



RAY NKONYENI MUNICIPALITY SOCIAL HOUSING POLICY FOR THE DELIVERY OF RENTAL HOUSING OPPORTUNITIES



TABLE OF CONTENTS

| | | Page No. |
|----|---|----------|
| 1. | Preamble | 3-4 |
| 2. | Definitions | 4 - 5 |
| 3. | Legislative Framework | 6-10 |
| 4. | General principles | 10-12 |
| 5. | Policy proposal for Implementation of the Social Housing Programme at a Municipal Level | 12-14 |
| 6. | Classification | 14 |

1 PREAMBLE

WHEREAS the Constitution of the Republic of South Africa, 1996 and the associated Bill of Rights establishes the right of all citizens of the Republic of South Africa to have access to adequate shelter. In response to this Constitutional imperative, the Government introduced the Housing Act, 1997 (Act No 107 of 1997) which requires each Municipality, as part of its integrated development planning process, to take reasonable and necessary measures within the National and Provincial policy towards the progressive realization of this right. This includes initiating, planning, coordinating, promoting and enabling appropriate housing development within its area of jurisdiction;

WHEREAS greater variety within the housing stock needs to be encouraged in order to meet the diverse needs of different kinds of households. More emphasis should be placed on affordable rental options, to meet the need for flexible, easy-access accommodation for a mobile population, and making land available to accommodate an expanding urban population;

WHEREAS there is inherent challenges to the successful provision of rental accommodation within the Province of Kwa-Zulu Natal, this being rapid urbanization, and densification of coastal and mid-land towns. The requirement of accredited Municipalities to have approved restructuring zones within such towns to implement projects and establish viable Social Housing Institutions to address the need for rental housing units;

WHEREAS the National Social Housing Programme primary objective is to spatially transform South African urban centres to create greater economic, integration and provide access to low and moderate incomes to areas of urban space from which they were previously excluded. It is also to provide low-moderate income household's easier access to the socio-economic resources of development to towns and cities by the provision of good quality well managed formal rental housing stock that is affordable to households;

WHEREAS the Municipality has an important role to play by ensuring the delivery of Social Housing within its area of jurisdiction as the Social Housing Programme is intended to support social-economic development as mandated in the Constitution and through National Policy and legislation. Municipalities are required to work in close partnership with Social Housing Institutions / Housing Delivery Agents designed within Social Housing legislations and Regulatory Framework accredited by the Social Housing Regulatory Authority. (SHRA);

WHEREAS the task of the Municipality in ensuring the Social Housing Programme achieve their socio-economic and spatial restructuring objectives, by ensuring the release of appropriate land and buildings in the right location and at the right price or rental to ensure sustainable properties to accredited delivery agents. Municipalities must ensure by making

land and buildings to housing delivery agents is used for the intended purpose in the longer term, .i.e. the provision of well- located and managed rental housing stock which are affordable to low and moderate income earners;

WHEREAS the Municipality is required to have a clear policy on the form of freehold or leasehold to Social Housing Institutions or Delivery Agents that provides conditions for long term sustainable housing projects . Furthermore in determining the rental in terms of a lease arrangement that the basis applied must also ensure social housing delivery agents will be financially viable to deliver and manage rental housing to the targeted market and still sustain itself as a non –profit organisation;

WHEREAS Council has approved restructuring zones that they have been gazette by the National Department of Human Settlements for the implementation of the Social Housing Programme.

WHEREAS Council is the custodian of the immovable properties for Ray Nkonyeni Municipality and is responsible for the administration thereof as reflected in its Policy on Management and Disposal of Immovable Properties;

WHEREAS Council in the exercise of its powers, duties and functions, Council has the right to acquire, hold, bequeath, lease and alienate immovable property in terms of the Municipal Finance Management Act 2003 (Act No. 56 of 2003) and other applicable legislations;

WHEREAS the Municipality has been accredited for level 1 housing function involving subsidy budget planning and allocation, housing subsidy budgetary planning across programmes / projects, planning of subsidy/fund allocations and project identification. Implementation Protocol agreements are signed and are renewed every three years. Thus as an accredited Municipality it is required to get involved in the Social Housing Programme of Government.

2 DEFINATIONS

Human Settlements could be defined as:“the totality of the human community - whether city, town or village - with all the social, material, organizational, spiritual and cultural elements that sustain it. The fabric of Human Settlements consists of physical elements and services to which these elements provide the material support”;

Social Housing Act 2008 – means Act no 16 of 2008- which is to establish and promote a sustainable social housing environment and to define the functions of National, Provincial and Local Governments in respect of Social Housing and the establishment of the Social Housing Regulatory Authority with regard to Social Housing Regulations.;

Social Housing can be defined as : a means of a rental or co-operative housing option for low to medium income households at a level of scale and built form which requires institutional management for which is provided by Social Housing Institutions or other Delivery Agents in approved projects of designated restructuring zones with the benefit of public funding;

Social Housing Institution can be defined as . It is a legal entity established with the primary objective of developing and/or managing housing stock that has been funded through the grant programme. The housing stock can be owned by the housing institution, or it can be owned collectively by a group of residents. Housing Institutions is not seen as short-term vehicles for providing housing to a specified market segment, but are seen as robust, sustainable institutions, established to provide the social housing option. Housing Institutions are to demonstrate financial and operational sustainability over time while adhering to the guiding principles for social housing;

Provincial Restructuring Zones (PRZ) can be defined as; a geopractical area which has been identified by the Municipality with the concurrence of the Provincial Government for purposes of Social Housing and designated by the Minister in the Gazette of approved projects;

Institutional Subsidy can be defined as : an institutional grant capital subsidy or grant under a national housing programme which is approved, allocated and administered by a Provincial Government or by a Municipality which is accredited by the MEC or the Province concerned in terms of section (10 (2) of the Housing Act, 1997 to administer a social housing programme in the manner contemplated in the Housing Act 1997;

Lease Agreement means: a lease agreement utilized by a Social Housing Institution or Housing Delivery Agent and includes the house rules;

Other Delivery Agents means: an entity other than a Social Housing Institution which may undertake an approved project but excludes the Provincial Government or a Municipality.

Regulatory Authority means: the Social Housing Regulatory Authority established under section 7 of the Social Housing Act of 2008 to regulate all Social Housing Institutions, obtaining or having obtained public funds to allow for the undertaking of approved projects;

Human Settlement Sector Plan – its means that 2017-2030 Human Settlement Sector Plan for Ray Nkonyeni Municipality.

3 LEGISLATIVE FRAMEWORK

3.1 THE CONSTITUTION (ACT 108 OF 1996)

The Constitution of the Republic of South Africa (Act 108 of 1996) is the supreme law of the country. It establishes housing as a right and identifies its delivery as a concurrent function between National and Provincial Spheres of Government. As such:

Sections 26, 27 and 29 of Chapter 2 of the Bill of Rights state that everyone has the right to access adequate housing, health care services, social security and education.

Schedules 4 and 5, states that the Province has legislative competence concerning (inter- alia) environment, urban and rural development, welfare, housing, health services, regional planning and development, (concurrent competence with National), Provincial Planning and Provincial roads and traffic (exclusive competence).

3.2 SOCIAL HOUSING ACT, 2008 (ACT 16 OF 2008)

3.2.1 THE ROLES AND RESPONSIBILITIES OF NATIONAL GOVERNMENT

National Government acting Through the Minister, must:

Create and uphold an enabling environment for Social Housing by providing the legislative, regulatory, financial and policy framework for the delivery of Social Housing;

Ensure compliance and constitutional responsibilities are administered;

Address issues that affect the growth, development or sustainability of the Social Housing Sector;

Establish with Provinces and Municipalities institutional capacity to support Social Housing Initiatives;

Institute and fund the Social Housing Programme as a National Housing Programme to promote the development and supply of Social Housing Stock for low to medium income person;

Designate restructuring zones submitted by the Provinces and identified by Municipalities and specifically provided in a Municipality's Integrated Development Plan;

Establish Capital and Institutional Investment grant;

Allocate funds from the Department's budget for the operation in costs and commitments of the Regulatory Authority in accordance with the approved Social Housing Investment Plan and the Social Housing Regulatory Plan. Respectively;

Determine Norms and Standards to be adhered by the Provinces and Municipalities.

3.2.2 THE ROLES AND RESPONSIBILITIES OF PROVINCIAL GOVERNMENT

Provincial Government through its MEC, must:

Ensure fairness, equity and compliance with National and Provincial Social Housing Norms and Standards;

Ensure the protection of consumers by creating awareness of consumer's rights and obligations;

Facilitate sustainability and growth in the Social Housing Sector;

Mediate in cases of conflict between a Social Housing Institution or other Delivery Agent and of Municipality, If required;

Submit proposed Restructuring Zones to the Minister;

Monitor social housing projects to ascertain that relevant prescripts, norms and standards are being complied with;

Approve, allocate and administer, capital projects in the manner contemplated in the Social Housing Investment Plan in approved projects;

Administer the Social Housing programme and may approve and fund any projects thereof;

Develop capacity of Municipalities to fulfill the required roles and responsibilities.

3.2.3 THE ROLES AND RESPONSIBILITIES OF MUNICIPALITIES

A Municipality must where there is a demand for social housing within its municipal area, as part of the Municipalities process of Integrated Development Planning, take all reasonable and necessary steps within the National and Provincial legislative, regulatory and policy framework to:

To facilitate social housing delivery in its area of jurisdiction;

To encourage the development of new social housing stock and the upgrading of existing stock or the conversion of existing non-residential stock;

To provide access to land and buildings for social housing development in designated restructuring zones for Social Housing Institutions to acquire municipal rental stock;

Provide municipal infrastructure and services for approved projects in designated restructuring zones.

3.2.4 THE ROLE OF SOCIAL HOUSING REGULATORY AUTHORITY

Promote the development and awareness of Social Housing;
 Support the Provincial Government with the approval of project applications by Social Housing Institutions;
 Submit annually to the National Minister social housing investment and regulatory plan;
 Provide financial assistance to Social Housing Institutions through grants to service providers accredited by the Regulatory Authority for the development of institutional capacity, gaining accreditation, and submission of project applications;
 To accredit Institutions meeting accreditation criteria as Social Housing Institutions
 Enter into suitable agreements with Social Housing Institutions and other delivery agents for the protection of the Governments Investment in Social Housing.

3.2.5 NATIONAL HOUSING FINANCE CORPORATION

Provide access to loan funding;
 Make available to the Regulatory Authority when requested thereto any financial information to enable it to assess the institutional health and financial sustainability of Social Housing Institutions;
 Facilitate or where possible provide access to guarantees for loan funding from financial institutions;
 Explore and support mechanisms aimed at facilitation public funding for social housing
 Conclude agreements with Regulatory authority.

3.2.6 FUNCTIONS OF SOCIAL HOUSING INSTITUTIONS

Acquire, develop, manage or both develop and manage, approved projects primarily for low income residents with joint support of the Municipality;
 Promote the creation of quality living environments for low and middle income residents;
 Reinvest any operational surpluses in further housing development;
 Initiate accreditation application and comply with the accreditation requirements of the Regulatory Authority;
 Consult with local governments with a view to developing social housing stock within the framework of the IDP of the areas within which they operate;
 Consult with residents through meaningful participation and Inform residents on issues relating to consumer protection.

Observe and operate within a best practice and value regime as supported by national policy;

Comply under all conditions with the Ministerial National Norms and Standards in respect of Permanent Residential Structures, the National building Regulations and the technical standards imposed by the National Home Builders Registration Council, where applicable.

3.3 RNM -HUMAN SETTLEMENT SECTION PLAN (2017-2030)

The Human Settlements Sector Plan for Ray Nkonyeni Municipality is a thirteen year (2017 to 2030) strategic guide for the transformation of existing Human Settlements and Development of new Sustainable Human Settlements in line with the National Human Settlements Development Policy. Its primary aim is to move the Human Settlements Development Programme beyond the provision of basic shelter towards achieving the broader vision of sustainable Human Settlements and efficient spatial systems.

Its objectives are as follows:

To reduce the housing need in line with the National and Provincial norms, standards and targets;

To provide for the introduction of various human settlement programmes with a variety of housing typologies and densities in appropriate locations in line with the RNM (SDF).

To contribute towards spatial transformation and creation of an efficient settlement and spatial patterns;

To facilitate rapid and cost-effective release of land for Human Settlements development purposes;

To integrate Human Settlements projects with other development programmes within the context of RNM Integrated Development Plan and the Ugu District Integrated Development Plan;

To build capacity for effective Human Settlements development.

3.4 RNM –RESTRUCTURING ZONES FOR SOCIAL HOUSING PROGRAMME

Ray Nkonyeni Municipality to have an approved Restructuring Zones which must be approved by its Municipal Council and be gazetted by the National Minister of Human Settlements. These approved restructuring zones enables the Municipality to identify buildings and or parcels of land , package such land parcels for the National Social Housing Programme with the appointment of Social Housing Institutions and Housing Delivery Agents to plan, construct and manage its projects.

The restructuring zone must focus on **Spatial** injustice by bringing lower income and often dis-advantaged people to areas where there are major economic opportunities, both with respect to jobs and consumption. **Social** – by promoting a mix of race and classes. **Economic**- by promoting spatial access to economic opportunities and promoting job creation via the multiplier effected associated with building medium density housing stock.

3.5 POLICY ON THE MANAGEMENT AND DISPOSAL OF IMMOVABLE PROPERTIES (2020)

Ray Nkonyeni Municipality has an approved Policy with regard to the method, procedures, requirements and criteria regarding the disposal of Council viable immovable properties.

With regard to leases, the Policy reflects the following:

Council is entitled to lease immovable properties in its ownership, on a long term or short-term basis, by way of Private Treaty or Public Tender.

The desirable lease period, at this stage, is to nine (9) years and eleven (11) months, depending on the circumstances and parties involved. Right of renewal may be negotiated or exercised at the sole discretion of Council.

Lease agreements that are more than nine (9) years and eleven (11) months shall not be concluded unless prior written approval is obtained from council in the form of a resolution.

4. GENERAL PRINCIPLES

4.1 TO FACILITATE AND PROMOTE:

To facilitate social housing delivery in its area of jurisdiction as mandated by the Housing Act (1997), and the Social Housing Act (2008);

To promote Social integration and address the imbalances created by apartheid urban planning and racial segregation policies; including land restitution in accordance with the council's policy as amended from time to time;

That social housing opportunities must be specifically provided for in the Municipal Integrated Development Plans (IDP) and Human Settlement Sector Plan (HSSP);

To encourage the development of new social housing units by providing Municipal owned land and buildings (refurbishment) and the upgrading of existing units;

Provide access to municipal infrastructure and services for social housing projects and, where appropriate, provide local fiscal benefits (e.g. through planning fees rebates on municipal rates and other related service charges);

Establishing a dedicated support function within the Municipality for social housing development that is in keeping with the requirements of the Constitution of the Country, the Housing Act of 1997, and the Social Housing Act of 2008;

Social Housing Regulatory Authority have advised that in terms of Social Housing Regulations (19) with regard to land that the Social Housing Institutions must either be a registered owner of the land to be utilized for development of or have a minimum lease period of 30 years on the land;

That it is proposed that a lease agreement of more than 9 years shall be applicable for Social Housing Institutions or Housing Delivery Agents and same shall be considered and concluded with prior written approval being obtain from the Municipal Council in the form of a resolution;

Apart from the accredited Social Housing Institutions or Delivery Agents obtaining subsidy grant funding from the Provincial Department of Human Settlements and grant funding from the Social Housing Regulatory Authority , such Institutions for Delivery Agents with long term leases are able to secure long term loan funding from recognized financial institutions to fund the project and the basis applied must also ensure social housing delivery agents will be financially viable to deliver and manage rental housing to the targeted market and still sustain itself as a non –profit organisation;

Through leasing the Municipality have protection and control of its land in terms of usage and ensure that the property remains for the intended purpose of social housing provision over a longer term, furthermore the land is subject to renewal based on performance by Social Housing Institutions and Delivery Agents.;

The Social Housing Regulatory Framework of SHRA has mechanisms in place for contractual financial arrangements making it impossible for Social Housing Institutions or Delivery Agents to dispose of such property without the permission of SHRA;

5. POLICY PROPOSAL FOR THE PROVISION OF SOCIAL RENTAL HOUSING OPPORTUNITIES

5.1 RESTRUCTURING ZONES (AREA BASE)

That Ray Nkonyeni Municipality as a level 1 accredited Municipality is to have an approved restructuring zone that will facilitate the provision of Social Housing for its citizens who are in need of rental housing opportunities within its area of jurisdiction, and that such restructuring zones are to be approved by the Municipal Council, Provincial and National Government and subsequently gazette for implementation.

5.2 RENTAL HOUSING NEED / DEMAND

That the Municipality determines its housing need for Social Rental Housing by means of the National Housing Needs Register or a Demand Survey. The implementation of this programme will be based on a clear understanding of the target market that is in need of rental accommodation. That such data collected should be made available to appointed Social Housing Institutions or Housing Delivery Agents to be used for consideration in the provision of rental housing opportunities.

5.3 DEVELOPABLE LAND AND UNUSED BUILDINGS

That the Municipality undertakes to identify vacant developable land or unused building within the approved Restructuring Zones and to be sold or leased following the conditions as per the Municipal Policy on the Management and Disposal of Immovable Properties to Social Housing Institutions or Housing Delivery Agents for Social Rental Housing. That any technical support to be provided in the form of technical assessment or valuations, that such support be sourced from the Housing Development Agency.

5.4 MUNICIPAL REBATES OR OTHER FORM OF INCENTIVES

On vacant developable land being sold or leased to Social Housing Institutions or Housing Delivery Agents that the Municipality undertakes to provide rebates or other form of incentives to such Institutions, e.g. planning fees, building approval fees, inspection fees, rates to ensure sustainability of the delivery Institutions in terms of its project planning, construction and management.

5.5 LAND DISPOSAL TO SOCIAL HOUSING INSTITUTIONS OR HOUSING DELIVERY AGENTS

The Municipality undertakes to dispose of its developable land within the Restructuring Zones to Social Housing Institutions or Housing Delivery Agents who are on the Municipal Data Base for Social Housing Institutions either through:

FREEHOLD

Being outright transfer of ownership following the conditions of the Municipal Policy on the Management and Disposal of Immovable Properties, or

LEASE HOLD

In compliance with Council's approved Policy on the Management and disposal of Immovable Properties on lease agreement of more than 9 years, that consideration should be given for long term lease of a minimum of 30 years for Social Housing Institutions or Housing Delivery Agent as per the requirements of the Social Housing Regulatory Authority, with prior written approval being obtain from the Municipal Council in the form of a resolution.

5.6 PROVISION OF BULK INFRASTRUCTURE SERVICES FOR SOCIAL HOUSING DEVELOPMENT

Ugu District Municipality, is both the water services authority and provider within the Municipal area. That UGU District Municipality undertakes to provide bulk infrastructure services (water and sanitation) to the various land parcels identified for Social Rental Housing within the approved Restructuring Zones. That a Service level agreements should be concluded with the District Municipality to ensure commitment in the provision of bulk infrastructure related services

5.7 ESTABLISHMENT OF A DATA BASE FOR SOCIAL HOUSING INSTITUTIONS

The Municipality undertakes to establish a Data Base for Accredited Social Housing Institutions / Housing Delivery Agents by calling for expression of interest from accredited Social Housing Institutions through its Supply Chain Management processes.

5.8 APPOINTMENTS OF SOCIAL HOUSING INSTITUTIONS OR HOUSING DELIVERY AGENTS.

That the Municipality undertakes to appoint Social Housing Institutions or Housing Delivery Agents from its approved Data Base. Land parcels / unused Buildings identified within the Restructuring Zones be allocated to such delivery Institutions following Municipal Council process and regulations.

5.9 ESTABLISHMENT OF A MULTI DECIPLINARY TECHNICAL SUPPORT TEAM

That the Municipality establishes a multi-disciplinary technical support team to ensure the roll out of Social Rental Housing which should consists officials from the Directorate of Technical Services (Human Settlements Section), Directorate of Development Planning (Planning Section), Directorate of Corporate Services (Estates Section), and representatives from Ugu District Municipality (water/ sanitation) and the Provincial Department of Human Settlements.

The Multi-disciplinary team should be championed by the Human Settlements Section within the Directorate of Technical Services. That the terms of reference of the Multi-Disciplinary Technical support be determined and approved the Office of the Municipal Manager.

5.10 PARTICIPATION AT PROVINCIAL AND NATIONAL STEERING COMMITTE MEETINGS AND RELEVANT PROGRAMMES

That relevant representatives from within the Multi-disciplinary Support Team undertakes to attend / participate at various Provincial / National Steering Committee Meetings or Programmes dealing with the Social Housing of the Municipality.

6. CLASSIFICATION

| <u>TITLE</u> | <u>SOCIAL HOUSING POLICY</u> |
|---------------------|---|
| RESPONSIBLE OFFICER | HEAD OF DEPARTMENT : TECHNICAL SERVICES |
| AUTHOR OF POLICY | HUMAN SETTLEMENTS SECTION |
| APPROVAL DATE | |
| EFFECTIVE DATE | |
| LAST REVIEW DATE | |
| REVIEW DATE | |