



CITY OF
TSHWANE
IGNITING EXCELLENCE

CITY OF TSHWANE

BUILT ENVIRONMENT PERFORMANCE PLAN



Sub-Section E – Implementation

Final
V3.0 28 May 2018

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E Implementation

E.1 Tshwane's Sustainable Human Settlements Plan

The primary objective of the Sustainable Human Settlement Plan is to assist the City in achieving the very important “step 1” of providing a sound strategic context to the issue of housing supply and demand, before getting to the specific objectives pertaining to the provision of turnkey solutions for rental housing, integrated mixed housing typology solutions, eradication of informal settlements/back yard shacks, etc. Objectives of the Sustainable Human Settlements Plan (SHSP) are summarised in Table E-1.

Table E-1: Sustainable Human Settlements Plan Objectives and Outcomes

SHSP Objectives	SHSP Outcomes	Points of Departure
To develop a comprehensive housing development and delivery plan for municipalities in Gauteng Department of Human Settlement providing strategic direction and guidance to the municipalities as to key housing delivery priorities and focus in terms of housing delivery in the Province.	To develop a single shared vision and housing delivery plan between various spheres of government role-players and stakeholders for the local municipality.	Provide strategic direction and guidance in terms of a single human settlement delivery plan for the local municipality.
To integrate the SHSP's into the Municipal Integrated Development Plans, and ensure that the SHSP becomes the housing component of the IDP.	Ensure integration of the Housing Delivery process with Provincial Departments and Local Authority initiatives. Ensure an understanding of and address the constraints within which Housing Delivery takes place at a Municipal Level. Supplement the IDP sector plans.	Provide for a single shared housing vision for the City of Tshwane. Ensure political and policy alignment. Establish a common understanding of housing delivery challenges and constraints.
To ensure that the SHSP's provide a consistent tool to evaluate proposals and applications at both a provincial and municipal level, through the development of a GIS based support system.	Provide a user friendly and accessible tool to all authorised users to manage and monitor housing delivery in the local municipality.	Explore and recommend tools to monitor and evaluate housing delivery on a Provincial and Municipal scale.
To establish a framework for housing delivery in terms of the National Housing Program and Gauteng Department of Human Settlement (GDHS) Strategic direction.	Ensure policy alignment at a National, Provincial and a Local level.	Ensure sustainable and spatially integrated housing delivery.
To provide both GDHS and municipalities with a tool to	Ensure the establishment of sustainable housing	Ensure relevance and effectiveness of housing

SHSP Objectives	SHSP Outcomes	Points of Departure
strategically locate future housing settlements, taking into consideration the constraints and opportunities that exist at a municipal level.	developments and spatial integration and adherence to SPLUMA Principles.	delivery programs and products.
To identify key issues to be addressed.	Lessons Learnt and best practices regarding housing delivery in the Province. Assess effectiveness of Departmental programs and products delivery.	Provide a framework for incorporation of the SHSP's into the IDP Reviews in the form of an IDP Housing Chapter.

E.1.1 Human settlement demand

Housing Demand focuses on quantifying demand in terms of the number of units required, and more specifically:

- a) The type of demand i.e. full ownership or rental units, as well as demand for subsidised units versus bonded housing; and
- b) Location, which could either be the existing urban areas, or the rural parts of the City.

Having determined the size, location and nature of demand, it is then necessary to determine and assess the physical resources available at the respective areas of demand. Physical Resources entails the assessment of availability of well-located and environmentally suitable land, and whether the land is public or privately owned. Well-located land is normally close to economic activity/job opportunities, infrastructure in the form of bulk engineering services (water, sanitation, electricity, roads and stormwater) is readily available, while access to social services and facilities (health, education, welfare, safety and security and sports and recreation) is also of critical importance in pursuance of sustainable development.

Institutional Resources include both government and the private sector. Government is responsible for the formulation of human settlement related legislation and policies, and it provides in the need for subsidised housing via a range of subsidy/housing programmes with human resources to oversee the implementation of these projects. Table E-2 below indicates the estimated housing backlog within the City.

Table E-2: Housing Demand and Units

DEMAND	UNITS/STRUCTURES
Informal Housing Counts	155 948 households (2013 stats)
Backyard Units	83 378 (2013 stats)
Demand Database/ Housing Needs Register	166 832 (2017 stats)

There is an estimated 155 948 informal structures in the City of Tshwane (2013 Survey). These informal structures exist in a total of 178 incidences/clusters of informal settlements. Since the 2013 counts, fourteen more informal settlements have been identified. Not all these units are "shacks" as many of the houses located in areas under traditional authorities are permanent in nature.

Backyard units were approximately 83 378 in 2013 and it can be assumed that the majority of these represent rental demand, and more specifically affordable rental.

E.1.2 Rural/marginalized settlements

Particular attention must be paid to rural densification in parts of the previous homelands, where rural settlements are growing rapidly in areas where access to land is possible and transport services are good. Population densities in these places are approaching those of urban areas, but the economic base and the infrastructure and governance arrangements to manage this change are lacking. – NDP

The City is in the process of developing the Rural Settlement Strategy aimed at retaining the existing rural/ agricultural areas. Research will also be conducted to investigate implementation of different subsidies when settlements located in these areas are implemented.

E.1.2.1 Agri-Village Establishment

The focus on the establishment of specialised centres in the form of Agri-Villages in appropriate locations will specifically help to facilitate agrarian transformation and land reform as envisioned by the CRDP. Notably, such villages also aim at promoting food security.

The key to the success of Agri-Village development is rooted in the principle of focused and deliberate government investment spending to ensure that these centres develop to provide an extensive range of community facilities, and becoming the spatial focal points of agriculturally driven LED interventions and land reform initiatives. By doing so, an Agri-Village possess the inherent potential to act as a spatial point within a larger rural space- economy around which the critical mass required to initiate formal and informal local economic development can occur.

E.1.3 Alignment of residential developments with transport nodes

“Shifting settlement patterns should be investigated to align public investment in infrastructure and services with these trends, and to develop appropriate systems of land tenure and growth management. Special attention must be given to areas of densification along transport corridors within previous homelands”. – NDP

Essentially, there are about 2482 hectares of land suitable for residential development within the functional area of the Tshwane IRPTN. This land holds potential for 198 577 residential units at an average density of 80 units per hectare. The capacity around railway stations amounts to 65 048 units and along the BRT routes it stands at 133 529 units. Based on the nature and character of surrounding areas which the network runs through, the development potential is estimated at 77 330 (39%) low income (subsidised rental full ownership) units, 57 357 (29%) middle income units and 63 890 (32%) high income units.

The nature of development varies between redevelopment (in old areas), densification (subdivision etc.), and infill development (on green fields sites), and the typical housing typologies to be developed comprise 2, 3 and 4 storey walk-up facilities.

Table E-3 shows the development potential per region and per income category. From this it is evident that the highest potential for low income development around the IRPTN is in Region 1 (36%), Region 3 (35%), and Region 6 with 17%.

Table E-3: IRPTN: Developable Land (Stations and Lines) – Alternative Alignment by Region

IRPTN NETWORK	Developable Area ha	Residential Area ha	Residential Units				Residential Units			
			High Income	Middle Income	Low Income	TOTAL	High Income	Middle Income	Low Income	TOTAL
Region 1	640	470	3 759	5 842	27 987	37 588	6%	10%	36%	19%
Region 2	187	159	6 524	4 231	2 004	12 758	10%	7%	3%	6%
Region 3	1339	848	15 410	25 277	27 120	67 807	24%	44%	35%	34%
Region 4	509	381	16 306	10 150	4 049	30 505	26%	18%	5%	15%
Region 5	93	55	804	585	3 010	4 399	1%	1%	4%	2%
Region 6	711	569	21 087	11 271	13 160	45 519	33%	20%	17%	23%
Region 7	0	0	-	-	-	-	0%	0%	0%	0%
TOTAL Alternative	3479	2482	63 890	57 357	77 330	198 577	100%	100%	100%	100%
%			32%	29%	39%	100%				

Feasibility studies are currently conducted on the abovementioned land parcels to confirm the development potential. Privately owned portions have also been identified for acquiring and partnerships.

The Intervention Programme aimed at promoting higher density, mixed income (Inclusionary Housing) and mixed land use developments around the IRPTN and nodal network will also be considered. This Programme supports the following two objectives as reflected in the Tshwane Spatial Development Strategy:

- to provide as many affordable housing opportunities in central parts of the city as possible, according to the higher density affordable housing model;
- provision of institutional (social) housing (rental accommodation) in central areas.

The Intervention Programme essentially comprises the following three initiatives:

- Breaking New Ground/Inclusionary Housing
- Social Housing and Community Residential Units focusing on affordable rental stock
- Medium to higher density full ownership housing (fully subsidised walk-ups).

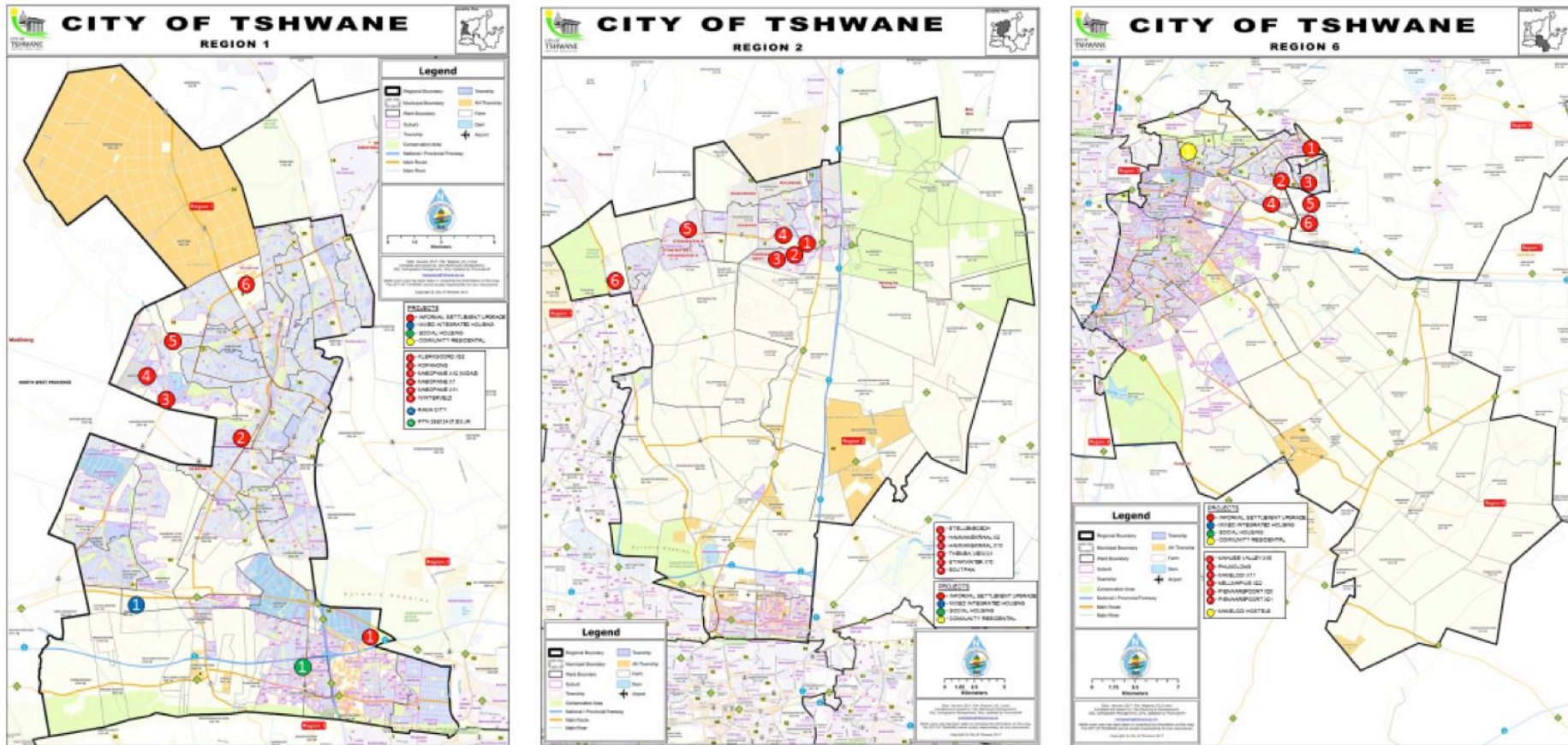
E.1.4 Implementation of different tenure options

Figure E-1 indicates different initiatives/tenure options that the City will be implementing in the 2017/18 financial year through the Intervention Programme. These Programmes includes the following:

- Informal settlements upgrade
- Affordable rental (social housing and CRU)
- Mixed integrated developments

They will be described in the subsequent paragraphs.

Figure E-1: Region 1,2 and 3 Housing Project Identified



E.1.5 Programme 1: Informal Settlements upgrade

E.1.5.1 Categorisation of informal settlements

The City has categorized the formalisation of informal settlements as follows:

a) Partially formalised

This category includes informal settlements where basic feasibility studies such as Geo-technical and Environmental screening, etc. have been conducted to confirm the developability of the settlement. These studies will then inform the development of a layout plan for an in-situ upgrading or greenfield development. Households will be rearranged/relocated according to the draft layout plan while the formal town planning process is executed. In the meantime, rudimentary services will be provided until the planning process is completed.

b) Semi-formalised

The planning process for this category has been completed and approved with the General Plan approved by the Surveyor General. Households are already rearranged/relocated to stands, while services (i.e. water and sanitation, electrification, etc.) are installed according to the City's services standards.

c) Fully formalised

This category includes settlements where point b) above has been completed, townships proclaimed and title deeds ready for issuing to beneficiaries. A settlement will only be considered "formal" when all requirements in this category are met.

The following services are currently offered through the Formalisation Programme:

- Shack marking (done by Regions)
- Serviced stands (planning, water – stand pipe, sewer with outside toilet)
- Title deeds
- Electrification
- Waste bin (85 liters or 240 liters)
- Street names
- Rudimentary services (interim measure implemented through regions)

E.1.6 National Upgrading Support Programme (NUSP)

The National Upgrading Support Programme (NUSP) is an initiative of the National Department of Human Settlements (NDHS) aimed at improving the practice of informal settlement upgrading in the country. The Programme has four objectives:

- Promote incremental upgrading (where possible, in-situ) as a major complementary housing programme, in line with Part 3 of the National Housing Code
- Support the National Delivery Agreement target to improve basic infrastructure, services and land tenure for 400 000 informal settlement households by 2014
- Improve government's programmatic approach to upgrading, strengthening coordination with other sectors and partner
- Strengthen the capacity of government and professional practitioners to implement community-based incremental upgrading
- The Programme has three broad activity streams namely:
 - Provision of technical assistance to provinces and municipalities for the development and implementation of upgrading programmes and projects
 - Capacity building and training to practitioners and community members in the field of informal settlement upgrading
 - Knowledge services and information dissemination to the upgrading community of practice

One of the NUSP's main activity streams is to support municipalities in developing robust project plans in line with the targets and direction contained in the National Delivery Agreement, the July 2011 Cabinet Lekgotla decision, and the agreement between the National Department of Human Settlements and the Department of Programme Monitoring & Evaluation in the Presidency.

City of Tshwane also benefitted from the National Upgrading Support Programme. The purpose of the assignment was for National Department of Human Settlements to appoint a Service Provider to work alongside City of Tshwane officials to develop an informal settlement upgrading policy and strategy, and to produce detailed project plans for the incremental upgrading of a selected number of informal settlements.

Thirty (30) informal settlements were identified and assessed by the Service Provider based on their location, status of the informal settlement, etc. Not all met the NUSP criteria for the in-situ upgrading due to many factors such as the location, geological and environmental conditions, etc. Only sixteen (16) out of the thirty (30) identified qualified for the detailed assessment. They include the following settlements as indicated in Table E-4.

Table E-4: List of NUSP Informal Settlements

Name of Informal Settlement	Region
Portion 27 and 28 Hatherly	6
Portion 1 Hatherly	6
Kanana	6
Mahube Valley Ext 2	6
Mahube Valley Ext 15 (Stoffel Park)	6
Mamelodi Ext 10 Phase 2	6
Mamelodi Phase 1	6
Mamelodi Phase 3 and Mountain View	6

Name of Informal Settlement	Region
Nellmapius Ext 6	6
Phomolong (Transnet and Erf 34041)	6
Pienaarspoort (Plot 45)	6
Sekampaneng A	2
Sekampaneng V	2
Soutpan	2
Botshabelo Res	1
Donkerhoek	5

These projects are currently in different planning stages. Upgrading strategies together with Development Plans were developed and the City is currently implementing them. The Formalisation Strategy was also developed to guide the implementation of these projects. The Strategy is currently in the process of being reviewed to accommodate all informal settlements and provide guidance on new challenges facing the City.

E.1.6.1 Programme 2: Affordable Rental Housing

Social housing is generally a medium-density rental housing type which makes a strong contribution to social integration and urban restructuring. Social housing may be developed as a greenfield development but could also be applied as conversion or refurbishment of vacant buildings and infill (brownfield) development.

The proposed definition of social housing at the national level is:

“a rental or co-operative housing option for low income persons that is provided by accredited social housing institutions or in accredited social housing projects in designated restructuring areas” (NDoH, November 2004)

The Institutional Housing Subsidy, as provided through the Housing Subsidy Scheme, can be used for the development of social housing. Local authorities are by law prohibited to obtain this subsidy, and social housing is therefore being developed by independent Social Housing Institutions (SHIs), preferably Section 21 companies. However, there is a large difference between the available subsidy amount and development costs, which is directly translated into the rental price which in certain situations could make this housing option unaffordable for the target group.

The City of Tshwane sees social housing as an important housing delivery option, especially in terms of inner city regeneration. All social housing projects this far have been developed in the inner city. The municipality has two purposes for social housing:

- i. Providing housing for the specific niche market, which can be defined as the top end of the lower income category (<R3500) and the middle-income category (R3500-R7000), in order to address 15% of the total housing backlog in the long term.
- ii. Normalising the housing environment by transferring local authority rental stock to SHIs.

There are eight (8) Social Housing Institutions (SHIs) active in Tshwane:

1. Housing Company Tshwane (HCT)
2. Yeast City Housing (YCH)
3. Africa Lemuel Properties
4. Namapendlo Social Housing Institution NPC

5. Urbanscape Development Pty Ltd
6. Amasu Properties Pty Ltd
7. THH Riet 2 Pty Ltd
8. Toro ya Africa

Table E-5: Social Housing Projects in Construction Phase

Social Housing Institution	Project Name	Total Number of Units	Deliverable for 17/18
Housing Company Tshwane (HCT)	Townlands	1200	400 Units
Housing Company Tshwane (HCT)	Chantelle x39	1079	Bulk Infrastructure upgrade.
Yeast City Housing (YCH)	Thembehle Village	734	241 Units
THH Riet 2 Pty Ltd	Akasia Place Project	475	nits

E.1.7 Social housing project planning

Social housing delivery must be responsive to the local housing demand. It is the aim to accommodate about 15% of the backlog in social housing projects. Based on this estimation there is a potential market for 20 071 units in City of Tshwane.

The following three elements of integrated development need to be considered with regard to social housing (National Social Housing Policy, draft July 2003):

1. Physical and spatial integration of social housing developments is required to ensure that the housing stock is well located within urban and inner city areas. This will provide residents with easy access to inter alia transportation and transport routes, amenities and facilities, and thereby contributing to quality of life of the residents. Co-operation and communication between all departments is required to facilitate this.
2. Social integration should also be promoted through ensuring that SHIs do not discriminate in any way against residents, and adhere to the provision of the Rental Act (Act 50 of 1999). SHIs can also be effective in creation of a culture, which supports the norms necessary for sustainable development and growth. Mixed communities, as well as mixed land use development form part of social integration, as this mirrors systems and processes in operation in urban and inner city areas. SHIs therefore require some flexibility within their housing project developments to be able to respond to local demand.

Table E-6: Social Housing Projects in Planning Phase

Social Housing Institution	Project Name	Total Number of Units	Deliverable for 17/18
Housing Company Tshwane (HCT)	Timberlands	574	Town Planning & Detail Design Approval.
Housing Company Tshwane (HCT)	Sunnyside	264	Town Planning & Detail Design Approval.
Urbanscape Development Pty Ltd	Upstream Development	368	Town Planning & Detail Design Approval.
Amasu Properties Pty Ltd	Bontle Gold View Estate	690	Town Planning & Detail Design Approval.

Social Housing Institution	Project Name	Total Number of Units	Deliverable for 17/18
Toro ya Africa	Garankuwa x9		Town Planning & Detail Design Approval.

E.1.7.1 Community Residential units

The need for affordable rental housing is witnessed by the large number of households and individuals who currently rent overcrowded and sub-standard but inexpensive accommodation in backyards and informal settlements. Both the Social Housing and the Institutional Subsidy Programmes do not provide rental accommodation affordable to the very poor (and often informally employed) because of the high cost of multi-level units (and facilities provided) and the resultant high rental charges. Likewise, there is a need for a programme that will support the upgrading of government owned communal rental accommodation (hostels).

Hence, the Community Residential Units Programme (CRU) aims to facilitate the provision of secure, stable rental tenure for lower income persons/households. The Programme provides a coherent framework for dealing with the many different forms of existing public sector residential accommodation.

These Community Residential Units will no longer be implemented as the only tenure option for hostels redevelopment. The City is now shifting from that approach to a mixed integrated human settlement approach where it will be mixed with other tenure options such as bonded, gap and fully subsidised. In that way, none-qualifiers currently occupying hostels and the neighbouring communities will also benefit from the development. Town planning process are already underway to implement this new approach at the Mamelodi and Saulsville hostels.

Table E-7: Number of Housing Projects in Planning Phase

Project Name	Total Number of Units	Deliverable for 17/18
Saulsville Hostel	To be determined	Town Planning & Detail Design Approval.
Mamelodi Hostel	To be determined	Town Planning & Detail Design Approval.
Kingsley Hostel	To be determined	Town Planning & Detail Design Approval.
Zithobeni Hostel	To be determined	Town Planning & Detail Design Approval.

E.1.8 Community Facilities and Services

All new human settlements in the City of Tshwane will be equipped with a basic range of community facilities to serve residents or should be in areas where people can share community facilities with surrounding areas. Apart from top structures and engineering services, the provision of community facilities is a critical element towards establishing sustainable human settlements. The City has a small fund at its disposal to annually provide some basic social infrastructure in human settlements.

However, the majority part of community facilities for new residential areas are to be provided by other departments like Education (schools), Health (clinics/hospitals), Police, Safety and Security (Emergency Centres), Welfare (Payout Points), and Transport (Bus/Taxi Modal Transfer facilities).

A key difference between a subsidised settlement and a sustainable neighbourhood is the extent to which residents can access basic services and facilities within their neighbourhood. Although zoned commercial, retail and social services sites may remain vacant, and informal retail stores, nodes and strips often develop, at first informally and then over time more formally. - SA Cities Network: 2014

It is important that the City regularly inform all these roleplayers of its priority human settlement projects and the associated demand for new social facilities. This will ensure that the implementation programmes of these departments are also aligned with the Human Settlement Multi Year.

Public works programmes should be tailored to community building and local needs in at least four broad areas: a) the economy of social care, b) green infrastructure, c) cultural services, and d) public facilities such as schools, clinics, roads, parks, community centres and libraries. - NDP

Table E-8 shows the standards as contained in the Red Book which should be used as point of departure to discussions pertaining to the provision of community facilities in human settlements in the City. Alternatively, the Department may use the guidelines developed by the CSIR during 2012.

Table E-8: Standards for Provision of Community Facilities (Source: Red Book)

Type of Facility	Land Use	Location	Maximum Travel Time	Minimum Stand Size	Minimum Population Threshold
Educational	Crèche/ Nursery	Within walking distance of communities or clustered with other community facilities	10 min or 750m walking distance	130m ²	1 per 5000 population
	Primary School	Within easy reach of local areas or clustered with other facilities	20 min or 1,5km walking distance	2,4ha	1 per 3000 – 4000 population
	High School	On major transport route with public stops	30 minutes or 2,25km walking distance	4,6ha	1 per 6000 – 10000 population
	Tertiary Facility	On major transport routes with public transport stops	Depending on the regional scale of the facility needed in terms of development frameworks		
Health	Mobile Clinic (where no fixed facility is established)	No fixed location	Accessible by foot or 1km walking distance	Self-contained unit	1 per 5000 population
	Clinic	Close to public transport stops for easy access to the greatest number of residents	30 min or 2km walking distance	0,1ha per 5000 population	1 per 5000 population
	Hospitals	On major transport routes with public transport stops	Depending on the regional scale of the facility needed in terms of development frameworks		
Recreation	Parks	Evenly distributed throughout settlement	10 min or 500m walking distance (larger parks) 10 min or 300m walking distance (smaller parks)	6ha– 10ha (larger parks) 450m ² – 1000m ² (smaller parks)	varies

Type of Facility	Land Use	Location	Maximum Travel Time	Minimum Stand Size	Minimum Population Threshold
	Sports fields	Within clusters of schools or close to private clubs to avoid underutilisation or close to public transport services	300m walking distance and 500m -1500m walking distance from other user groups	Varies according to the need of the sport	varies
Cultural	Library	On major transport routes with public transport stops	20min – 30min or 1,5km – 2,25km walking distance	130m ²	1 per 5000 – 50000 population
	Community centres	On major transport routes with public transport stops	20min – 30min or 1,5km – 2,25km walking distance	5000m ²	1 per 10000 population
	Religious centres	Will depend on community that it serves or clustered with other public facilities such as playgrounds or community centres	20min or 1,5km walking distance	150m ² – 3000m ²	1 per 2000 population
Administrative	Municipal pay point	High level exposure and must be easily accessible by public transport	30 minutes by public transport	3000m ²	1 per 50000 population
	Post Office	Along activity spines with easy access from public transport	30min – 40min or 2km walking distance	500m ²	1 per 11000 population
	Police Station	Central to the community it serves	20min or 1,5km walking distance	0,1ha – 1ha depending on facility needed	1 per 25000 population
	Fire Station	On high order roads that intersect with primary or regional distributors	Regular access to it not required due to the nature of the facility	1,2ha	1 per 60000 population

Type of Facility	Land Use	Location	Maximum Travel Time	Minimum Stand Size	Minimum Population Threshold
	Children's Home	Regional facility to be provided in terms of a development framework based on statistics regarding homeless children		2ha	1 per 200000
	Community Information Centres	Easily accessible to whole community, visible and on busier road intersections	15min or 1km walking distance	Max building size of 100m ²	1 per 22000 population

Although the above table provides guidelines for the provision of public facilities, the type of development and the needs of the community it is planned for, will eventually determine the number and size of the public facilities to be provided.

The importance of promoting integration, sustainability and spatial coherence cannot be overstated. As indicated previously, whereas the DoHS grant funding mandate is primarily focused on housing, infrastructure and tenure, there are two factors which put it in an enabling position in this regard:

- Its overall mandate is 'human settlements' which are always defined as consisting of more than just housing and basic infrastructural services;
- It can and does provide funding for the preparation and planning of projects.

E.2 Procurement Approach

E.2.1 Financial Sector Charter: Funding Model

During 2005 the National Government entered into a Memorandum of Understanding with the Banking Association of South Africa to “facilitate the creation of properly functioning housing markets in previously under-served areas and to make home loan finance available and accessible to those previously denied access” and “facilitate the implementation of the housing and other relevant sections of the Financial Sector Charter (FSC) which enhances and contributes to the development of sustainable human settlements”. Clause 9 of the Charter stipulates that Financial Institutions commit themselves to working in partnership with Government to mobilise resources for empowerment financing. The Charter identifies families with stable household incomes between R1 500 and R7 500 (plus CPIX from 2004) as the target segment for low income housing finance.

During 2005 the National Minister of Housing also issued a policy directive entitled “Breaking New Ground”. This new policy is aimed at improving the sustainability of urban development for low income households and affording such households access to social infrastructure and economic opportunity. Subsequently, towards the end of 2005, the Minister entered into a formal social contract with key private sector participants within the housing industry. Under the Social Contract each signatory committed its organization or members to “breaking new ground” in housing delivery. The Social Contract envisages that Breaking New Ground will be achieved by key stakeholders working collectively to achieve economic growth and housing for all by 2014. The City of Tshwane aims to facilitate the housing delivery process and not to compete with the private sector in this process.

To promote projects that accord with the Financial Sector Charter and the Breaking New Ground policy directive, thereby attracting private sector investment and capacity to the City of Tshwane, the Municipality intends to address various constraints within the current housing environment, ensuring that its townships of the future are sustainable and that home ownership can be leveraged by the poor to generally improve their economic position and break the spiral of poverty.

The Financial Sector Charter and the Breaking New Ground policy of National Housing both seek to address a wider housing market than the traditional low income subsidy bands. These national initiatives aim at extending large scale housing delivery to households in the income bracket R3 500 to R7 500 (plus CPIX since 2004), the intermediate (finance linked) income market, and at integrating housing delivery across the entire low and intermediate income categories. Mixed income, tenure and typology projects are encouraged and the natural development of vibrant secondary housing markets is anticipated.

To encourage normalisation of low and intermediate income housing markets and the ability of low and intermediate income households to gear housing assets for increased economic participation, it is necessary that subsidy and support by all spheres of government for first time home ownership should be phased out as household income increases, rather than the sudden drop off at the R3 500 per month threshold.

In order to facilitate development for low and intermediate (finance linked) income housing, Council could consider adopting the following approach pertaining to contributions towards the cost of development:

- a) The City of Tshwane makes the project land available to the Selected Developer at the prices/discounts;
- b) The City of Tshwane, after securing agreement with Provincial Department of Housing in terms of the National Housing Subsidy Scheme, makes capital subsidies (current maximum quantum = R36 520.00 per stand, plus 15% geotechnical allowance as may be approved) available to be applied to such a development;
- c) The Selected Developer implements all development except for those functions assigned to the City of Tshwane.
- d) A Housing Company registered with the Registrar of Social Housing Institutions, applies for institutional housing subsidies and implements development in terms of the institutional housing subsidies allocated to the project.
- e) The City of Tshwane contributes the following amounts per stand, in the income ranges indicated, as top-up funding for internal civil engineering services:
 - i. R0 to R3500*
 - Amount R8000.00**, with drawdowns as per National Housing Code
 - ii. R3500 to R4500*
 - Amount R6000.00**, due on approved hand over of internal services
 - iii. R4500 to R5500*
 - Amount R4000.00**, due on approved hand over of internal services
 - iv. R5500 to R6500*
 - Amount R2000.00**, due on approved hand over of internal services
 - v. R6500 to R7500*
 - Amount R1000.00**, due on approved hand over of internal services
 - vi. Above R7500* - no contribution
 - **Income ranges, as may be adjusted in terms of any amendment to the National Housing Subsidy Scheme and/or the Financial Sector Charter.*
 - *** Valid for the 2007 financial year. CPIX is to be added annually from the 2008 financial year onwards.*
- f) The City of Tshwane contributes the following amounts per stand, in the income ranges indicated, as top-up funding for electrical engineering services:
 - i. R0 to R3500*
 - Amount R2200.00**
 - ii. R3500 to R4500*
 - Amount R1760.00**
 - iii. R4500 to R5500*
 - Amount R1320.00**
 - iv. R5500 to R6500*
 - Amount R880.00**
 - v. R6500 to R7500*
 - Amount R440.00**
 - vi. Above R7500* - no contribution
 - **Income ranges, as may be adjusted in terms of any amendment to the National Housing Subsidy Scheme and/or the Financial Sector Charter.*
 - *** Valid for the 2007 financial year. CPIX is to be added annually from the 2008 financial year onwards.*

- g) The City of Tshwane applies to the Department of Mineral and Energy Affairs for electrical subsidies associated with low and intermediate income (finance linked) housing. The current quantum of electrical subsidy from DME = R3 100.00 per residential stand.
- h) The City of Tshwane reserves the option to design and install the electrical services itself or to include this work into a turn-key contract with the Selected Developer.
- i) In the event that the City of Tshwane chooses to design and install the electrical services itself, the City of Tshwane shall recover the cost of the installation per stand for all stands which are not utilised for low and intermediate income housing from the Selected Developer. The current cost of installation is R5300.00 per stand.
- j) The City of Tshwane retains responsibility for the cost of the external engineering services associated with the development, being those services required for the development to which no direct service connection or access is made.
- k) The Selected Developer implements all external services dedicated to such developments.
- l) The City of Tshwane implements all external services shared between developments;
- m) The City of Tshwane applies for Municipal Infrastructure Grants in respect of the project and applies same to its obligations in respect of (j) above.
- n) The City of Tshwane grants the following rebates in the prescribed external service contribution charges in view of the strategic nature of such developments:
- i. R0 to R3500 100 percent
 - ii. R3500 to R4500 80 percent
 - iii. R4500 to R5500 60 percent
 - iv. R5500 to R6500 40 percent
 - v. R6500 to R7500 20 percent
 - vi. Above R7500 No rebate
- *Income ranges, as may be adjusted in terms of any amendment to the National Housing Subsidy Scheme and/or the Financial Sector Charter.

(o) For the avoidance of misinterpretation, the net effect of (j) to (n) above shall be:

	Income range	Rebate	Municipality to pay*	Developer to pay
i.	R0 to R3500	100%	100%	0%
ii.	R3500 to R4500	80%	80%	20%
iii.	R4500 to R5500	60%	60%	40%
iv.	R5500 to R6500	40%	40%	60%
v.	R6500 to R7500	20%	20%	80%
vi.	Above R7500	No rebate	0%	100%

*MIG conditional grants and City of Tshwane counter-funding in accordance with the standard policy of the City of Tshwane, the cost of any external services provided by the Selected Developer will be credited against external service contribution charges due in accordance with (n) above.

E.3 Regulatory Reform

E.4 Institutional arrangements and Operating Budget