostels into residential accommodation, taking into consideration issues of governance, management, and sustainability <p><i>Informal settlements</i></p> <ul style="list-style-type: none"> • Establish forums at a regional level with informal settlements, to engage with the challenges of settlement upgrading • Implement informal settlement upgrading in accordance with the programme outlined in the National Housing Code <p><i>Backyard accommodation</i></p> <ul style="list-style-type: none"> • Develop a comprehensive strategy to address the housing needs of people living in backyard accommodation; and • Housing allocations policy and processes must include backyard accommodation/shacks

Cluster	Proposed resolutions
Overall Resolution/Declaration	<ul style="list-style-type: none"> • The Human Settlement Summit, Johannesburg adopts a "People First" motto in the delivery of housing • That the commissions continue their deliberations as working groups and provide implementation plans for taking forward the resolutions of the summit • On a bi-annual basis a joint monitoring team will sit to evaluate the implementation of the resolutions of the summit • Develop a unit within Housing to interface with communities and civil society

It is anticipated that once finalised the resolutions and the implementation thereof will contribute to setting the agenda for housing, within the City of Johannesburg for the following financial years.

Five-year promise

One of the key five-year deliverables, in terms of the Housing Sector Plan, is the delivery of 100 000 units by 2011. As reported earlier in this sector plan, 58 960 units have been developed by the department or through engagement with other stakeholders.

Although the department remains committed to delivering 100 000 units, it is envisaged that the latent impact of the global economic crisis will affect this programme with regard to the timeline. Given the funding constraints in this sector, the department has reviewed and revised the sub-targets of this programme. Instead of delivering 50 000 units under mixed-income housing, as originally advocated, the department will now deliver 30 000 units. The community-based programme and peoples' housing process targets of 30 000 will be increased by 20 000 to 50 000 housing units. As reflected in the table below the composite target of 100 000 housing units remains the same.

Indicator	Initial plan	Adjusted five-year target
Hostel redevelopment	5 000	5 000
Mixed income	50 000	30 000
Rental	15 000	15 000
CBP/PHP	30 000	50 000
Overall total	100 000	100 000

Housing sector indicators

The Housing Sector indicators are informed by the five-year IDP target of delivering 100 000 units, as well as affordable housing opportunities through leveraging private sector investment in line with the Breaking New Ground principles.

Indicator	Five-year target (2006/11)	Progress against the five-year target (accumulated)	2010/11 delivery agenda
Number of mixed-income housing units	30 000 units	24 119	5 400 units
Number of housing units through the Community Builder Programme and Peoples Housing Process	50 000 units	19 250	4 100 units
Number of rental housing units	15 000 units	14 239	1 000 units
Number of hostel upgrading programmes	5 000 units	1 352	600 units
Total	100 000 units	58 960 units	11 100 units

Challenges and opportunities

A number of challenges persist in the housing sector that negatively impact on the programmes, delivery agenda and targets. Some of the key challenges are discussed below.

Global Economic Crisis and lack of funding

Like so many other sectors, Housing has also felt the effects of the global economic crunch. Individual households, government and the private sector have not been immune to the impacts, even indirectly. In some projects the lack of subsidy funding has resulted in contractors not being able to continue on site with house construction. In lack of funding to continue with projects result in a slow down in housing delivery and can ultimately lead to service delivery protests.

Demand for housing exceeding supply

Notwithstanding the increased delivery rate of housing in the City during this Mayoral Term the demand for housing in the City continues to exceed supply. Internal growth in informal settlements, the number of people living in bad buildings in the inner city as well as the increasing number of housing on the housing demand database managed by the Gauteng Province reflects the continuously increasing demand for housing in Johannesburg.

Land

Access to well located and suitably affordable land for housing developments continues to be a challenge. This issue is further exacerbated by the lengthy procurement processes that impact on the time frames for acquisition and which in turn negatively impact on the cost of land. In attempting to address some of these challenges the City has sought funds from the Gauteng Department of Housing and Local Government. In addition the Housing Department has started engagements with the Housing Development Agency (HDA) and is in the process of concluding an agreement with the agency to access land and initiate projects in conjunction with the City.

Strategic priorities

The three top strategic priorities for housing for the Mayoral Term and the 2010/11 financial year are:

- Formalisation of Informal Settlements;
- 100 000 housing programme; and
- Proficient Management of City Stock.

Formalisation of informal settlements

In the 2008/09 financial year, feasibility studies were conducted across all informal settlements in the City. This led to a close collaboration between CoJ Housing, the Department of Development Planning and Urban Management (DPUM) as well as the Gauteng Department of Local Government and Housing. A plan for Formalisation of Informal Settlements was also developed during the process of these studies. It was finally agreed that the City of Johannesburg has 180 settlements in its jurisdiction and these settlements are located on both private and public land and thus require an individualised approach.

The 180 settlements where feasibilities have been undertaken have been classified into categories. The number of settlements within these categories are not static but rather changing continuously as settlements in projects move from one phase to another, and therefore from one category to another. Through this process and additional category has been created. Currently the settlements are thus categorised in the following manner:

Category 1: upgrading projects

This category comprises 73 Settlements. In this category 31 settlements have opened township registers and 42 settlements are at various stages of formalisation that will be finalised in the 2010/11 financial year.

Category 2: relocation projects

This category comprises 16 settlements. Over time these settlements will be relocated to the Lehae, Lufhereng, Pennyville and Cosmo City projects, as well as Kya Sands/Lion's Park and Diepsloot East.

Category 3: programme-linked settlements

This category comprises 21 settlements. These settlements are largely being formalised through the development of both Kliptown and Alexandra.

Category 4: regularisation

This category comprises 20 settlements. The Department of Planning and Urban Management is currently undertaking the regularisation of these settlements. However, in parallel to the regularisation process, the Housing Department will also be initiating the township establishment processes for these settlements.

Category 5: settlements non-linked to projects

This category comprises 47 settlements. It is, however, not possible to upgrade these settlements. The land identification process is currently under way. The new projects are to be initiated and will accommodate some of the settlements, e.g. South Hills, Zola and New Vlakfontein.

Category 6: settlements that have moved in their entirety

To date, three informal settlements have been relocated in its entirety.

Delivery of 100 000 units by 2011

Also known as the housing programme, the delivery of 100 000 units has been beset by major challenges including the global economic crisis that left both the developed and developing countries including South Africa in recession. Given the fact that the delivery in this programme was being led by mixed income developments, and these developments are dependent on other players like financial institutions and the private sector, the lack of available funding has impacted on this programme.

Initially the City had targeted to deliver this programme in the following manner: 15 000 rental housing units, 30 000 housing units through the Community Builder Programme and the Peoples Housing Process programme, 5 000 units through the redevelopment and conversion of hostels, and 50 000 mixed-income housing units. As discussed earlier the targets for mixed-income developments and community builder programme have been swapped within the 100 000 housing units target. To date 58 960 housing opportunities have been delivered to the citizens of the City. Noting some of the aforementioned challenges, the department will continue to accelerate the programme by focusing on and facilitating existing and new mixed-income projects through:

Delivery in partnership with other stakeholders

- Ensuring private sector is responsible for part funding of the project; and
- Enhancement of RDP housing through cross subsidisation

Continuing with housing consolidation on serviced stands (20 000 Programme) through:

- The appointment of a second panel of contractors by March 2010;
- Integration of future developments through the provision of the Municipal Infrastructure Grants for projects such as Lufhereng, Lehae Phase 2, Kimbuilt and Fleurhof;
- Improve the rate of delivery through the use of alternative building technology; and
- Improve access to land by utilising the Housing Development Agency (HDA) land procurement programme (e.g. for the Langlaagte Hostel).

Proficient management of City stock

During 2009/10, the Housing Department developed a repairs and maintenance plan for all City-owned stock. The costs implications of this plan came to about R1,2 billion over a period of seven years. Over the coming years the City will implement as much of the plan as financially possible. During this period, however, the City will continue on its plans of the transfer of the public housing stock to qualifying beneficiaries and the Johannesburg Social Housing Company (JOSHCO). Approximately 3 350 units had already been transferred to JOSHCO. By June 2009 the Department had transferred ownership of 10 476 units to legal tenants.

In pursues of proficient management of city stock, the Department will endeavour to ensure that lease agreements are in place and multiply its efforts in regularisation of tenants. The impact of Housing efforts are beginning to trickle as the Department has recorded a 70% rental collection by end of 2008/09 financial year. The Department through JOSHCO has installed pre-paid electricity in BG Alexander, Roodepoort Flats, Kliptown, City Deep, and Kliptown. These measures assist both the City and the tenants to rationalise electricity usage.

Inter-governmental relations

Housing projects in the City is largely funded with subsidies from the Gauteng Department of Housing and Local Government. In addition to the provision of funding to the municipality, the Province also initiates and develops a number of housing projects within the jurisdiction of the City. To ensure that housing delivery is effectively co-ordinated requires that the vision, objectives, projects and programmes between the two spheres of government are aligned.

Although there has been closer coordination on the formalisation of informal settlements programme and the conversion and redevelopment of the hostels, there are a number of issues such as implementing emergency housing and the provision of alternative accommodation as well as the roll-out of accreditation of municipalities where greater support is required from the Provincial Government.

Through the National Department of Human Settlements there seems to be renewed impetus in addressing the issue of accreditation of municipalities and over the next few months the City will be liaising with both, the provincial Department of Housing and Local Government as well as the national Department of Human Settlements to ensure that accreditation is realised.

Housing sector plan

Five-year strategic objectives	IDP programmes and key achievements (accumulated to date)	2010/11 delivery agenda
<p>Formalise all settlements located on state land, 50% of informal settlements formalised or upgraded to a minimum level of basic services</p> <p>Develop a set of interventions to improve the quality of backyard accommodation</p>	<p>Informal settlement formalisation</p> <ul style="list-style-type: none"> • General plans have been approved in 51 settlements • Feasibility studies have been completed for 180 informal settlements • Progress until June 2009 <ul style="list-style-type: none"> – 26 formalised – 20 SG diagrams lodged <p>Backyard Accommodation Programme</p> <ul style="list-style-type: none"> • 750 units have been completed as a pilot project in Orlando • 520 units have been completed on the Alex Far East Bank project • Using alternative technology methods 200 units have been completed in Zola 	<p>Informal settlement formalisation</p> <ul style="list-style-type: none"> • 25 settlements have been targeted for general plan approval • Access funding from Province and the Housing Development Agency (HDA) to acquire privately owned land, e.g. Zandspruit • 2000 stands to be fenced <p>Backyard Accommodation Programme</p> <ul style="list-style-type: none"> • Develop a comprehensive strategy to address the housing needs of people living in backyard accommodation • Backyard accommodation/shacks to be included in housing allocations policy and processes
<p>Structure partnerships with stakeholders to promote an inner city and older centres residential accommodation</p>	<p>Inner City and Older Centres Residential Upgrade Programme</p> <ul style="list-style-type: none"> • Since 2007 approximately 14 000 rental units were developed by stakeholders in the Inner City and older centres 	<p>Inner City and Older Centres Residential Upgrade Programme</p> <ul style="list-style-type: none"> • Delivery of the 1 000 rental units, under the 100 000 units programme will also be facilitated in the inner city and older centres • Implement housing projects in line with Inner City SDF developed by DPUM and the Bad Buildings Strategy
<p>Through a hostel upgrading programme that is sensitive to issues of affordability and quality living environments upgrade 5 000 units</p>	<p>Hostel Conversions Programme</p> <ul style="list-style-type: none"> • 1 352 units have been redeveloped or converted in hostels in City Deep, Alexandra (M2), Diepkloof, Dube, Meadowlands, and Orlando Women's Hostel 	<p>Hostel Conversions Programme</p> <ul style="list-style-type: none"> • 600 hostel units will be developed • Implement infrastructure upgrading of the following hostels: <ul style="list-style-type: none"> – Dube – Meadowlands – Merafe – Nancefield – Jabulani
<p>Create new housing opportunities for people with special needs</p>	<p>Special Needs Housing Programme</p> <ul style="list-style-type: none"> • Approximately 246 units developed for special needs • An open day for people with disability, March 2009 • The Housing Department developed a database of people with disabilities requiring housing 	<p>Special Needs Housing Programme</p> <ul style="list-style-type: none"> • At least 70 housing units to be developed for disabled persons (average of 10 per region)

Five-year strategic objectives	IDP programmes and key achievements (accumulated to date)	2010/11 delivery agenda
<p>In partnership with Province and other stakeholders, develop and manage temporary/emergency housing stock</p>	<p>Temporary/emergency Housing Programme</p> <ul style="list-style-type: none"> • More than 1 400 beds have been provided for temporary/emergency accommodation 	<p>Temporary/emergency Housing Programme</p> <ul style="list-style-type: none"> • Develop and facilitate 100 beds for temporary accommodation
<p>Through both the City's own means and in partnership with other actors and stakeholders, deliver 100 000 well-located and good quality housing units over the next five years, which includes the delivery of 15 000 rental housing units, 30 000 housing units through the Community Builder Programme, and 50 000 mixed-income housing units</p>	<p>Housing Programme</p> <ul style="list-style-type: none"> • CBP/PHP – 19 250 units developed • Rental – 14 239 units developed • Mixed income – 24 119 units developed 	<p>Housing Programme</p> <ul style="list-style-type: none"> • Develop 4 100 units through CBP/PHP • Develop 1 000 rental units • Deliver 5 400 mixed-income housing units
<p>Address the housing ladder gap by facilitating private sector delivery of affordable rental and home ownership</p>	<p>Housing Ladder Gaps Delivery Programme</p> <ul style="list-style-type: none"> • Pennyville project currently being implemented together with ABSA Bank to address rental accommodation in the gap market 	<p>Housing Ladder Gaps Delivery Programme</p> <ul style="list-style-type: none"> • Facilitate the implementation of Fleurhof, Kanana Park, Lehae Phase 2, Kimbult and Lufhereng projects to provide at least 1 000 units for gap housing
<p>Complete the transfer of title deeds and ensure that new title-holders are informed of the advantages of their new asset</p>	<p>Secondary Property Market</p> <ul style="list-style-type: none"> • Secured R20 million in capital funding for stimulating the secondary property market • Feasibility studies completed and projects identified for design and implementation • The City through DPUM have completed the Township Renewal Strategy, which incorporates the facilitation of secondary property markets in these areas 	<p>Secondary Property Market</p> <ul style="list-style-type: none"> • 5 000 title deeds to be registered • Where appropriate transfer council-owned stock to beneficiaries • Implement proposed interventions identified in Township Renewal Strategy; • Formalise informal settlements • Make submissions to National Government regarding the clause that prohibits the sale of subsidised property for eight years

Five-year strategic objectives	IDP programmes and key achievements (accumulated to date)	2010/11 delivery agenda
Promote good management and maintenance of City housing stock and associated infrastructure	City Public Housing Stock Upgrade And Transfer Programme <ul style="list-style-type: none"> • 70% rental collection achieved • 90% of lease agreements have been signed • 3 350 units have been transferred to JOSHCO • Pre-paid electricity metering installed in all JOSHCO stock 	City Public Housing Stock Upgrade And Transfer Programme <ul style="list-style-type: none"> • Achieve 75% rental collection • Implement 25% of the asset management and maintenance plan for public housing; • Transfer public stock units to JOSHCO in line with the approved transfer programme • Continue with the Installation of pre-paid electricity metering as part of the programme for credit management
Introduce the Sustainable Human Settlements approach to all new housing developments	Sustainable Human settlements Programme <ul style="list-style-type: none"> • Held workshop with various departments and stakeholders to communicate research on sustainable human settlements • Developed operational plans and systems for achieving sustainable human settlements in housing projects • Social facilities facilitated on housing projects e.g. Pennyville • Initiated study together with DBSA to undertake scoping and feasibility regarding economic opportunities on the Kanana Park mixed-income housing project 	Sustainable Human settlements Programme <ul style="list-style-type: none"> • Construction of 3 000 alternative technology housing units

Conclusion

By the end of the financial year the Housing Department would like to have made significant progress on the three top strategic priorities, reflected upon in this sector plan. It is recognised that the Housing Department on its own cannot achieve the targets that have been identified. Other spheres of government, departments and municipal-owned entities in the City as well as other stakeholders including, the private sector and civil society play a vital role in realising these targets. Through the Housing Summit of November 2009, the City has reignited the dialogue with these stakeholders in an effort to ensure that despite the various challenges articulated housing delivery within the City can continue at an acceptable rate and in sustainable human settlements.

