



HUMAN
SETTLEMENTS

Provincial Government of the Western Cape

Strategic Objective 6: Developing Integrated and Sustainable Human Settlements





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1. INTRODUCTION

The Western Cape Provincial Government's vision of an opportunity society for all includes the development of integrated and sustainable human settlements with access to social and economic opportunities for all the province's citizens. It is the government's intention to accelerate the provision of housing opportunities, including prioritising in-situ upgrading of informal settlements and the provision of serviced sites, in order to assist greater numbers of people and, in particular, to help more of those who are most in need – with limited or no access to basic services.

Housing opportunities encompass the full scope of housing assistance by the State and other providers, from the provision of serviced sites, to rental units, to housing finance assistance, to a fully developed, state-funded house. The common denominator in all housing opportunities is security of tenure and unhindered access to basic services (clean water, sanitation, electricity and refuse removal).

Importantly, providing more people with a lower level of assistance, besides accelerating delivery, will allow those beneficiaries with the means to become agents of their own destiny and build their own houses on a serviced plot they now own. Those without the means will be assisted to build their houses, but at a slower pace.

Both government and citizens play an important role in an opportunity society. If the human settlements we build are to be sustainable, it is important that housing beneficiaries take personal responsibility for their role. A key objective of the government in this regard is to inculcate a sense of ownership among housing beneficiaries and to increase awareness of, and buy-in to, their rights and responsibilities.

The government faces a number of constraints in the provision of housing opportunities. These include limited finance and a shortage of well-located land. This requires two important responses: first, that the selection of beneficiaries is not only fair, but also seen

to be fair; and, second, that we make optimal use of the resources at our disposal by maximising the value we extract from every rand spent and every hectare developed.

We also have a responsibility to use our natural resources as efficiently as possible by building sustainably. We must do what we can to mitigate both our impact on climate change and the effect of extreme weather conditions (e.g. flooding) on our communities.

It is important to note that the provincial government is only one role player in human settlement development and not all elements are within its direct control. Municipalities, as the primary implementers of human settlement development, are central to achieving our vision. The National Government, too, influences what can be achieved through the funding it allocates to human settlements and bulk infrastructure in the Western Cape, as well as the policies it prescribes in terms of which that funding can be spent. It is crucial that we have a co-ordinated approach across all three spheres of government to Integrated Development Planning and, in particular, Human Settlement Planning.

In addition, this planning requires co-ordination across numerous national, provincial departments and state owned entities to ensure easy access to amenities such as schools, clinics, libraries and sporting facilities, as well as economic opportunities.

We must also acknowledge, given the State's constraints, that the private sector also has a role to play in accelerating the provision of housing opportunities, through the financing and development of private rental stock and employee assistance schemes, among others. We need to build relationships with private sector stakeholders to encourage this investment and involvement.

The main indicators for measuring the progress made in achieving these goals include:

- a. The number of households assisted with unhindered access to basic services and security of tenure by 2014 (by influencing municipalities to prioritise the provision of serviced sites and the upgrading of existing informal settlements over building houses in their Human Settlement Plans);
- b. Proximity of new human settlement developments to major transport nodes and corridors, economic opportunities and social amenities;
- c. Increased densities of new human settlement developments in land-scarce municipalities;

- d. Increasing the development of housing in the gap market by developing partnerships with the private sector and encouraging greater investment in social housing projects and integrated housing and mixed used developments;¹ and
- e. Influencing municipalities and developers to explore and, where feasible, make greater use of alternative, energy-efficient materials, methods, technologies, layouts and topographies in order to reduce the carbon footprint of new housing developments.

2. PROBLEM STATEMENT

1. The current housing delivery model cannot address the current and future need for housing, as the growing demand continues to exceed supply. Much of this demand consists of families living in informal structures (in informal settlements and backyards) with limited or no access to basic services. This situation results in a breakdown of social cohesion and poses a serious social, crime and health risk for the people in these communities. It also severely limits their access to economic opportunities and poses a risk to the environment and, sometimes as a consequence, the economy. (For example, the informal settlements along the Berg River in the Stellenbosch and Drakenstein Municipalities have the potential to bring deciduous fruit exports to a halt should the river become polluted due to inadequate sanitation and storm water management. This would have severe consequences for the province's economy.)
2. At current rates of delivery – combined with household growth fuelled in large part by in-migration and urbanisation – the number of households with inadequate shelter is likely to nearly double, from between 400 000 and 500 000 currently to over 800 000, over the next thirty years and we will not be able to meet the Millennium Development Goals with respect to access to basic services over the next five years. This model is clearly unsustainable.
3. The size of the demand in the province cannot be addressed only through infill, densification and within the footprint of informal settlements. It requires new land to be made available for human settlements, which needs to be developed in concert with local economic development.

¹ Integrated housing is where a private developer services a broad range of the housing market, including the gap market (household income of R3500 to R12800) in his/her development

3. KEY CONSTRAINTS

1. Well-located land is in short supply, and new housing developments are often located close to the urban edge, far away from economic opportunities and social amenities, with inadequate integration into towns and cities, resulting in urban sprawl and the perpetuation of the social problems associated with skewed apartheid spatial planning. At the same time, informal settlements need to be de-densified in order to upgrade them with infrastructure and services, requiring unused land. However, the majority of the housing backlog is accounted for by people living in backyards and over-crowded formal housing, and these people also need to be accommodated in green fields developments, as in situ upgrading is not feasible for them. Once land is secured, the statutory requirements to gain planning approval to develop human settlements on that land is long and complex.
2. Another key constraint is in the capacity of municipal bulk infrastructure. Accelerating the provision of basic services puts added pressure on this infrastructure. For example, a number of waste water treatment works cannot take any new flows without being upgraded, and there is inadequate Municipal Infrastructure Grant funding, which is determined by the national government, to eradicate the infrastructure backlog. Added to the capital budget constraints, adding new households has an impact on municipalities' operational and human resource costs, as these services and infrastructure need to be maintained, while the beneficiaries will contribute little or no revenue to municipalities. The division of revenue by the national government for human settlements and municipal infrastructure does not take into account the significant urbanisation and interprovincial migration of people in search of economic opportunities, which increases demand in the Western Cape, and in the City of Cape Town in particular.
3. There is currently a gap in the property market, with numerous families whose household income exceeds the upper limit for subsidised housing, but is not high enough to access mortgage finance from the private sector (R3500- R9000). Contributing to this gap are the high input costs, which limit the number of affordable units being developed for this market, as well as the difficulty in accessing affordable finance were supply to be increased.

4. A number of beneficiaries rent out or even sell their state-funded houses, generally informally and at a fraction of the value of the asset, and move back into shacks in informal settlements.
5. This situation is further complicated by the backlog in transferring title deeds to beneficiaries.
6. Collection rates of rentals from tenants in state-subsidised rental units are notoriously low – for example, the City of Cape Town has a collection rate of 36% for its Community Rental Units. There is also a lack of commitment to maintain their homes among many home owners and tenants alike.
7. The greatest source of dissatisfaction with government's delivery of housing opportunities is the perception of being left behind – that some people are benefiting at the expense of others. This is partly a result of the fact that we can only afford to house about 16 000 families under the existing delivery model. However, it is exacerbated by the perceived inconsistency and opacity of the beneficiary selection process which varies from municipality to municipality, as does the quality, integrity and accuracy of the housing demand data. This opacity is often aggravated by community leaders and/or community liaison officers who act as gate-keepers of information and service delivery.
8. Until now, sustainability, energy efficiency and its economic benefits for the beneficiary have not played a significant role in determining how we develop human settlements. As a developing country, we have to balance the responsibilities of improving the living conditions of, and opportunities available to, our poorest citizens with protecting the environment for future generations and limiting our impact on climate change.
9. The development of integrated human settlements is currently hampered by inadequate co-ordination between the different spheres of government, and among provincial government departments, especially when it comes to aligning bulk infrastructure spending and plans for the provision of amenities such as schools, clinics, libraries and other community facilities.

4. OUTCOMES OF STRATEGIC OBJECTIVE 6

It is the Provincial Government of the Western Cape's intention to achieve the following three outcomes in order to realise its vision of sustainable and integrated human settlements:

1. Outcome 1 : Accelerated delivery of housing opportunities;
2. Outcome 2 : A sense of ownership, rights and responsibilities amongst beneficiaries, owners and tenants; and
3. Outcome 3: Optimal and sustainable use of resources

5. PLANS TO ACHIEVE OUTCOMES

OUTCOME 1: ACCELERATED DELIVERY OF HOUSING OPPORTUNITIES

1.1 Upscale provision and implementation of serviced sites – The Western Cape Provincial Government will upscale the provision of serviced sites and reduce the number of houses built over the next four years in order to accelerate the provision of housing opportunities, especially to those most in need. In particular, we will focus on the in situ upgrading of existing informal settlements through the provision of services and security of tenure. In addition, we will evaluate different site-and-service options, including a site with slab and toilet option, and engage with the National Department of Human Settlements to ensure that the best options are incorporated into policy programmes for implementation. The government will also conduct a pilot study in 2010/11 to evaluate the feasibility of different options for formalising the tenure and improving the conditions of backyard dwellers, as well as establish a task team with the City of Cape Town to develop a policy on assisting backyard dwellers in situ. We will encourage municipalities to phase the building of top structures over longer periods so a greater proportion of their allocations can be spent on serviced sites. This approach will be phased in over a number of years to allow for existing commitments to be met and for the necessary planning and infrastructure upgrading to take place. We will also work with municipalities to ensure that their Human Settlement Plans are geared towards this objective.

1.2 Reduce bulk infrastructure as a constraint to human settlement development

The department of human settlements will interact with the national departments of Cooperative Governance and Traditional Affairs, Energy and Human Settlements with a view to aligning MIG, INEP, Human Settlement Development and all other grants that contribute towards the development of

sustainable and integrated human settlements. We will also investigate using the housing grant for bulk infrastructure, if necessary to unblock human settlement development. This will result in more inadequately housed people getting access to basic services and land. The provincial government will also work with municipalities to ensure that expenditure on infrastructure is prioritised in line with human settlement plans, and that bulk infrastructure capacity is considered in the prioritisation of new human settlement projects. We will also investigate and encourage the use of alternatives to water-borne reticulated sanitation systems where the latter is not feasible.

1.3 Reducing institutional/human resource capacity constraints –

The department of human settlements will set up and maintain a database of professional service providers to shorten the turnaround time for the appointment of service providers needed to plan, package and get approval of new human settlement projects. The department will also use its Operational Capital (OpsCap) Budget to procure additional capacity to support municipalities in planning and packaging projects. The Minister of Human Settlements will also approve municipalities' use of their Separate Operating Account funds for such additional capacity as may be required.

1.4 Acquiring well-located land for well-planned Integrated Human Settlements –

The Western Cape department of Human Settlements will work closely with the Housing Development Agency to lobby national departments and state-owned enterprises to make more of their well-located land available for human settlement development, as well as acquiring privately owned land. We will also strengthen support to municipalities and assist them to produce credible Human Settlement Plans that put new settlements close to transport corridors and economic opportunities, and include the provision of social amenities.

1.5 Provide a fair allocation of housing opportunities – The government will introduce a municipal database support programme that will ensure that proper data is collected and captured into the national Housing Subsidy System for verification, and maintained on an ongoing basis. This is to ensure that the selection of beneficiaries is based on accurate and up-to-date information, and to minimise the risk of non-qualifiers benefiting. In addition, the government will develop a standardised, transparent and fair policy and process with minimum criteria which municipalities will need to include in the selection of beneficiaries.

Included in these minimum criteria will be a more equitable allocation policy among households living in backyards, overcrowded formal housing and informal settlements based on the profile of the housing demand within the municipal area. The department will also partner with municipalities to engage with communities about the selection of beneficiaries for a project. By communicating clearly with potential beneficiaries about the number of people who will be accommodated and getting their buy-in to the selection process before beneficiaries are selected, much dissatisfaction and associated protest action and obstruction of projects can be avoided. A key element of this is developing clear guidelines – in consultation with municipalities – for the recruitment of Community Liaison Officers and the selection of community representatives on Project Steering Committees. The aim of both is to maintain the free flow of information among all the stakeholders on the project, including government, contractors, beneficiaries and the broader community.

1.6 Introduce a co-ordinated approach for human settlements through effective IDP/ Human Settlement Planning -

The government will introduce a much stronger co-ordinated approach to human settlement planning and integrate the work of different departments and spheres of government involved in the planning of human settlement developments, using Municipalities' Integrated Development Plans (and, in particular, the Human Settlement Plan chapter) as the basis. In order to achieve this, the government will:

- i. Assist high potential municipalities to become accredited as housing developers;
- ii. Strengthen support to municipalities and provide guidance to ensure that they produce credible Human Settlement Plans; and
- iii. Establish an inter-departmental planning forum which will co-ordinate the annual review of Human Settlement Plans by all affected departments and generate a clear, detailed project pipeline from municipal Human Settlement Plans. Provincial officials will also participate in the Local Government Intergovernmental Relations (IGR) Forums such as the Local Government Medium Term Expenditure Committees (LGMTEC's) to ensure municipal budgets are appropriately aligned with their Integrated Development Plans (IDPs), as well as the Strategic Spatial Vision contained within the Provincial Spatial Development Framework (SDF).

OUTCOME 2: A SENSE OF OWNERSHIP AND PERSONAL RESPONSIBILITY AMONG BENEFICIARIES, OWNERS AND TENANTS

2.1 Educate beneficiaries in respect of their rights and responsibilities of home ownership and rental – The government will expand its consumer education programme for municipalities, as well as undertaking its own community outreach initiatives, in order to make beneficiaries aware of their rights and responsibilities as both home owners and tenants.

2.2 Increase beneficiary involvement in development of housing opportunities – Key to inculcating a sense of ownership and personal responsibility is the active involvement of beneficiaries in the design and building of their neighbourhoods and homes. The provincial government will encourage increased involvement of beneficiaries in the building of their houses through more effective stakeholder engagement at project level. We will also address the legislative, policy, institutional and resource weaknesses of the Department of Human Settlements to oversee the development of houses under the self-help “People’s Housing Process” programme and then increase the proportion of state-funded houses built under this programme, including through contractor-assisted managed PHP. This will have the added benefit of building social cohesion, empowering smaller contractors and encouraging the transfer of skills to local people.

2.3 To promote security of tenure through effecting transfer to beneficiaries - The provincial government will also promote security of tenure by increasing the rate at which properties are transferred into the names of beneficiaries and title deeds handed over. This will be done by holding the service provider responsible for the final transfer of properties and retaining a larger portion of the subsidy until transfer has been effected to incentivise the completion of this important final step.

Furthermore, the Department of Human Settlements will investigate the extent of the backlog with respect to the allocation of title deeds of past housing projects and the reasons for transfers not being completed, and develop a plan to eliminate this backlog. The plan may include the procurement of additional resources e.g. Private sector conveyancers, etc.

OUTCOME 3: OPTIMAL AND SUSTAINABLE USE OF RESOURCES

3.1 Increase sustainable resource use by exploring alternative technologies and building methodologies

– The provincial government will encourage sustainable resource use by exploring alternative technologies, designs, layouts, topography, etc. in order to achieve the most energy-efficient, water-wise and cost-effective development. We will pursue partnerships with other spheres of government and non-government organisations (local and international) to fund and provide green technologies such as Solar Water Heaters, grey water recycling and solar and energy efficient lighting to past and current low cost human settlement developments. This will benefit the environment, as well as the municipality – by managing demand on bulk infrastructure and services and the beneficiaries – as they will spend less on water and electricity while simultaneously increasing the value of the asset.

3.2 Increasing densities of new human settlement developments on well located land

– The government will develop clear guidelines with minimum densities which have to be met by municipalities to get their human settlement proposals approved. Standards will be customised to suit the circumstances of different municipalities, and different areas of municipalities. For example, higher densities will be required on well located land – i.e. infill erven and land that is already serviced by surrounding schools, clinics and other social amenities, and that is close to transport corridors and/or economic hubs. The necessary density will also be informed by the amount of land available for human settlements relative to the current and projected demand for housing. For example, the past practice of providing 150m² plots for free in the City of Cape Town is simply not sustainable. The government will also investigate new house designs that will fit on much smaller plots to achieve densities that will sustain public transport and maximise the value derived from available land, while still providing a favourable living environment that encourages social cohesion.

3.3 Closing the gap in the property market through strategic partnerships and private sector investment

– The Provincial Government is limited in what it can directly affect with the limited resources at its disposal, and within the policy prescripts of how its housing allocation may be spent. However, the provincial government will work with the private sector, the National Department of Human

Settlements and Treasury, and encourage the implementation of a state-backed finance scheme to reduce the risk for financial institutions and property developers to service this market. We will also encourage the development of integrated housing and mixed use developments by making well-located state land available for such developments subject to a proportion of the project being developed for the gap market. We will also encourage municipalities to adopt zoning schemes that incentivise such mixed use developments (by, for example, providing pre-approval on appropriately-located land). The government will also seek to raise non-state funding to increase the supply of rental stock to service this market through strategic partnerships with social housing institutions and private developers.

3.4 Enhancing supply of new rental housing opportunities and encourage improved property management of rental stock – The government will engage with municipalities to implement a new Community Residential Unit process to encourage improved property management and higher collection rates. This includes ensuring that ongoing management and maintenance is appropriately budgeted for and sustainably resourced. In the case of its own rental stock, the Provincial Department of Human Settlements will work with external partners, such as social housing institutions, to improve the collection rates and enhance the maintenance of its properties.

6. Western Cape Provincial Government: Human Settlement Priorities for 2010-2014

Creating sustainable and integrated human settlements is one of the most transversal of the Western Cape Government's strategic objectives, but its achievement is also one of the most reliant on other spheres of government – especially local government. While we may have varying degrees of influence over the outcomes we wish to achieve, none of them are under direct provincial control. For example, the targets set for the number of serviced sites to be delivered rely on National Treasury providing adequate funding for bulk infrastructure so that the installation of services is not blocked by e.g. the capacity of waste water treatment works.

These targets also assume a stable macro-economic environment with steady inflation, lending rates and economic growth to sustain the revenue required to fund the development and maintenance of these new human settlements.

Policy priority area	Performance indicator	2010/11	Targeted Performance level			
			2011/12	2012/13	2013/14	2014/15
Accelerated delivery of housing opportunities	No. of serviced sites provided p.a. through Upgrade of Informal Settlements Programme; Greenfield developments; and Temporary Relocation/ Incremental ² Development Areas (Emergency Housing Programme)	18 000	26 000	30 000	30 000	31 000
	Percentage reduction of title deeds backlog	0 ³	15%	25%	30%	30%
Optimal use of resources	Mean Gross density ⁴ of new human settlement developments in land-scarce municipalities	35 units/ha	40 u/ha	45 u/ha	50 u/ha	50 u/ha
	% of new projects that meets the Integration and sustainability criterion	40%	50%	70%	80%	90%
	Percentage of units built using energy efficient method/ materials ⁵	10 %	15 %	25 %	30 %	40%
Inculcate a sense of ownership	Provincial Government Rental Collection Rate	15 %	17 %	25 %	40 %	45%
	Proportion of houses built under self-help "People's Housing Process" programme	25 %	35 %	40 %	45 %	50%

² It is difficult to accurately plan targets for emergency relief as this is a reactive and responsive programme dependent on factors outside the control of the department i.e. disasters such as floods and / xenophobia. Therefore performance against these targets result in extreme under and / or over performances etc.

³ A study is being undertaken in year 1 to determine the full extent of the backlog, the reasons for delays, and what needs to be done to effect transfer.

⁴ The number of dwelling units per hectare of land calculated in a designated area on the basis of land used for residential purposes and other land uses such as industry, commerce, education, transport and parks. Excluded are land-extensive land uses such as agricultural land and nature areas/reserves/parks.

⁵ This includes the provision of Solar Water Heaters and energy efficient lighting, as well as the use of designs, materials and/or elements that improve the thermal character of the house.

Policy priority area	Performance Indicator	2010/11	2011/12	2012/13	2013/14	2014/15
Fair allocation of housing opportunities	No. of municipalities with an accurate, up-to-date housing demand database that is synchronised with central Housing Subsidy System	0	5	15	20	25
	No. of municipalities which comply with standardised selection criteria and process	0	5	15	20	25
A co-ordinated approach to human settlement development	No. of municipalities with credible Human Settlement Plans	9	12	15	20	25
	No. of municipalities with level 1 accreditation	1	0	3	0	2
	No. of municipalities with level 2 accreditation	1	0	1	0	2
	No. of municipalities with level 3 accreditation	0	0	1	0	1