

# FRANCES BAARD DISTRICT MUNICIPALITY HOUSING POLICY



## HOUSING ALLOCATION POLICY

**SECOND DRAFT**

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# 1. ABBREVIATIONS AND DEFINITIONS

FBDM	Frances Baard District Municipality
HAAC	Housing Allocations and Audit Committee
IDP	Integrated Development Plan
Policy	Housing Allocation Policy
Board	The Provincial Board for Housing
HU	Housing Unit
CPIX	Consumer Price Index excluding interest rates on mortgage bonds
SDF	Spatial Development Framework
DHLG	Department of Housing and Local Government
NDOH	National Department of Housing
Allocation	To assign a specific right to a housing applicant to access Government subsidized housing or a serviced site
Existing informal settlement	Unplanned settlement occupied in an informal manner with or without the permission of the land owner on a date before the adoption of this Policy or where the court did not grant a court interdict for eviction of all illegal occupants from the land in question and to which basic services have or not have been rendered

Housing database	A computerized storage of information about the profile of the residents of Frances Baard and the residential sites belonging to FBDM
Housing development	The establishment and maintenance of habitable stable and sustainable public and private residential environments that ensure viable households and communities in areas allowing convenient access to economic opportunities, health, educational and social amenities in which all citizens of South Africa will on a progressive basis, have access to permanent residential structures with secure tenure, portable water, adequate sanitation facilities and domestic energy supply and which will ensure internal and external privacy and provide adequate protection against the elements
Infill planning	Upgrading or developing new developments on open spaces within built up areas to improve or to better utilize existing services and infrastructure
In-situ upgrading	The progressive upgrading of land informally occupied by humans through intervention by the authorities to create a habitable environment
Land	Land includes a portion of land
Proliferation	A rapid and often excessive spread or increase
MEC	Member of the Executive Council of the Northern Cape Province responsible for housing
Sustainable human settlement	A place designed for a wide variety of developmental needs and activities of humans, which utilizes local resources efficiently, creates opportunities for people to achieve their full potential and which is convenient, offers choice and quality and promotes equality of access

## **2. LEGAL FRAMEWORK**

The following Legislation and Policies provide the appropriate Legislative Framework within which Frances Baard District Municipality Housing Policy is drafted:

- Constitution of the Republic of South Africa, 1996 (Act no. 108 of 1996)
- Interim Protection of Land Rights Act, 1997 (Act no 62 of 1997)
- Municipal Systems Act, 2000 (Act No. 32 of 2000)
- Local Government Municipal Finance Management Framework Act 2003 (Act No. 56 of 2003)
- Housing Act 1997 (No 107 of 1997)
- Housing Code, 2000
- Development Facilitation Act, 1991 (Act No. 67 of 1995)

## **3. GENERAL PRINCIPLES**

Council endeavours to prevent confusion, bias and favouritism in the allocation of houses. There is also the unfortunate possibility of queue jumping which Council seeks to prevent.

Council is also concerned that people should understand the procedure for applying for municipal rental accommodation, houses from new developments and government subsidy houses. It is Council's feeling that allocation procedures for new houses, rental and subsidy houses should be transparent and accessible to all the residents of the Frances Baard District Municipality.

Council is in the process of compiling the Housing Sector Plan which will form part of the FRANCES BAARD INTEGRATED DEVELOPMENT PLAN as an attempt to expedite housing delivery to its citizens. The following issues present immediate challenges that require tailor made policy intervention:

- Housing Allocation Policy
- Registration of Frances Baard residents and properties, including application for housing assistance into a computerized housing data base
- Promotion of integrated housing development

The following guiding principles will apply in housing allocation:

**Equity**: All persons applying must have an equal opportunity for housing assistance, and never be under the belief that special deals have been struck or that undue influence was exercised.

**Transparency**: Any person must be able to scrutinise the procedures utilised to allocate housing assistance, for evidence of irregular, unfair or corrupt practices.

**Functionality**: Policy must be practical and not unduly costly. Practical judgement should be employed in implementing this policy in a way that preserves its intent but may save money or achieve greater progress.

**Social cohesion**: The spirit of this policy is to minimise social conflict and optimise development progress. In instances where its enforcement results in conflict or friction justified deviation may be exercised to this end.

**Access**: Allocation policy should not be used to delay projects. It should not result in further administrative hurdles. It must be applied to enhance easier access to housing opportunities.

**Integration**: Allocation policy is to be employed in a way that promotes integration of the district.

## 4. POLICY OBJECTIVES

This policy has the following objectives:

- Promotion of equal access to housing for Frances Baard residents
- Transparency
- Prevention of unfair discrimination
- Promotion of fair administrative justice
- Occupation of municipal houses shall be in line with ability to pay rent
- Apply the principle of “first come first serve”
- Proper recording of all housing applicants

# 5. HOUSING ALLOCATION TYPES

## 5.1 MUNICIPAL RENTAL HOUSING STOCK

Currently, FBDM has no rental stock in any of its local municipalities. The NDOH and DHLG encourage FBDM to acquire more rental housing stock. This policy therefore makes provision for the administration of rental housing stock.

### 5.1.1 Invitation of Applications

- The Municipality shall invite potential applicants to apply for Municipal rental housing accommodation every January of each year
- Applicants may apply at the Municipal offices and its satellite offices
- After this initial yearly invitation applicants may apply at any time during the course of the year
- Applications shall be made in a standard application form obtainable from the Housing Unit of FBDM
- Applicants shall declare in the application forms, their current residential address, income profile, marital status, gender, age and disability
- Applicants shall state the area they prefer to be allocated rental accommodation (be a block of flats, individual house or semi-detached house)
- After submitting an application, an applicant shall be issued with a housing application receipt with an official municipal stamp reflecting the date of application, the type of accommodation applied for and the signature of the Head of Housing or his/her delegatee.

### 5.1.2 Transparent Beneficiary Management Process [TBMP]

In line with the Breaking New Ground policy of the national government, the Frances Baard District Municipality has embarked on a new process to ensure that the correct beneficiaries benefit from the delivery housing by the government of South Africa

Past occurrences of corrupt practices within the housing delivery chain was primarily because of the lack of a fair and equitable Housing Allocation Policy and the absence of a clear and unambiguous transparent beneficiary management process.

**The TBMP will identify the following priorities on behalf Council:**

- Senior Citizens (Indigent)
- Child-headed households
- Differently Able Citizens
- Unemployed with dependants
- Unemployed without dependants
- Foreign Nationals with South African status

The transparent beneficiary management process is primarily design to eradicate the housing backlog within the municipality and therefore do not recognize youth as a vulnerable grouping within society as far as housing delivery is concerned. This policy aims to redress the gender imbalances of the past and previously disadvantage peoples of the country. The council is of the opinion that the youth qualifies as a vulnerable grouping within society however other programmes of government are available to address the youth. Furthermore, Council is of the opinion that housing not a primary priority of the youth, hence the TBMP does not identify youth as primary beneficiary in terms of housing delivery.

### **5.1.2 Processing of Applications**

- Completed applications shall be lodged with the Head of Housing who shall capture the information on the Housing Database separate from other database information
- Housing Allocation shall be decided on a first come first serve basis subject to the provisions below
- For the purpose of fair allocation of accommodation and the imperative to protect the interests of vulnerable groups the Manager of Housing shall set up a Housing Allocation and Audit Committee to adjudicate the allocations
- The Committee shall be chaired by the Head of the HU or his/her nominee and shall be composed of municipal officials in line with the relevant Council Resolution
- The following allocation criteria shall be used as a guide in making allocations:
  - (a) Applicants shall be Frances Baard District residents for a period not less than three (3) years
  - (b) Applicants who already own properties or sites in Frances Baard District shall not be considered
  - (c) The principle of “first come first serve” shall apply
  - (d) The aged, the disabled and HIV/AIDS victims shall be prioritised without unduly undermining the principle of first come first serve
  - (e) The type of accommodation allocated shall be congruent with the household income of the applicant up to a maximum of R7 500 (This upper limit shall be escalated annually at CPIX and in line with National Housing legislation)



## 5.2 NEW HOUSING DEVELOPMENTS

Council will facilitate an initial list composed of beneficiaries from the following sources:

- Target community: This is the group of beneficiaries that gave rise to the new housing project in the first place. In projects where more families than just the target community can be accommodated, that additional number is referred to as the Municipal Submission. By implication thus the target community is project specific.
- Municipal submission: These are names the municipality may submit to the Project Manager. This may only comprise families that have to be absorbed as a result of dedensification elsewhere or a court might direct Council to accommodate.
- The Interim Housing Database: This refers to all waiting lists collectively, whether area-based, estate-based, municipal or project-based. Further information is provided in 7.1.

The following bodies may not submit names of potential beneficiaries to Project Managers:

- Community Based Organisations
- Municipal Councillors
- Non-Governmental Organisations
- Sub-Councils

Officials may not, in their personal capacity, submit names on behalf of potential beneficiaries. They may only receive names in their capacity as Project Managers, Project List Compilers and Administrators.

### 5.2.1 The Registration process

It is ineffective for Council to directly contact all persons on the database individually to ask whether they have an interest in a new project. In many instances the contact details have changed, while in others the applicant's circumstances have changed, which may mean they no longer qualify for a subsidy.

Council would thus prefer to work with a set of records on the Database which has been recently updated.

To meet this need it is proposed that a biennial registration process be introduced. It would function as follows:

#### 5.2.1.1 The purpose of the Biennial registration process is to:

- provide Council with a recently updated set of names within the database which more or less align with the projected deliveries in the next two years, and
- offer the applicant the opportunity to register that his/her intentions and circumstances had not changed.

- 5.2.1.2** Every second year Council conducts a registration process that confirms, among other basic information, the applicant's:
- interest in being part of a saving driven scheme;
  - preferred geographic location, and one alternate to that;
  - current residential address.
- 5.2.1.3** Council will then also issue the applicant with a Housing Registration Card.
- 5.2.1.4** The registration process lasts for a limited period of one month. The number of registrations admitted is to be guided by the anticipated number of houses available over the coming two years.
- 5.2.1.5** Registrations would be regarded as part of the new housing projects only.
- 5.2.1.6** Having registered does not entitle the applicant to being on any particular project list.
- 5.2.1.7** Applicants are registered on a first-come-first-served basis.

## **5.2.2 Drafting Project Lists**

Given the growing gap between subsidies being made available and the need experienced, competition for access to housing will intensify. This can be felt most acutely around the drafting and finalisation of the beneficiary list. A lack of official procedure and policy has the potential to result in considerable contestation, project delays and in some cases even violence. As a mitigating measure, Council has to introduce the Housing Allocations and Audit Committee.

To relieve some of these tensions it is proposed that the Project Manager be guided by the following procedure, which runs from "identifying a beneficiary" to "finally "transferring the housing":

- Drawn from the preliminary site planning, the number of erven available for each project is determined.
- In order for the project to receive funding approval the Project Manager must draft and submit an "initial list" of potential beneficiaries to the Provincial Board. This list contains the exact number of names as can be accommodated in the project. All names appearing on the initial list will come from the three sources listed in 5.2.
- Each project shall have its own source split (i.e. how much each source makes up as part of the project total) subject to ratification and approval by the Executive Councillor for Housing. Such a split is primarily the result of the surplus or deficit a project may have once the Target Community has been accommodated.

- Having approved the project, the Board then asks the Project Manager to get all persons on the initial list to complete the application forms in detail.
- During detailed evaluation a small percentage is normally found not to qualify, while other applicants cannot be traced. Extra opportunities that arise under such conditions must be filled by drawing on one of the three sources listed in 5.2.
- An administrative office shall be established at each project site which:
  - places qualifiers of the target Community onto Council's database;
  - assists potential beneficiaries in completing national subsidy application forms.
- Once complete, the list gets referred to the HAAC. On satisfying itself that objections have been resolved and that all names appearing on it qualify, the Board confirms the list as final. It is then known as the "final list".
- Between the time the final list is in place and the actual occupation of a house has to occur, more applicants may have lost interest or cannot be traced. These few additional opportunities are again filled from the three sources listed in 5.2.

### **5.3 INSTITUTIONAL HOUSING**

Housing Institutions have their own allocation criteria. They are responsible for maintaining their own list and drawing from it when units become available. Their lists are underpinned by different principles to any Council list. It is proposed that the integrity of these lists and procedures be respected by not interfering with either in their maintenance or use. Yet Council should be active to encourage the establishment and delivery of houses through institutions. It is important that Council adopts a systematic and defensible policy with regard to housing institutions.

Council shall be not interfere in allocation procedures and policy adopted by individual institutions.

Where Council contributes financially, or otherwise, it receives a pro-rata share of the units in return, which must be reflected in contract.

Council shall release appropriate parcels of land to institutions to encourage higher density and well-located housing development.

All institutions applying for Council support shall be treated equally.

Council shall deal and negotiate with applicants once they approach Council. It shall not be solicited.

## **6. HOUSING SUBSIDY ALLOCATION**

There is currently no conscious effort taken in capitalising on the sources of housing funding. In order to be able to bargain for more funding from the Province as well as maximizing rental accommodation as a source of income generation, a framework needs to be in place. This policy aims to set that framework.

There is a need to implement guidelines relating to the R 2 479 - Beneficiary Contributions as prescribed by the strategy for the collection and disbursement of the housing subsidy beneficiaries' cash contribution.

There is also a need to engage financial institutions to invest in housing including setting the necessary platforms for Public- Private Partnerships in housing, be it rental housing or infill planning.

It is contemplated that prior planning for housing shall serve as an instrument to bargain for more funding from the Province. The role of the private sector in housing shall be maximized. The municipal debtor system shall be improved to increase income generated from the rentals.

### **6.1 Creating conditions for increased housing subsidy allocation**

Housing subsidy allocations from the Provincial Department of Local Government and Housing form the pillar of municipal housing finance. The Housing Unit together with the Planning department proactively identifies, acquire and develop land for housing purposes.

Once sites have been serviced, the Housing Unit shall allocate and register sites / erven in the names of the applicants according to the provisions set out in this policy. Having established the possible number of subsidies to be allocated, the HAAC shall approve a list of applicants. The Housing Unit shall register them onto the Housing Demand Database and wait for the Province to approve projects and issue project numbers.

Once projects have been approved, the list of approved applicants shall be forwarded to the developer or any appointed implementing agent. The developer or implementing agent shall be required to implement the project immediately.

The above procedure is intended to streamline and speed up the implementation of housing projects in the Frances Baard District so that the district could obtain continuous and increased subsidy allocation from the province.

## **6.2 Utilising funds in the Municipality 's separate account for housing**

Chapter 15 & 16 of the National Housing Act, 1997 requires Municipalities to establish separate operating accounts into which the proceeds of the sale, letting and disposal of municipal properties could be deposited, including the net proceeds of municipal infrastructure provided through loans, advances or other financing.

Section 16 (2) of the Housing Act specifies that the money deposited into the separate operating account shall be utilized by the Municipality for housing development in accordance with the national housing policy and a housing development project approved by the MEC. The housing unit shall, in consultation with the Department of finance, ensure that the prescription of the Housing Act is complied with.

## **6.3 Regulations for the R 2 479 - Beneficiary Contribution**

The new housing subsidy requires applicants to contribute an amount of R 2 479 towards the acquisition of a subsidy house in the event that they choose not to participate in the People's Housing Process.

The housing unit shall collect beneficiary contribution in terms of the provisions of the strategy for the collection and disbursement of the "Housing Subsidy Beneficiaries Cash Contribution" issued by the National Department of Housing dated 16 February 2004.

## **6.4 Promoting Private Sector Investment In Housing**

The Housing Unit shall devise strategies to attract private sector participation in housing. It shall designate land portions as will be identified in the Housing Sector Plan for low, middle and high income housing development.

It shall on its own or through inviting tenders, service these portions of land and sell sites / erven to the public. Public and private sector developers shall be allowed access to the list of applicants who declare income when enlisting on the Housing Demand Database and are in need of middle or high income housing.

Financial institutions shall also be allowed access to this information to enable them to explore funding possibilities.

The money derived from the sale of serviced erven / sites shall be utilized for the improvement of low income areas especially improving the road and streets conditions.

The Local Government Municipal Finance Management Act of 2003 shall be complied with in promoting Public-Private Partnerships.

The Housing Unit shall also promote Public-Private Partnerships in the management or disposal of rental housing as well as development of institutional housing.

## **7 HOUSING DEMAND DATABASE**

The range of housing waiting lists is wide. Each contains different personal details, applies to different areas and products. It is suggested that all lists currently in existence get regarded as the “Interim Housing Database” and that it is used to guide the allocation of housing in the immediate term. Simultaneously a process is embarked on to integrate these lists and produce a single electronic Housing Database.

This future electronic Housing Database will have the following characteristics:

- The Housing Unit shall set up a computerized housing database.
- The database shall be server based and will be stationed in the offices of the Housing Unit.
- The database shall be linked and accessible through computers in the satellite offices of the Housing Unit.
- It shall be linked with the housing subsidy system for the purpose of receiving updated information about applicants granted housing subsidies.
- A dedicated officer shall be appointed to oversee the management of the housing database.

### **7.1 Interim Housing Database**

All families, groups and individuals that receive housing assistance, of whatever form, in the Frances Baard District shall be from one of the three sources listed in 5.2.

Beneficiaries that have been assisted are not deleted from the Database, but they are placed on a different schedule for record purposes.

People may apply on an ongoing basis to be recorded on the Interim Database. A confirmation of application certificate will be issued.

An applicant must exhibit proof of having resided in the Frances Baard District for at least two (2) years. The onus for doing so lies with the applicant.

Applications will be open to all persons resident in the FBDM and who qualify for a national housing subsidy.

## 8 IN SITU UPGRADE SUPPORT

With the number of subsidies being received it is unlikely that the FBDM will overcome the presence of informal settlements through the current housing delivery process. Policies to prevent the further environmental decline of informal areas and for progressively upgrading them will need to be introduced.

In these instances there appears to be little option but to include all current residents in the process. All those families qualifying for a subsidy will be targeted. It is also highly likely that in each case a level of dedensification, and therefore relocation has to take place during upgrading.

Council will endeavour to assist all qualifying residents / families of an informal area earmarked for in situ upgrading where this permits in terms of the national housing subsidy scheme. The families choosing to relocate (due to de-densification) will be accommodated as part of a municipal submission. The families assisted in this type of project are deemed the "target community".

Any surplus of plots shall be issued to families from the Municipal Submission.

Not all settlements can receive attention in the same year. Assistance should be given to those settlements most likely to succeed as upgrade projects. However, this should be viewed as a question of prioritisation and not of allocation.

As a first step in the upgrade process a Project Register must be prepared. The register must list all members of the target community, stipulating:

- Those that would qualify for a subsidy
- Those that do not qualify for a subsidy
- Those desiring to relocate elsewhere

## 9 REGULATION OF INFORMAL SETTLEMENTS

FBDM is faced with the proliferation of informal settlements. Most of these settlements have been established through the invasion of state owned land. These informal settlements are impacting negatively on service delivery by the Municipality. Council also does not have a policy to deal effectively with the proliferation of informal settlements.

Land invasion and proliferation of informal settlements are driven by the following:

- The lack of relevant policy and enforcement by authorities
- Lack of coordinated approach among spheres of Government and Traditional Authorities (leaders)
- A perception by rural migrants that establishing informal settlements in urban areas will lead to a better life
- The lack of timeous planning to accommodate population growth
- Community ignorance on the intended use of vacant land or open areas earmarked for development within existing settlements

This policy acknowledges the need to regulate informal settlements and aims to address the following:

- To contain and prevent land invasion and the spread of informal settlements
- To plan sustainable human settlements through the rapid release of land for development

Council shall not tolerate the illegal occupation of land within its area of jurisdiction. It shall apply to court for the eviction of illegal occupants and prosecute those who initiated the process. Ward Councillors, in collaboration with ward committee members shall, as a matter of urgency, report all cases.

Council will only recognize informal settlements that existed in its municipal area before the adoption of this policy or where the court did not grant a court interdict for eviction of illegal occupants.

Council will only consider in- situ upgrading of an existing informal settlement if:

- It is recognized as an existing informal settlement.
- It is a priority identified in the IDP of the Municipality.
- It conforms to the Housing Sector Plan and the SDF of the Municipality.
- It will create habitable sustainable human settlements.
- It conforms to the general principles outlined in this policy.



Council will give priority to the relocation of residents from an informal settlement if:

- The settlement does not comply with any of the conditions set out above.
- The health and well being of people staying in and around the area is adversely affected.
- The area proves to be too small to accommodate all residents in a sustainable manner.
- Basic services cannot be rendered in an affordable and efficient manner.

## **10 POLICY REVIEW**

This policy shall be reviewed and amended from time to time once circumstances change and as the effect of its application become apparent.