## SUPPLEMENTARY AGENDA

**SPECIAL COUNCIL MEETING**  
Friday, 21 June 2019

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REPORT FROM THE DIRECTOR: INTEGRATED HUMAN SETTLEMENTS

PURPOSE OF THE REPORT

To consider and approve new organogram for the Integrated Human Settlements Directorate to enable its necessary capacitation to effectively and efficiently render its overall housing programmes and projects.

BACKGROUND

The Knysna Municipality has corporately supported the need for a dedicated and capacitated Integrated Human Settlements Directorate (IHS). To this end, formal arrangements for the necessary support for the secondment of a Director for the Directorate was recently sought from the WCDOHS. To this end, Mr Joel Vuyani Mkunqwana was subsequently appointed from 20 May 2019 into the latter newly established position to be the Director. Strategic programme coordinator. This entails primarily the provision of strategic leadership for the provision of sustainable housing opportunities that are informed and guided by the municipality’ Corporate IDP and overall strategic plan towards ensuring long-term socio-economic integration.

The Knysna Municipality has previously approved a new organogram on 29 October 2018 without the benefit of a deeper evaluation or analysis necessary for the IHS Directorate to reposition and align its programmes. This ideally should be pursued through a responsive new strategic plan and related policies and operational procedures as a separate dedicated Directorate. It has been generally acknowledged that the Human Settlements Directorate does not yet have the full and applicable capacity or resources and systems that are necessary to handle the worth and value of its comprehensive capital projects and programmes that are mostly funded by the WCDOHS. The latter authority has called for a new Strategic Plan in its recent engagement with the Knysna Municipality that align to new government programmes as well as its own strategic objectives. To this end, a separate item that talks to a new Strategic Human Settlements Plan for Knysna has been presented to the TMT during May 2019, which was supported for presentation to Council for its consideration and approval.

The Integrated Human Settlements Directorate controls a capital and operating budget of R69m. The existing operational requirements do not cover the entirety of the following critical functions (i.e., presently referred to as Division of Human Settlements led by an Acting Manager, with a Project Coordinator (acting capacity) and Senior Administration Officer, functionaries linked to four satellite offices populated by 4x Chief Clerks (3 filled and 1 new vacant Chief Clerk post for Sedgefield and 5x Principal Clerks (Only 3 filled with a balance of 2 vacancies) and 2x Field Workers (2 filled and 1 on contract) and 1x Receptionist post (vacant)). The current housing environment is beset with the following challenges, which require urgent review and alignment in order to deal with them in a more responsive manner, namely:

- This is compounded by a current database of 9 000 households with an annual growth of 3%;
Further to this, we have a growth of informal settlements who by their nature require immediate interim services putting additional pressure on the municipality;

- The immediate provision of emergency material during disasters and toilets/sanitation facilities for basic services in informal settlements— the budgetary control and functional responsibility need to be redefined and dealt with by Disaster Management as well as Infrastructure Services as done by other municipalities.

- There is also the issue of limited land and properties — optimal use and densification;

- Lack of a coherent use of State funds and limited land parcels and properties — land and property audit;

- Need for a typology driven housing model which caters for varied needs — Informal Settlements Support Programme (ISSP); BNG, Gap Housing, FLISP, PHP, Public/CRU and Social Rental Housing Programmes; and

- Use of limited rental stock of flats mostly by staff and senior citizens instead of the normal targeted public rental households

Clearly, this is not enough to sustain the current and newly conceptualized development framework for current and newly planned projects within the housing context or environment. This then poses a serious risk to effective and efficient management processes. This also limits much needed confidence and support from our stakeholders and clients as well as developments partners like the WCDOHS and NDOHS as well as government agencies like the HDA, SHRA, NHFC, etc.

The Directorate has counselled about the need of conceptualizing and determining a responsive structure linked to an approved municipal strategic plan, housing policy and operational procedures. In terms of best practice and a normal efficient and effective operational context, the determination of applicable staff resources and systems are usually informed by the municipality's own integrated human settlements strategic plan and related policies and operational procedures. These should normally cover a fully established Directorate consisting of the following key management divisions or sub-directorates as benchmarked by local and international best practice:

- **Human Settlements — New Developments** - consisting of BNG, FLISP, GAP Housing, PHP, Interim Basic Services (typologies that relate to variety of housing programmes and needs)

- **Public and Social Housing Rental** — provision And management of Public Rental stock, CRU and Social Housing rental Programmes/Projects/Services

- **Housing Finance and Project Coordination** — financial modelling and related budget control and execution. Revenue and Credit management and related systems

- **Area or Satellite Offices** — customer relations, consumer education, data capturing, beneficitation processes, admin and project support as first point of entry per the three identified regions with decentralized management capacity that is fully functional and accessible to the community stakeholders or clients.

All housing defined operations and management of related assets be transferred under the management of the new Directorate. This will entail transfer of the operational responsibilities for title deed registrations as well as management of the remaining 137 units located in the council public rental flats to sit under the responsibility of the newly proposed Manager: Public Rental and Social Housing Programmes. Essentially these units were developed for the purpose of accommodating low income households for tenancy purposes but are currently used for both staff members as well as senior tenants. It is proposed that Council should consider a phased approach, which allows, for the use of the flats by staff for a period not exceeding a year. This will require that affected staff members be advised to look for alternative accommodation in order for the municipality to align to government regulations and policy framework. Such legislative pieces obligate for the primary use of the flats for public stakeholders who earn a monthly income that is between R3 500 pm to R7 500 pm as
provided in the National Housing Code 2009, the Social Housing Act 2008, the National Rental Act as well as the Municipal Finance Management Act 2003 and the Municipal Systems Act 2000 as amended.

MOTIVATION:

In the light of the afore-mentioned realities and the need to align to the recent approval of a new organogram corporately, it has become necessary that a reviewed and aligned human settlements organogram that recognizes the need for the following interim holding arrangements until further review and alignment of the overall structure as per timelines outlined by the Municipality:

3.1. The Directorate to remain a stand-alone dedicated Directorate currently headed by a seconded Director of IHS;

Current structure makes provision for a 1x Manager: Human Settlements (operational coordination of all current and new housing projects) – interim services, BNG, FLISP, PHP, Gap Housing, Housing Consumer Educations, etc. This post is in the process of being filled in terms of the HR process;

Proposal of a holding staffing arrangement which will capacitate the Directorate through the following management posts:

- **1x Manager: Public and Social Housing Rental Programmes** (i.e. there is an earlier indication that the existing 84 rental units currently located in inner City areas of Knysna as well as 13X rental flats referred to as Teacher Cottages (Khayalethu South), 20 x units in a block located in Tsiba College in Karatara and 20x semi-detached units in Rheenendal which should rather be located under Human Settlements). This is in line with the Strategic intent for housing programmes and activities/operations to fall under the new IHS Directorate.

- **1x Manager: Housing Finance and Project Coordination** (i.e. to perform key tasks like Revenue, debtors, budget control/management processes, financial modelling for new projects, title deed registration, etc.)

- All clerks be redesignated as **Human Settlements Officers** in order of rank (i.e. Chief Clerks, principal clerks and senior clerks)

- **The Senior Administration Officer and Project Coordinator**

- The current field workers be redesignated as **Housing Liaison Officers**

- 1x dedicated **PA** post to the Director: IHS

These are the changes we thought should be considered going forward as these will assist in enhancing the capacity of the current internal institutional arrangement for providing the housing service.

FINANCIAL IMPLICATIONS

The Municipal Manager be mandated to quantify related expenses and funding sources for the newly established posts. That the process fully aligns to the Municipal Systems Act 2000 as well as related National Housing Legislation/Acts which regulate housing programmes as well as required capacities to carry out the work. There is also a planned job description and work-study exercises which will assist in validating the need for such posts.

RELEVANT LEGISLATION

Municipal Structure Management Act
Municipal Finance Management Act
National Housing Legislation/Acts
National Housing Code 2009
Social Housing Act 2008
Rental Housing Act

RECOMMENDATION OF THE MUNICIPAL MANAGER

[a] That the newly aligned and proposed Integrated Human Settlements Directorate organogram be approved;

[b] That all identified new posts be approved in order to enhance the effectiveness and efficiencies of the Directorate;

[c] That all housing related functions be allowed to sit under the new Directorate which will necessitate the transfer of the responsibility pertaining to title deed registrations for all housing related properties and serviced sites;

[d] That the Municipality supports the use of the remaining management of 137 rental units which should be used for the primary purpose of housing low income households that earn respectively monthly incomes per month that sits between R3 500 – R7 500 combined household income;

[e] That this process be aligned and guided by the separate draft Strategic Human Settlements Plan presented for consideration and approval by the Knysna Municipality;

[f] That an internal and external consultative workshop process with all staff and stakeholders be organized and implemented to build collective ownership based on common understanding and support by all stakeholders; and

[g] That the Municipal Manager be mandated to oversee the phase-in-execution of the aligned organogram for integrated human settlements and key strategic decisions

APPENDIX / ADDENDUM


File Number : 2/R
Execution : Municipal Manager
Director : Integrated Human Settlements
KNYSNA LOCAL MUNICIPALITY
APPROVED MICRO STRUCTURE - 29 OCT 2018
RESOLUTION: SC09/10/18

DIRECTORATE: PLANNING & ECONOMIC DEVELOPMENT

POURPOSE: To ensure the functional and pro-active planning and implementation of the municipality's constitutional obligations pertaining to land use planning, economic development, human settlements and environmental management

FUNCTIONS:
1. Provide and manage planning and land use management
2. Manage and regulate building control activities and services
3. Manage and coordinate the economic development function and strategy as mandated by the Constitution in order to create an enabling environment to ensure the local economy and local businesses can thrive, thus creating job opportunities and growing the local revenue base
4. Perform environmental management through related plans and strategies that will ensure the integrity and preservation of the natural and cultural environment through sustainable use and development in support of a quality living environment
5. Provide integrated human settlements administration and support services to address the housing needs in the area
6. Render management and the function executive support services to the director.

MANAGER: ECONOMIC DEVELOPMENT

SEE PAGE 19

DIVISION: ENVIRONMENTAL MANAGEMENT

POURPOSE: To perform environmental management through related plans and strategies that will ensure the integrity and preservation of the natural and cultural environment through sustainable use and development in support of a quality living environment

FUNCTIONS:
1. Provide support to district municipality on an agency basis regarding the monitoring of air quality/ noise and environmental sanitation services
2. Provide information input regarding environmental processes
3. Ensure compliance with legislation
4. Administer complaints/ inspections and ensure enforcement of by-laws and relevant legislation
5. Ensure environmental management, biodiversity management and coastal management, monitoring and compliance services
6. Conduct education/ awareness programmes to educate communities

MANAGER: ENVIRONMENTAL MANAGEMENT

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GENERAL ELEMENTS ADMINISTRATION

POURPOSE: To provide integrated human settlements administration and support services to address the housing needs in the area

MANAGER: HUMAN SETTLEMENTS ADMINISTRATION

SEE PAGE 16

CONFIDENTIAL

RECOMMENDED BY MUNICIPAL MANAGER

Signature

21/11/2018

APPROVED BY COUNCIL

Signature

__/__/2018
KNYSNA LOCAL MUNICIPALITY
APPROVED MICRO STRUCTURE - 29 OCT 2018
RESOLUTION: SC09/10/18

DIVISION
LAND USE MANAGEMENT

PURPOSE: To provide and manage planning and land use management

FUNCTIONS:
1. Render spatial / town planning services (policies, spatial development framework including urban and rural development planning)
2. Obtain, process, research and manage development information
3. Render administrative support services

MANAGER: LAND USE MANAGEMENT

SECTION
ADMINISTRATIVE SUPPORT

PURPOSE: To render administrative support services

FUNCTIONS:
1. Provide administration support services
2. Provide logistic / secretarial / reception support services
3. Provide planning, research, analyses and reporting services
4. Clerk

SECTION
LAND USE PLANNING

PURPOSE: To render spatial / town planning services (policies, spatial development framework including urban and rural development planning)

FUNCTIONS:
1. Develop and implement the Spatial Development Framework and ensure compliance with town planning scheme and land use legislation / by-laws
2. Formulate and implement policies and plans
3. Provide information and advice to decision makers on strategic spatial planning matters
4. Provide land use legislation advisory service and ensure compliance and consistency of land use application processes with national and provincial legislation
5. Coordinate applications for development of council land / properties and tender process
6. Maintain zoning scheme, map and register
7. Authorise, process and register all planning applications and related processes in terms of statutory requirements and standard operating procedures
8. Develop, implement and monitor integrated transport plans and related policies
9. Approve, maintain and perform traffic engineering planning with regard to directional signs, signs, speed bumps, lanes and street name displays

SECTION
DEVELOPMENT INFORMATION

PURPOSE: To coordinate, process, research and manage development information in support of development planning and management

FUNCTIONS:
1. Manage and maintain development information system
2. Produce related technical planning reports
3. Implement the spatial and land use geographical information system in collaboration with Information & Communication Technology
4. Edit, create and maintain the geographic and tabular geographical information system databases
5. Ensure and verify integrity, quality and accuracy of geographical information system Information and data

GEOPHICAL INFORMATION SYSTEM OFFICER

SHANE TOWN PLANNER
TOWN PLANNER
TOWN PLANNER
NEW POST
SPATIAL PLANNER
CHIEF CLERK

TOWN PLANNING
TECHNICIAN
TOWN PLANNING
TECHNICIAN

CONFIDENTIAL

RECOMMENDED BY MUNICIPAL MANAGER

Signature
2/1/11/2018

APPROVED BY COUNCIL

Signature
/ 2018
## KNYSNA LOCAL MUNICIPALITY
### APPROVED MICRO STRUCTURE - 29 OCT 2018
#### RESOLUTION: SC09/10/18

### SPECIAL MUNICIPAL COUNCIL MEETING
#### SUPPLEMENTARY AGENDA
21 JUNE 2019

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### SECTION: HOUSING ADMINISTRATION
**PURPOSE:** To manage the administrative processes of housing applications and provide proper service delivery to the community.

**FUNCTIONS:**
1. Administer public rental housing units
2. Administer waiting list, housing demand database, file deeds registration
3. Manage and maintain social housing stock and stakeholder relationships (National and Provincial Housing Branch, SHRB (Social Housing Regulatory Branch), NASSHO (National Association of Social Housing Organisations), SHF (Social Housing Foundation) and SAA with WFP
4. Perform surveys and interviews regarding housing unit administration
5. Provide consumer education and awareness programs to the public

**MANAGER:** HUMAN SETTLEMENTS ADMINISTRATION

### SECTION: ADMINISTRATIVE SUPPORT
**PURPOSE:** To render administrative support services and ensure implementation of electronic and digital application systems.

**FUNCTIONS:**
1. Provide administrative support and client services
2. Interact with clients regarding applications and queries
3. Capture data for housing data base
4. Implement procedures regarding document management and link to Central Registry
5. Provide line function and administrative support services to the division

**MANAGER:** HUMAN SETTLEMENTS ADMINISTRATION

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### STAFF STRUCTURE

#### HOUSING OFFICE
**KHEYALETHU**
- **CHIEF CLERK:** HOUSING
- **PRINCIPAL CLERK:** HOUSING
- **FIELD WORKER:** HOUSING

#### HOUSING OFFICE
**SEDGEFIELD/RANDSINABA**
- **CHIEF CLERK:** HOUSING
- **PRINCIPAL CLERK:** HOUSING
- **FIELD WORKER:** HOUSING

#### HOUSING OFFICE
**CORSICA**
- **CHIEF CLERK:** HOUSING
- **PRINCIPAL CLERK:** HOUSING
- **FIELD WORKER:** HOUSING

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### APPROVED BY COUNCIL

Signature

__/__/2018
7.4

REPORT FROM THE DIRECTOR: INTEGRATED HUMAN SETTLEMENTS

PURPOSE OF THE REPORT

To consider and approve a newly proposed Integrated Human Settlements Plan and related policies for sustainable development and management of the Municipality’ Human Settlements Programme.

BACKGROUND

The Knysna Municipality has corporately supported the need for a dedicated and capacitated Integrated Human Settlements Directorate (IHS). This report reads together with a separate report that talks to the need for a fully capacitated IHS Directorate relative to the recent approval of a new corporate organogram for the municipality that covers all the Directorates and related functional and operational capacities.

However, as argued earlier, this process should have ideally commenced with the formulation of an all-encompassing Strategic Framework Plan for the IHS that guides the manner in which it is comprehensive Human Settlements Policies and Operational Procedures will be mapped out. Further to this, this should have ideally been followed by the determination of the relative capacities required to sustain the Municipality’ housing programmes, projects and services in a sustainable manner. Best practice in such similar scenario advocates for repositioning of the required staffing resources and systems as a consequence of the afore-mentioned process.

The WCDOHS has to date played a pivotal role in encouraging the structured pursuit of sustainable human settlements programmes in 11 Leader Towns by encouraging the need for development of respective Strategic Human Settlements Plans for those towns with catalytic projects that are informed by best practice, aligned to each municipality’ corporate IDP process, related legislation and programmes which put together inclines such programmes and project in well located areas. The value of such a strategic objective remains the realisation of well-located human settlements housing products that best compliment efforts for long term socio-economic integration as covered and encouraged by the National Government’ National Development Programme that talk to Corridors or Nodes of long term socio-economic integration and sustainability.

The WCDOHS has previously appointed different sets of technical advisors and consultants in cooperation with the National Department of Human Settlements and its key agencies, the Social Housing Regulatory Authority (SHRA) as well as the independent body that represents the interests of social housing institutions in RSA called the National Association of Social Housing Organizations (NASHO). This intervention has delved deeper into the current management programmes of such 11 Leader Towns (including Knysna Municipality) through diagnostic exercises that allowed for technical assessments of their respective human settlements programmes. They have made some proposed interventions on how best to pursue required critical interventions to enhance the internal institutional capacities of these Leader Towns. All of such interventions have been documented during 2017 when the exercise was completed for each town and presented to it during 2017. Ideally, this should
have been presented to each Municipality for further consideration and adoption respectively by their full councils.

The WCDOHS has followed this up recently during May 2019 and made a presentation on it status. Knysna Municipality was found to be one of the towns whose consideration and adoption of the new Strategic Human Settlements Plan remained outstanding. This is despite Knysna Municipality having realigned previously its IDP and related Spatial Development Framework Plan to guide the determination and confirmation of the critical zones of socio-economic integration, which relate to the Restructuring Zones (RZs). These zones are critical for determining newly located social housing hubs and related projects by partnering social housing institutions who have been chosen by the participating municipalities as social housing development partners or SMART partners.

The latest presentation was made to the full management team or TMT respectively during May 2019 under the strategic leadership and presence of the Municipal Manager and his Directors. A separate report was subsequently presented to TMT which noted same and supported its presentation to full Council for the purpose of the approval of the draft Strategic Human Settlements Plan for Knysna Municipality. This Plan is quite critical and pivotal in guiding the capacitation relative to management/staff resources and systems of the IHS Directorate as a “stand alone” Department. Failure to do this will effectively enhance the weaknesses and gaps that have resulted in the WCDOHS being forced to become involved to remedy inherent internal institutional limitations.

The current housing environment is beset with the following challenges which require urgent review and alignment in order to deal with them in a more responsive manner, namely:

- This is compounded by a current database of 9 0000 households with an annual growth of 3%;
- Further to this, we have a growth of informal settlements who by their nature require immediate interim services putting additional pressure on the municipality;
- The immediate provision of emergency material during disasters and toilets/sanitation facilities for basic services in informal settlements— the budgetary control and functional responsibility need to redefined and dealt with by Disaster Management as well as Infrastructure Services as done by other municipalities;
- There is also the issue of limited land and properties – optimal use and densification;
- Lack of a coherent use of State funds and limited land parcels and properties – land and property audit;
- Need for a typology driven housing model which caters for varied needs – Informal Settlements Support Programme (ISSP):BNG, Gap Housing, FLISP, PHP, Public/CRU and Social Rental Housing Programmes; and
- Use of limited rental stock of flats mostly by staff and senior citizens instead of the normal targeted public rental households

Clearly, this is not enough to sustain the current and newly conceptualized development framework for current and newly planned projects within the housing context or environment. This then poses a serious risk to effective and efficient management processes. This also limits much needed confidence and support from our stakeholders and clients as well as developments partners like the WCDOHS and NDOHS as well as government agencies like the HDA, SHRA, NHFC, etc.

The Directorate has counselled about the need of conceptualizing and determining a responsive structure linked to an approved municipal strategic plan, housing policy and
operational procedures. In terms of best practice and a normal efficient and effective operational context, the determination of applicable staff resources and systems are usually informed by the municipality's own integrated human settlements strategic plan and related policies and operational procedures. These should normally cover a fully established Directorate consisting of the following key management divisions or sub-directorates as benchmarked by local and international best practice:

- **Human Settlements – New Developments** - consisting of BNG, FLISP, GAP Housing, PHP, Interim Basic Services (typologies that relate to variety of housing programmes and needs)
- **Public and Social Housing Rental** – provision And management of Public Rental stock, CRU and Social Housing rental Programmes/Projects/Services
- **Housing Finance and Project Coordination** – financial modelling and related budget control and execution, Revenue and Credit management and related systems
- **Area or Satellite Offices** – customer relations, consumer education, data capturing, beneficiation processes, admin and project support as first point of entry per the three identified regions with decentralized management capacity that is fully functional and accessible to the community stakeholders or clients

All housing defined operations and management of related assets be transferred under the management of the new Directorate. This will entail transfer of the operational responsibilities for title deed registrations as well as management of the remaining 137 units located in the council public rental flats to sit under the responsibility of the newly proposed Manager: Public Rental and Social Housing Programmes. Essentially these units were developed for the primary purpose of accommodating low income households for tenancy purposes but are currently used for both staff members as well as senior tenants. It is proposed that Council should consider a phased approach, which allows, for the use of the flats by staff for a period not exceeding a year as well as natural attrition when people leave or vacate same for various reasons. This will require that affected staff members be advised to look for alternative accommodation in order for the municipality to align to government regulations and policy framework. Such legislative pieces obligate for the primary use of the flats for public stakeholders who earn a monthly income that is between R3 500 pm to R7 500 pm as provided in the National Housing Code 2009, the Social Housing Act 2008, the National Rental Act as well as the Municipal Finance Management Act and the Municipal Structures Management Act.

**DISCUSSION**

A detailed report that reflects the WCDOHS commissioned diagnostic exercises towards a comprehensive Strategic Human Settlements Plan for Knysna and the other 10 Leader Towns as well as proposed internal institutional arrangements to redress the current gaps has been circulated for management and is readily available on request. This has been documented separately given the comprehensive nature of the document and assumption that it might have been circulated previously and presented to council as early as the 2017/18 financial year.

The Strategic Plan will therefore focus to a typology driven plan commencing first with social housing given the reality of most municipalities having an internal public rental programme and assets for the purpose of housing low income households who prefer the rental option as opposed to ownership. The second phase will focus on the balance of State funded capital subsidy new projects which are as follows:
1. DEFINING THE ROLE OF A MUNICIPALITY IN SOCIAL HOUSING

The municipality is an important actor in the social housing sector that initiates and coordinates social housing, whilst the SHIs are the implementing agencies. According to the Social Housing Act and the National Social Housing Policy (NSHP), local government plays a key role in initiating and facilitating social housing. The task of municipalities is to create an enabling environment for SHIs and other developers, by providing the necessary incentives and support as well as by facilitating the social housing process. Moreover, the municipality plays a central role in identifying the RZs where social housing will be initiated.

The National Housing Code further provides an extensive breakdown on the roles of the different stakeholders linked to the social housing programme.

1.1. ALIGNMENT OF THE MUNICIPAL RENTAL HOUSING POLICY - IDP

Primarily, the relationship between the municipal rental housing policy and the IDP should be that the rental housing policy contributes input to the IDP. Simultaneously, the rental housing policy must integrate with and complement other municipal policies within the IDP. If possible, the municipal rental housing policy should base itself on information from the IDP, as well as other existing documents such as the Spatial Development Framework (SDF) and Land Use Management System (LUMS).

It is important to have a thorough look at which documents exist and which ones are relevant in relation to the municipal rental housing policy. Information such as statistics and demographical data from these documents can be useful for policy formation, and will additionally ensure the compatibility of the documents in question. Nonetheless, it is important to note that in practice many documents have not been developed to the stage in which they can provide this required input. This implies that the municipality concerned may need to do additional research in order to obtain the information necessary for its municipal rental policy. Once the municipality has consulted with the IDP and other relevant documents and ensured its policy’s integration with them, specific projects can be formulated. The figure below gives a schematic overview of this relationship between the municipal rental housing policy, the IDP, and other documents.

As outlined in the earlier in Phase 1 and 2, the Housing Chapter is an important component of the IDP, and must cover the following information and criteria:

- Analysis - which includes the identification, specification and definition of demand,
- Strategies - which includes negotiated supply objectives and strategies,
- Projects - including the time frame and spatial planning of the proposed developments,

Integration - the Housing Chapter must be integrated with the other chapters of the IDP.

1.2. BROADER CONSTRAINTS ON THE WAY TO RENTAL HOUSING

It is generally important for the Municipality to understand the kinds of constraints or problems it will potentially deal with as part of its risk mitigation strategy. When developing a municipal rental housing policy, it is good to have insight into potential problems or constraints, so that the municipality can solve them or find a way to deal with them upfront.
Challenges that may be encountered while developing and implementing a rental housing policy can be divided into two categories. The first category includes internal constraints within the human settlements department or unit, which therefore fall within one’s own responsibility and authority. Internal constraints include problems such as shortcomings within the municipal housing department. The second category on the other hand, encompasses external constraints that may be affecting the department or unit. These describe problems that go beyond the power of the housing department, although they can still come from within the municipality. In order to solve any of these problems, the assistance of other departments and stakeholders will play an important role. Therefore, it is especially important to firstly identify possible constraints, in order to plan how to deal with them accordingly.

1.2.1. Constraints within the housing department
It is always wise to comprehend and understand related constraints within one’s department. The municipality’s challenge is to facilitate the provision of adequate rental housing units in order to respond to the future demand for this type of affordable housing. However, there can be constraints within the department responsible for housing that can obstruct the policy development process or even the implementation of the policy. To be able to deliver an adequate policy, the unit will need to be constantly aware of the constraints it is facing and deal with them in an appropriate way.

Common problems are the lack of personnel in the unit, insufficient experience or knowledge in rental housing, or even a lack of sufficient communication within the municipality. To confront these challenges, it may be wise to look for assistance from external groups, such as, municipalities with experience in rental housing, or national bodies such as NASHO, SHRA, SALGA, NHFC, other local and provincial housing authorities, similar international bodies with established history and involvement in social rental housing at a municipal level, etc.

1.2.2. Dealing with the limitations of municipal capacity
Challenge: Many municipalities, but also institutions and organizations in South Africa, are dealing with a lack of capacity. This can be a shortage in the number of staff, although insufficient knowledge on matters related to rental housing is also widespread.

1.3. MUNICIPAL RENTAL HOUSING STRATEGY AND INITIATIVES

1.3.1. HOUSING VISION
The main vision should not only eradicate the current housing backlog, but to develop and plan for future integrated communities and settlements that would be able to sustain the growing needs for housing in such a way that all people will benefit from the housing developments. Thus, it is imperative for clear and concise goals and objectives to be set out firmly supported by the vision. The intention is to achieve the following three goals in order to realize the vision of sustainable and integrated human settlements:

- Accelerated delivery of housing opportunities,
- A sense of ownership, rights and responsibilities amongst beneficiaries, and
- Optimal and sustainable use of resources.

The aim of the respective Municipality Human Settlements Programmes (HSP - 2015) is to enhance settlement integration and to respond to demand over a wide spectrum of incomes. The purpose is to create opportunities for quality housing and varying housing options, in appropriate locations.

A key objective of the HSPs is to promote the socio-economic development, integration of human settlements and providing for the socioeconomic gradient in part to achieve the
integration of communities within the municipality. A part of this is the intent to provide rental housing options in well-located areas to provide low and moderate-income households with the opportunities to access the socio-economic resources of the respective municipalities and reduce their transactional costs e.g. transport in doing so.

This requires a strong linkage with the municipality’s spatial development framework and their transport plans. This strategy builds on the principles of compact urban settlements close to economic and social amenities. A coherent strategy on the government assisted rental housing strategy requires a proper analysis of the constraints and opportunities and the consequences of these related to the 4 key areas of risk in developing this strategy:

- Real demand across the whole spectrum of income groups,
- Availability of Suitable Land and Buildings, to enhance settlement integration,
- Financing the rental housing developments, and
- Organizational Capacity to enhance delivery

Having due regard to the above mentioned elements, it is proposed that the Knysna Municipality Strategic Vision should be as follows:

“Building Knysna communities through a cohesive Strategic Human Settlements Plan that advocates for realization of sustainable programmes and long term socio-economic integration”

1.3.2. DEFINING THE KEY ELEMENTS - SOCIAL HOUSING PROGRAMME
This programme applies only to restructuring zones which are identified by municipalities as areas of economic opportunity and where urban renewal/restructuring impacts can best be achieved. The Programme also aims at developing affordable rental in areas where bulk infrastructure may be underutilized, therefore improving urban efficiency. All the municipalities involved in this study have now embarked on a process in collaboration with the Western Cape Human Settlement Department that has resulted in the successful determination of specific Restructuring zones and specific projects.

In principle, rental stock is required to provide a tenure option for low-income households that may not qualify to benefit from other housing instruments, do not have the financial means to participate in the free market-related housing rental sector, or choose not to own property.

Most Municipalities plan on the development of Social Rental Housing on identified Municipal, Public Works or Transnet sites, although they are earmarked for 2018-20 and beyond.

The Knysna Municipality has met most of the afore-mentioned criteria and requirements with approved RZs and linkages of such nodes to its IPD and Spatial development Framework Plan which were confirmed earlier by Council during the 2015/16 financial year.

1.3.3. COMMUNITY RESIDENTIAL UNITS (CRU)
This programme aims to facilitate the provision of secure, stable rental tenure for lower income persons/households. The grant includes funding for the capital costs of project development and future long-term capital maintenance costs.

There are no CRU projects that are currently envisaged due to negative implications for the Municipalities in terms of administration and maintenance. However, CRU funding has been approved for the municipal stock, however the adjustment of rentals to economic cost recovery has not been addressed adequately. There is a potential to link the future management of these assets with participating Social Housing Institutions.
1.3.4. STRENGTHENING INTERNAL CAPACITY

The functions required to plan, implement and monitor Social Rental Housing is currently not contained in the staffing arrangements of most municipalities. Such functions do not constitute a full-time position but can be added to the Housing Manager’s role. All housing functions are fulfilled by a limited number of staff members, from strategic planning to programme management and operational demand side management and tenant administration. Furthermore, municipalities do not have a structured partnership with SHIs or other agencies to facilitate the development and undertake the management of the rental stock.

Most municipalities have limited capacity, and are reliant on both internal and external partnerships to deliver on their mandates. Over the period ahead, the Housing Departments will work to solidify and formalize partnerships with key external stakeholders. In addition, the department will strengthen the unit in line with its growing responsibilities. Particular attention will be paid to:

- Planning, budgeting and performance management.
- Programme management of CRU, social housing and institutional subsidies.
- Investment programme management including subsidy administration, especially as it relates to project applications, approvals and contract management.
- Project Development, facilitation and management and maintenance of stakeholder partnerships.

Building capacity, particularly at municipal level.

The Municipalities do not have sufficient dedicated resources and systems for the management of the rental programmes including clearly defined responsibilities for managing Restructuring Zones and the partnership with Social Housing Institutions. A resource is required to drafting and managing the Rental Housing Policy, land pipeline and the Rental Steering Committee.

To this end, a separate report which reads together with this item does make a formal proposal for how the current Directorate should be capacitated.

The Knysna Municipality has not yet developed any CRU projects despite owning an existing 137 public rental units which are used by senior citizens and staff members which is contrary to the original intent and legislative housing provisions and original subsidies for developing these primarily for low income households which are normally sourced from the public or immediate surrounding communities based on demand for such an option.

The key functions required of the Municipalities, including Knysna (many of which are mandatory when embarking on the use of the Social Housing and CRU programme instruments) to develop and deliver affordable rental housing programme are:

1.3.4.1. Strategic planning:

A strategic and annual operational plan and budget that should be aligned to a detailed human settlements programme, pipeline projects that can be funded and requisite institutional capacity on the basis of the following key requirements:

i) Creating an enabling environment for affordable rental housing provision

A policy environment that talks to special property rating, procurement of SHI’s for development and management of properties (essentially programme implementation) nominal charges for land release, building plan and town planning approvals and prioritization and alignment of services to the pipeline of projects.
ii) Institutional Arrangements

The following key factors and elements should characterize the required institutional arrangements for creating an enabling environment to successfully plan and roll out targeted programme interventions:

a) Performance agreements with SHI’s for property development and management
b) SHRA for research and capacitation, performance of the sector and SHI and capital grant funding
c) PDHS for facilitation and support (strategic planning, assistance with RZ management, co-ordination of stakeholders), capacitation of the municipality to fulfill their role
d) Structured determination and reservation of necessary Institutional Subsidy funding
e) Programme management and support
   o Identification and ongoing management of RZ’s
   o Release of land and buildings
   o Land packaging
   o Procurements of SHI’s and ongoing management of the arrangement
   o Communication and relationship building and management with the key stakeholders and all formalized institutional agreements
   o Alignment and interface of services to the pipeline of projects,
f) a performance framework for monitoring of implementation as well as actual performance monitoring.

The Knysna Municipality, in line with provisions of the MFMA, should establish and manage Smart Partnership arrangements with Social Housing Institutions through a formal advertisement once a formal agreement of a formulated policy framework and related programme has been submitted to full Council for approval. This partnership process will target primarily accredited social housing institutions by the SHRA who have the necessary profile and capacity to develop and manage social rental opportunities.

Such partnership arrangements with identified successful Social Housing Institutions will primarily provide the necessary capacity to ensure that the programme is implemented. It is thus critical to understand Social Housing Institutions and their appetite to establish future partnership arrangements with the respective municipalities. There are two scenarios to consider when appointing Accredited Social Housing Institutions. One will it remain and grow in the respective municipal area, or will it be appointed for a defined period of time in which time new Social Housing Institutions are formed and is mentored to further enhance the delivery of the programme in the long term.

1.3.5. FUNDING SOURCES AND APPROPRIATE MODELS - PROJECT/PROGRAMME SUSTAINABILITY

In order to effectively execute the municipalities’ HSPs and Rental Strategies, various funding sources are needed. For any strategy to be successfully implemented it should be noted that funding allocations must be well structured according to the different needs and abilities of not only the Municipality involved but also the SHRA, National and Provincial Departments. Funding for housing development is generated via the three spheres of government. Local, Provincial and National Government are all financially accountable and responsible for the overall success of housing delivery.

Funding sources consist of the following:

- Provincial Housing subsidy: Responsible for internal infrastructure and top structures.
- National Restructuring Capital Grant (RCG).
- Municipal Infrastructure Grant (MIG): Responsible for bulk water, roads, storm water and street lighting.
- Municipality: Special needs
Department of Energy (DoE): Bulk and internal electricity. The municipality would rely on funding this directly from the Provincial Government’s allocation to the Rental Housing programme rather than from the municipality’s allocation from the Provincial Housing Budget. Such an assurance is a dependency for the implementation of Municipality’s Rental Housing Strategy.

The precise financing requirements are dependent upon the programme identified for rental housing development, and the subsidy quantum determined by National Government for each programme. The following assumptions are taken into account for the development of new rental stock:

- Status quo: Quantum remains the same but both the RCG and CRU Subsidy are increased at 6 percent per annum.
- New: RCG Quantum is increased to R155 000 from 2016 - 2017 financial year and then by 6 percent annually.

The assumption is that the average cost of a Social Rental Housing unit is R400 000 in 2016 and increases by 6 percent per annum (ALCARI Report).

In most Municipalities, the Community Services/Human Settlements Directorate consists of a Director, assisted by a senior manager for in charge of Operations, and a manager for Community Support Services deals with Human Settlements and Community Development. The Community and Operational Services/Human Settlements directorate is responsible for the maintenance and provision of community services to communities.

Most municipalities have established operating practices in place; however, these are not documented, posing a real risk if the existing staff should leave the employ of the respective housing departments.

The rental housing programmes proposed by the municipalities will require an upfront injection of resources to as well as ongoing management. The functions mainly relate to all the activities contained in the implementation plan, key activities relate to Restructuring Zone management, land release and packaging and pipeline management and procurement and management of the partnership arrangements. This will require an additional resource that is appropriately skilled either with Social Housing experience or if not a Social Housing development programme will have to be included.

It is imperative that training (to both the administrative and political realm of the municipality) on the government funded rental programmes should take place and that there be a platform of exchange for vast experience accumulated within the SH space, the best placed organization that can provide this is NASHO.

Tools and templates that have been developed are:

- Reports for Executive and Council approval related to the strategy, the implementation plan, Restructuring Zone demarcation, Smart partner arrangements with SHI’s and land allocation/release to SHI’s
- GIS maps
- Project tracking tool

Various training manuals on affordable rental housing provision

The most important arrangement is that of the Smart partner arrangement for development and management of the rental housing stock. Required is an MOU with Province that commits to:

- Ensuring that the Provincial agreement with SHRA represents the capital (RCG) funding, research and SHI performance requirements and that its agreement with NHFC represents the debt funding requirements of the SH projects.
• Top up subsidy funding aligned to the pipeline of projects
• Funding a capacity building programme with NASHO
• Technical support as and when required – mainly with the implementation programme
  Facilitation of the acquisition of state land parcels

Finally, there are no consistent processes or rules in managing rental properties and rental waiting lists across the province. IT Systems are not utilised to improve the business process, this has resulted in lack of information use and poor reporting. There is a also a need for the WCDOHS to establish a central database to manage rental stock, this will ensure that the province has visibility over rental properties and their impact per each municipality or Leader Town.

2. KEY POLICY AND PROCEDURAL GOALS

In order to evolve towards appropriate tenancy or client management efficiencies, related policies and procedures when formulated by the KM, should always be characterized by the following key goals:

2.1. VISIBILITY AND EASE OF ACCESSIBILITY

Presently most of the municipal environments under review are characterized by a number of policy sets, and where there is a policy vacuum, there should be a set of operational practice which needs to be established over time. This should be complimented by memos and administrative forms or source documents to support the operational practice.

Without such a practice, the users will neither be able to know how to administer these, nor distinguish what is important. Further where such policies and procedures are prevalent, officials or users cannot easily locate related documents they require to make informed decisions. The proposed updating and/or development of requisite policies and administrative source documents will go a long way in harnessing proper customer relations at all times that get periodically reviewed to enhance efficiencies.

2.1.1. NEED FOR COST EFFICIENCIES - PROGRAMME SUSTAINABILITY

The earlier exercise on Deliverable 1 as well as earlier evaluations by other teams found that there exists an apparent lack of the ability to contain costs relative to staff operations, use of source documents as well as ad hoc practice characterized by waste of time and general lack of immediate responses to service queries, etc. The individual housing estates (in the case of KM) seem to be delinked to support offices as well as general lack of understanding of which source documents to use or not to use. Some of the individual offices dedicate time and limited resources to maintaining case files on the basis of inadequate or limited policy guidelines and procedures which could have been dedicated to better service requirements.

This could be averted by developing an appropriate policies and organizational structure with clear roles and responsibilities. This should include making written policies and procedures, through a single source in the Municipality/SHI or Rental Entity, which should include management responsibility on the basis of authorized users in both digital (intranet) and hard copy versions. Such a situation could ideally result in the following value laden benefits:

- Limited time on telephonic queries and or electronic mail usage by arranging for such questions to be routed to a single point within the organizational structure
- Limited or fewer administrative oversights and errors

Development of a consistent set of programme and service questions and answers used commonly throughout the organizations which are current, periodically reviewed and adapted accordingly to corporate municipal objectives as well as relevant housing objectives
2.1.2. MIGRATING TOWARDS AN APPROPRIATE RENTAL CHARGE MODEL - ECR

One of the biggest gaps in most of the municipalities in SA as well as the 11 Leader Towns under focus, is the lack of moving away from the current and historical monthly rental charge model that has severely limited ability to migrate to appropriate rental charge approach. This has over the years and presently, severely limited their respective ability to realize related costs of operating and managing their respective rental assets, programmes and services from their primary clients. There is general reliance on internal operating revenue sources in most municipalities which has resulted in continued cross subsidization of rental charges to keep them low. This unfortunate practice has been tested locally and internationally in similar settings and found to be a serious handicap and not sustainable and cost effective. This is despite the National Human Settlements Department and new social housing programme trajectory encouraging movements towards rental entities realizing the cost of their respective operations and maintenance from rental charges.

Economic Cost Recovery (ECR) model was formally announced by the NDHS and primarily encouraged from 1995 towards early 2000 onwards for all provincial and local municipalities to revert to a 5-year period of taking out historical operating subsidies provided by government in determining and charging monthly rental charges to tenants located in affordable housing assets. Municipalities were formally encouraged to rely on their rental revenue primarily for offsetting the cost of operating such rental assets which included costs of maintenance programmes. The subsidies would entail the gradual taking out of the subsidy elements over equal and agreed percentages (say 20% per each year) which would be charged directly to the tenants as part of the annual review of rental charges as part migrating to cost recover rentals or market rentals as was originally envisaged.

The process for undertaking such an exercise was communicated by National Human Settlements department down to all provincial Human settlements department to oversee and ensure compliance. However, despite that obligation a limited number of municipalities did undertake such an exercise which included workshopping its application to all respective clients before it was implemented.

2.2. ENSURING A CULTURE OF EFFICIENT RESPONSIVENESS

The practice and commitment of constantly and periodically updating and disseminating policies and procedures is but one key cornerstone of any municipality involved in affordable rental provision. This ensures the building internally and externally within the organization of committing to responding to service and programme requirements in a manner characterized by efficient responsiveness. Relevant business units within the respective Human Settlement Department should ideally be held responsible and accountable for consistent adherence to policy and procedural practice.

This should include well mapped processes and practice of responding expeditiously to client requests for services which should pervade throughout the various departments as clients and customers view the municipality as one entity.

2.2.1. ACCOUNTABILITY AND RESPONSIBILITIES

Client services cannot be rendered in a situation wherein there are no policies, procedures and lack of accountability. Clearly written, up to date policies and procedures are a key requisite as this is one of the cornerstones of any functional system in which individuals or business units or sections within a developed organizational structure are held responsible and accountable for strict adherence to policies and procedures when developed and approved for implementation after being workshopped with all staff and units.
2.2.2. TOWARDS A SET OF GENERAL PRINCIPLES

Given the current administrative and structural weaknesses and instances of lack of confidence by both internal and external clients within most of the concerned municipalities, the situation calls for formulation and adoption of the following principles as advocated as well in most government legislation and municipal intent to provide efficient and equitable services for long term integration and sustainability:

i. **Equity** - all applicants or households applying for an affordable housing opportunity must have an equal opportunity for related services to avoid any inference or claims of special treatment.

ii. **Transparency** - create necessary understanding and confidence by allowing all approved policies and procedures to be readily available to allow anyone to scrutinize related documents/publications that outline how such processes for allocating housing opportunities are applied. This will allow as well for evidence of irregular, unfair or corrupt practice to come through.

iii. **Pragmatism and Functionality** - related policies and procedures must at all times be practical and less costly. The need to edge rather towards pragmatic judgement in implementing such policies and procedures is a key requirement that preserves its intent whilst at the same time saving undue costs and ensure greater pragmatic progress.

iv. **Social Cohesion** - need to minimize through the spirit of any formulated policies and procedures social conflict whilst ensuring need to move towards long term development of all clients, local communities, staff/management and service providers.

v. **Long Term Integration** - given that the long term goal in proving the housing programmes and related services is to enhance sustainable growth and integration, the allocation policy in particular must be applied in such a manner that promotes such an ideal and objectives as advocated and legislated by government (e.g. the RSA Constitution, the National Housing Code, the Social Housing Act, Rental Housing Act, etc.) as well as through its key programmes represented by the National Development plan, Breaking New Ground, New Rental Housing Strategy.

vi. **Keeping the Related Policies and Procedures Current and Relevant** - related policies constantly evolve to avoid them becoming rapidly outdated and irrelevant. This therefore necessitates in the main an agreed and effective policy co-ordination function or unit within any resulting institutional structure that is an obligatory feature and practice. Such a unit will primarily be responsible for maintenance, upkeep and distribution of current policy and up to date procedures whilst at the same providing ongoing and consistent training and guidance to implementing staff or units. This will ensure that this becomes a mutually rewarding experience for both clients and the municipality.

vii. **Targeted Users of the Policies and Procedures** - The key users of such newly formulated policies and procedures when fully workshopped with all parties concerned should ideally be the following key users:

- various levels of municipal management and staff
- administrative support staff
- new employees, trainers and facilitators and/or any other persons or units identified to be involved directly or indirectly in the development and management of clients and assets as well as related affordable housing programmes and services.
3. KEY ELEMENTS OF THE RELATED POLICIES AND PROCEDURES

The successful delivery and management of requisite affordable municipal rental stock as well as management of long term healthy relationships is based on the following key elements which are essential features of effective policies and procedures:

- **Lease and or Tenancy Agreement** - this allows for contractual arrangements and responsibilities of both the Client and the Landlord to be formally mapped and outlined to ensure ease of common understanding of respective obligations.
- **Appropriate Allocations** - clear depiction of the processes that guide allocations from pre entry to post entry stages
- **Payments and Arrears Arrangements** - clear outline of how statements for related municipal debts are raised, charged and settled.
- **Reactive/ Routine Repairs** - outline types of repairs, reporting process, costing and related budgets, responsible outlets, administrative processes, service providers, tenant and landlord responsibilities, etc.
- **Planned Maintenance** - similar process above and cycles used to effect same
- **Tenancy matters** - dealing with formal and informal aspects, lease obligations,
- **Tenant Consultation and Representation** - healthy consultative relationships, communication and consultative processes, training and development needs, social cohesion and interaction within immediate environment, safety and security, service cycles, Policy and Procedural framework changes and impact, local community development and integration, etc.

The above elements and policy components have to be undertaken in a manner characterized by **fairness and equity** to ensure common and consistent treatment of all its clients and stakeholders within the municipal housing environment.

3.1. **ASSESSMENT OF PROPERTY MANAGEMENT AND RENTAL HOUSING - ORGANISATIONAL DESIGN**

From the earlier findings in Phase 1 of the Assignment, the eleven municipalities in the Western Cape seem to have geared themselves in the long term to deliver new social rental opportunities. However, they have serious strategic and operational policy limitations to effectively manage the current limited numbers of rental assets at their disposal. Some municipalities have as little as 12 units while others have an average of 2000 rental units respectively with instances of more than 12 staff members managing a limited base of assets and tenants presently. There remains a huge potential to develop more opportunities given the good locations and adequate infrastructure and commitment to realize restructuring zones where most of these future projects will be located.

However there appears lack of clarity and commitment to an internal champion that will be responsible for the strategic and operational co-ordination of the development and management of existing and future developments. This lack of clear responsibilities and alignment of the requisite functional flows to effectively manage assets and tenants brings to question their internal institutional readiness to manage future developments. In fact, there appears a need to first leverage the use of the current assets, tenants, staff and systems to offer a new value chain that provides necessary confidence going into the future.

Some key strategic decisions will have to be taken on targeted transfer of the current assets with a view to turn-around the use of same through individual ownership or transfer to targeted social housing partners or municipal entity if either of these become preferred options towards
realization of more social housing rental opportunities which will now be managed in the long
term by the chosen institution(s) rather than the municipality concerned.
Although some do have appropriate high level strategic plans and policies, there remains an
inherent and historical gap relative to required efficiencies that give confidence to long term
development and management of these assets and their clients. This has been found similarly
to KM to be largely due to the following realities:

- Inefficient management of current rental stock
- Limited number of stock in relation to huge demand
- Bloated as well lack of a responsive management structures/systems/resources that
  appear not to relate to the current number of tenancies or assets - critical need
  therefore to review current staff ratios relative to number of current rental assets,
  clients and related services
- This has a negative “knock-on” effect on determining required efficient client
  management services and programmes
- Lack of clarity relative to roles and responsibilities within some of the municipality’
  internal structures
- Historical and current evident silo mentality as well as a highly bureaucratic
  administrative culture and operational practice that severely limits need for
  appropriate internal co-ordination of programmes and services in a dynamic and
  systematic manner geared towards efficient housing provision and improved quality
  of life for clients
- The internal institutional management structure for development and managing
  housing assets appears to be an ad hoc arrangement than a structured one that limits
  need for current housing structure or department to be an internal champion at
  strategic, policy and operational context
- No strategic intent to link development and much needed operational efficiencies of
  future municipal rental opportunities towards strategically leveraging the use of
  existing rental assets towards such an ideal
- Lack of applicable tenancy management processes that limit healthy relationships
  between the Municipality and its clients and or local community stakeholders
  Lack of cost efficiencies and clarity of a turn-around strategy linked to requisite financial
  modeling instead of the tendency to depend on the historical approach of continuously
  relying on a heavily subsidized housing programme which limits long term operational
  efficiencies and financial sustainability.

The above constraints and inability to pursue best practice through efficient client services
functionality, has severely constrained the opportunity to create and sustain long term
relationships between the municipality and its respective clients. This is due largely to general
lack of confidence in their ability to render an equitable and efficient housing
programme/services as to whether current tenants and future clients’ needs can be met.

It is within this context that the focus of this exercise will seek to make policy and operational
procedure proposals that allow for long term operational efficiencies of current assets and
tenants. It is an acceptable reality within the low-income housing environment that healthy
customer relations are a key requirement towards attaining sustainable development and
management efficiencies.

The development of policies and procedures within the municipal rental context requires that
this be done in a manner that is characterized by service excellence and structural flexibility
that will serve to enhance facilitation of a dynamic development environment. Further, such
policies and procedures should always be closely linked to the Customer Service component
that transcends throughout the overall housing provision environment.
As outlined in the body of this assessment, there appears to be no cohesive policies and administrative procedures unique to dealing with current public rental assets and intended roll out of new rental typologies. The municipality’s high level strategic plans and corporate objectives as represented by the Integrated Development Plan (IDP), Spatial Development Framework (SDF), Service Delivery and Budget Implementation Plan (SDBIP) etc., do in general talk to such high-level intent but stops short of outlining how this will be realized by revamping the current management capacity and need for a responsive financial model and interdepartmental coordination and defined capacity.

Instead like all of the other 11 Leader Town, the KM’ high-level plans place a strong emphasis on typical Breaking New Ground (BNG), Reconstruction and Development Programme (RDP), Urban Settlements Development Grant (USDG), Informal settlements upgrades and incremental housing with minimal rental opportunities which do not relate to scaled delivery and requirement management capacities to realize this.

To rely only on a corporate wide asset management plan that does not cover the entire public housing development and management requirements, places a heavy burden on the current housing management unit which requires requisite capacitation and responsibilities to deal with the daily demands of handling rental assets, tenants, service providers, local communities, etc. There needs to be clarity of roles and clarity of a cohesive business model that details how the rental revenue will be determined and spent, how new developments will be realised and used sustainably. Affordable housing challenges and dimensions are unique and necessitate the necessary clarity of roles and capacitation to deal with inherent historical challenges for managing and turning them around as viable assets.

The determination of policies and procedures are driven by close scrutiny of the current operational environment, financial parameters/budgets and asset protection and maintenance as well as good customer relationships which lend confidence to the broader public and targeted clients. It would appear that despite the formulation of high level strategic plans, no emphasis has yet been given to revamping the current policy and procedural vacuum which is critical to preparing the municipality to test new rental typologies. This policy vacuum which currently relies mainly on the Western Cape Department of Human Settlements strategic framework needs to be addressed in anticipation of such rental typologies.

### 3.1. ALIGNMENT OF POLICIES

Given the prevalence of high level plans, there is a need for the municipality to review the current lack of policies and administrative procedures. The reliance on a corporate asset management policy for all council assets without a detailed and unique housing policy and procedural mechanism, poses a huge risk.

Furthermore, given the limited number of rental assets and low rental charge historical base that has not been evaluated over the years extending to the reliance on the council’s special operating account to cross subsidize the use of the assets, operational costs (e.g. salaries and maintenance, safety, gardening, etc.,) does not lend confidence to immediate turning around of the current management of assets and tenants. There is therefore no common administrative policies and procedures applied for the limited assets at their disposal.

### 3.2. MUNICIPAL WORK-IN-PROGRESS AND PROGRESS-TO-DATE WITH RENTAL INITIATIVES

Given their high level strategic plans, it would follow that this would be followed by the review of current policies and procedures which were determined in the first instance. Like most of the leader town municipalities there appears to be a reliance on a Corporate Asset
Management Policy framework which covers allocation, asset management, rental charges and related revenue, maintenance, etc.

However, this does not relate to dealing with the unique dimensions and customer relationship challenges that the municipalities in the South African typical housing environment that requires specialized skills and programmes to minimized associated risks, turning around the use of such assets towards long term sustainability to the benefit of both the municipality and the end users or clients.

Whilst one appreciates the foresight to ready themselves to roll out more rental housing opportunities using the typology model for varied needs as well as structured partnership arrangements with private developers and or social housing institutions, it is important at the same to ensure that there prevails creative and bold strategic plans and decisions on the funding model as well as form on internal management capacity to do handle current assets as well as future projects. The current situation is admittedly not coherent and cohesive enough to deal with current assets as well as the envisaged rental typology roll out programme.

The new rental initiatives have not yet been rolled out due to the above scenarios. The Restructuring Zone (RZ) process has been finalised at MINMEC level, but are yet to be finalized by the respective Councils. Unless the required political and administrative decisions are concluded, there appears to be consequential risks in attempting to implement programmes whilst the current policy and management vacuum prevails.

3.3. NEED FOR EFFECTIVE MUNICIPAL RENTAL HOUSING POLICIES
The provision of subsidized rental housing has been identified as one of the key ways in which to deal with the nation-wide housing shortage, thereby aiming to ensure that South African citizens gain access to affordable and quality dwellings.

If a municipality intends to commit to rental housing facilitation, it will need to develop and implement a responsive strategy and policy framework which prioritizes the subsequent formulation of a responsive and operational procedural guidelines, a crucial first step in the planning process for rental housing. This strategy must take the current and future demand for rental housing into account, and should primarily rely on such factors as spatial planning and the available municipal budget.

Furthermore, these plans will have to be aligned with other departments within the municipality, and must also complement existing municipal, provincial, and national policies and legislation. Therefore, considering the range of factors that need to be taken into account for the formulation of a rental housing strategy, this document has been developed in order to identify and translate the key points into one coherent process. Only then can housing backlogs be effectively reduced at a national level, by planning and implementing rental housing at a municipal level. In addition, there is a need to look at alternative forms of developing and managing rental assets on a coherent partnership basis, given the well recorded limitations of municipalities to do this on a sustainable basis. Best practice locally and internationally appears to encourage coherent partnership arrangements towards reaching the point of sustainability within the municipality charged with the responsibility of ensuring an enabling environment for sustainable delivery of a mixed range of affordable housing opportunities. This is informed by the fact that it cannot be the sole point of delivery in isolation to other means as represented by coherent partnerships with other delivery agents operating in the same environment.
The housing sector is currently undergoing many changes in South Africa, where the provision of rental housing is becoming an increased priority on the national agenda. In the past few years, the sustainability of human settlements has become a matter of precedence, in which the delivery of rental housing has been identified as an opportunity to contribute to sustainability. Rental housing is believed to be a sustainable housing option, as it guarantees the affordability of housing, whilst ensuring access to basic services and making efficient use of land. Meanwhile, the delivery of rental housing is becoming an increasingly pressing issue as South Africa continues to experience rural-to-urban migration, and demand for housing continues to grow in urban areas. Therefore, although rental housing may not yet be necessary or applicable in all municipalities, it may become so in the near future, and it is therefore advisable to have a thorough understanding of rental housing (refer to WCDHS Rental Strategy). For this reason, each municipality must familiarize themselves with the rental housing programmes, and explore its applicability and potential contribution to reducing the nation-wide housing backlog.

Although municipalities have a legislative requirement to support housing, the rental housing policy should not merely be considered a mandatory task demanded by other spheres of government. Regardless of what may happen or change at the national or provincial level, the municipality will always need to have its own strategy for rental housing, in response to its local circumstances and demand. It is therefore the responsibility of the municipality to take initiative in planning and to take the necessary measures for the implementation of rental housing. Hence, the initiative for rental housing lies with the municipality, and therefore requires planning and developing rental housing.

4. AFFORDABLE RENTAL HOUSING - KEY NECESSITY
Affordable municipal and social rental housing form an important part of the housing market. It is an alternative option for households who cannot afford to buy a house (yet) or for those who are looking for temporary housing. The principle of renting is that a tenant pays rent to a landlord to occupy a unit.

Within rental housing, a differentiation can be made between subsidized rental housing and non-subsidized rental housing. Non-subsidized rental housing is mostly provided by the private sector, which means that the level of rent depends on supply and demand. To enable people with a lower income to gain access to affordable housing, the government has introduced subsidized rental housing, which aims to provide affordable housing for the low to middle income group.

There are three different subsidized rental housing programmes, which are:

- The Community Residential Units (CRU) programme
- The Institutional Subsidy
- The Social Housing Programme

There are a number of policies and legislation that influence the rental housing sector. Some of these are applicable to the entire housing sector, while others are specifically applicable to the rental housing sector. The most important legislation and policies for rental housing will be described below. Thereafter, the specific legislation and policies for the three-different rental housing programmes will be discussed.

4.1. ALIGNMENT TO GUIDELINES - SA LEGISLATION AND POLICY
The Constitution of the Republic of South Africa (1996) as the supreme law of the country, states that, “everyone has the right to have access to adequate housing”. In order to fulfil this
right, the South African government has introduced several policies, strategies and legislation over the years.

The Housing Act (1997) and its amendments facilitates the sustainable housing development process by defining the general principles and functions (including roles and responsibilities) of national, provincial and local government with respect to housing development. The Rental Housing Act (1999) and its amendments state the responsibilities of government in the rental housing sector, as well as the rights and responsibilities of tenants and landlords. Furthermore, the Social Housing Act (2008) establishes a sustainable social housing environment and defines the functions of all spheres of government with respect to social housing. This Act also provides for the establishment of the Social Housing Regulatory Authority (SHRA).

The Prevention of Illegal Eviction and Unlawful Occupation of Land Act (PIE, 1998) is relevant legislation for rental housing, as it provides for the prohibition of unlawful eviction and describes procedures for the eviction of unlawful occupiers. This is especially important for municipalities dealing with tenants that are failing to pay their rent or unlawfully occupying rental units. Thus, landowners are unable to evict people “from their homes without an order of court made after considering all the relevant circumstances (South African Constitution, Section 26 [3]). Furthermore, the Act protects the vulnerable and marginalized by forcing courts to consider the situations of those who are being evicted. In cases where occupiers have been dwelling in a particular space for more than six months the court also has to consider where these individuals/households are going to go and whether provision has been made for them by the state, municipality or private owner.

The Providing Access to Information Act (PAIA) redresses the lack of access to information that characterized the apartheid state, under which much information was held secret and even asking for it was brave request. With that in mind the new government sought to find a way of ensuring that the public had access to any information held by the state (as long as it does not compromise state security). In the spirit of transparency both the government and any individual may be requested to reveal information if it is deemed that the provision of the information will protect individual or collective rights.

There are two different effects on SHIs/Rental Entities: the request for information from government and the provision of information on request. SHIs/Rental Entities, just as all other entities in South Africa, have the right to request information from public bodies and can expect to have their requests responded to. If the request is refused the SHI/Rental Entity has the right to know why and to have that refusal explained. SHIs/Rental Entities can also be asked for information but can refuse to provide certain financial, research or trade information, which may be detrimental to its future or be detrimental to its place in the market. If none of these factors are a concern, however, it will be required to hand over the relevant information. If there is suspicion of crime or financial mismanagement, or if the information poses a danger to the public, then the SHI/Rental Entity is legally required to hand over the information to the relevant parties.

The Value-Added Tax Act, 1991 ensures that the provision of residential accommodation through letting or rental of a dwelling, with the exception of certain defined commercial and residential rental establishments, is an exempt supply and VAT cannot be levied on such a transaction. The Value-Added Tax Act, 1991 adds that, where an exempt supply is made, input tax paid out in the course of providing such supply may not be reclaimed. Neither the "rent-to-buy" nor conventional rental schemes fall within the definition of commercial rental establishments and VAT cannot therefore be levied on payments by the
lessee/purchaser. Input tax paid out during the acquisition of the housing stock may also not be reclaimed by the housing institution.

Housing subsidies and payments made by way of housing subsidies constitute transfer payments as defined in the Act. The transaction becomes zero-rated for VAT purposes: i.e., VAT is theoretically payable but at the rate of zero percent. The effect of this is that no output tax will be accounted for when receiving the payments, but input tax may still be claimed in respect of expenses incurred. If the enterprise carried on by a vendor is an exempt supply, the zero rating of subsidies will not thereby enable input tax to be claimed – it means that no VAT will have to be paid on the subsidies themselves. The supply of rental accommodation will continue to be an exempt supply and input tax cannot be claimed in this respect.

• A housing institution is required to pay VAT on its supply of properties or on the goods and services utilized in the construction of rental stock, but it is not able to claim such amounts back by way of an input tax credit.

If a housing institution wishes to make use of rental and rent-to-own forms of tenure, the increased costs occasioned by the Act will inevitably be recovered from the consumer by way of higher rents or otherwise. This will affect the affordability of such properties and lessen the effectiveness of housing programmes.

Labour Relations Act (LRA), 1995 has a number of aims, which are intended to ensure social justice, democracy, economic development and good labour relations in the workplace. The LRA attempts to bring the work environment in line with constitutional rights (Section 27) and international obligations (South Africa is a member state of the International Labour Organization). At the same time, it provides a framework which regulates interactions between employers, employees, trades unions, and employers’ organizations. This permits all parties to know both their rights and obligations, as well as how to formulate their policies. It also determines their behaviour during times of dispute, negotiations, and other points of collective bargaining.

SHIs, regardless of whether they are private institutions, municipal entities or public/private partnerships, are all subject to the LRA. The LRA has four main sections which are applicable:

i) General rights

ii) Workplace forums and trade unions including their rights and responsibilities

iii) Dispute resolutions and unfair dismissal procedures

This section of the LRA highlights the rights of both employers and employees according to the Constitution. It details certain freedoms that employees have, such as freedom of association or to establish trades unions.

Both employers and employees of an organization have the right to associate with whomever they please and to create organizations that enhance their well-being through the following arrangements:

a) Workplace forums, trades unions and their rights and responsibilities

All employees are entitled to join, establish or lead a trade union or workplace forum. Thus, any thus SHI employee who feels it will represent his interests can set up or join a trade’s union or workplace forum. The trades union should be registered as a formal body. In its role as the official representative organization of its members it may engage with employers as it or its members deem necessary. As a formal entity, it must obey rules about collective bargaining or calls for action. Employers are obliged to engage and negotiate with the union during disputes and disagreements.
b) Dispute resolution and unfair dismissal procedures

SHIs are subject to the same laws and procedures as all other organizations. Certain laws and requirement apply to disputes between and employer and employee or between levels of manager. Disputes about unfair dismissal must be subjected to the protocols specified by the Commission for Conciliation, Mediation, and Arbitration (CCMA). If the dispute is unresolved, then either party may take their grievance to the Labour Court, which is the higher jurisdiction.

SHIs/Rental Entities operations means that sometimes temporary or short-term contract employees will be needed. Such contracts or arrangements have to be made in accordance with the LRA. The LRA also specifies how issues of confidentiality, good conduct, and record-keeping are to be managed. SHIs/Rental Entities should refer to the LRA to ensure that they are fulfilling their correct legal requirements.

The Basic Conditions of Employment Act (BCEA), 1997 aside from addressing social justice and economic development, also ensures that there is alignment between constitutional imperatives (Section 23(1)) and South Africa’s obligations as a member of the International Labour Organization. It describes the conditions under which a person can be employed so that labour practices are fair and just. If these principles are adhered to, neither employers nor employees can be taken advantage of at work.

SHI/Rental Entity employers and employees are subject to the same requirements as all other employing organizations. These requirements concern:

- Contractual obligations
- Working hours
- Leave
- Remuneration
- Termination of employment
- Dispute proceedings

The ability to vary any of the above based on mutual consent

There are two other Acts, not specific to the rental housing sector, but which can have an impact on the performance of municipalities in the delivery of housing. These are the Municipal Systems Act (MSA, 2000) and the Municipal Finance Management Act (MFMA, 2003). The MFMA was enacted in 2003, with the purpose of creating and regulating norms for financial management in local government. The MFMA applies to all municipalities, all municipal entities, and to national and provincial institutions of the state, providing they are dealing with municipalities. The Municipal Systems Act (MSA), the Companies Act and the Public Finance Management Act (PFMA) are important acts in combination with the MFMA. However, it is stated in the MFMA that the provision of the MFMA prevails in the event of any inconsistency between the MFMA’s provisions and any other legislation which regulates any aspect of the fiscal and financial affairs of municipalities or municipal entities.

Both Municipal Systems and Municipal Finance Management Acts do allow for pursuit of private public partnerships which extends as well as to the Human Settlements delivery chain on the basis of ensuring structured use of public assets and resources to attain social equity. This then creates a firm basis together with the other legislative pieces and national programmes to seek coherent partnerships with delivery agents to allocate assets and resources to support the development of a affordable housing opportunities.

Approved by the Cabinet in 2004, the Comprehensive Housing Plan for the Development of Integrated Sustainable Human Settlements, also known as Breaking New Ground (BNG), reflects a shift in emphasis from the provision of housing to the establishment of
sustainable human settlements. One of the elements of the BNG plan is to facilitate social rental housing for income groups earning below R7 500 per month. The **National Rental Housing Strategy** aims to speed up the delivery of rental housing units, with the Social Housing programme and the CRU programme forming part of this strategy.

In 2010, the national government introduced an **Outcome Based Approach** to improve government performance. This approach is comprised of 12 outcomes, one of these outcomes is **Outcome 8**, which focuses on the housing sector. The core of this particular outcome is to upscale the development of affordable rental housing stock by delivering 80,000 units by 2014.

The **National Housing Code** (2009) contains a broad overview of the housing programmes. It outlines the policy principles, guidelines and norms and standards of the housing programmes. The Code outlines national housing policy in a comprehensive and comprehensible way, while providing a series of suggested guidelines as to how the policy should be implemented. The document sets out national government’s activities, and describes the role of each government organization in these activities. It also explains and discusses the roles and activities of the various parastatals and NGOs that are currently engaged with housing issues.

**Chapter 6** of the **Housing Code** deals with institutional subsidies and rules governing them. The significant phases of the housing code as it relates to institutional subsidies can be summarised as follows:

- The institution is the entity qualifying for a subsidy. A beneficiary does not qualify for the subsidy on an individual basis.
- To obtain the subsidy, the institution does not necessarily have to provide the beneficiary with individual ownership, as other forms of tenure can also qualify. It is not essential that all the residential properties contained in any institutional projects should be sold to qualifying beneficiaries only. There is no minimum requirement as to qualifying beneficiaries within a project and the percentage of qualifying/non-qualifying beneficiaries is to be included in the application for the institutional subsidy/project approval.

Institutional subsidies will only be granted to established legal entities such as a company incorporated according to the Companies Act, or the Share Block Control Act, 1980; a co-operative incorporated according to the Co-operative Act, 1981; or an association formed within the terms of any legislation based on the Communal Property Associations Act, 1996. The institution applying for institutional subsidies must have as its primary objective the acquisition, development and holding of immovable property stock for the occupation and/or acquisition by both qualifying and non-qualifying beneficiaries. This immovable property stock must be held by the institution for a minimum period of four years. The housing institution is prohibited from carrying on any other business other than its primary objective. This is subject to the proviso that if the project contains a non-residential component, the housing institution may let, sell or otherwise dispose of this non-residential component in any manner that it deems fit.

The institution must show that it has both the financial capacity not only to develop the project but also to maintain and manage it effectively from its own funds. In this regard, the institution must also indicate its management capacity and skills base, which will enable it to construct or upgrade residential housing stock which would otherwise be inaccessible due to the financial constraints of the beneficiaries. Institutions are required to make a capital contribution to the project. An institution is normally required to own immovable property, but this is not an essential requirement. Where the institution holds rights such as a long-term lease, or other secured rights, the institution can also qualify for a subsidy.
Where the institution does not own the immovable property, it must indicate in its application the form of its entitlement to the property as well as whether such entitlement is registered in the Deeds Office or not.

The institution must allow occupants to occupy residential properties for a period of at least four years, during which time the institution must remain owner of the properties so occupied. The following forms of tenure are available to the institution to use in its agreement with the qualifying beneficiary: lease, instalment sale transactions, share block or other approved tenure options.

The Housing Code specifies the five central themes that the National Department of Housing has emphasized:

- Harnessing the energy of the people
- Partnerships
- Quality and affordability
- Assisting the poorest
- Opportunities for creativity

The National Development Plan (NDP) - In the 2013 State of the Nation Address (SONA), the President mentioned that the National Planning Commission had developed the NDP, as a vision of the country for the next 20 years. Chapter 8 of the document describes the Human Settlements Strategy of transforming human settlements and the national space economy. The NDP contains proposals for tackling the problems of poverty, inequality and unemployment. It is also presented as a ‘roadmap’ to a South Africa where all will have *inter alia* water, electricity, sanitation, housing, public transport, education, social protection, quality healthcare, and a clean environment. The proposals are modelled around the Sustainable Development Goals (SDGs) that were committed at the United Nations Rio+20 summit in Brazil in 2012. The South African government committed itself to creating a set of SDGs that would be integrated to the Millennium Development Goals (MDGs) after their 2015 deadline.

The Human Settlements Strategy of the NDP proposes to address the apartheid geography and create sustainable human settlements. The NDP discourages the development of low-income housing on poorly located land and promises to shift more resources to upgrading informal settlements, provided that they are in areas close to jobs. Furthermore, the NDP plans to fix a vital gap in the housing market by combining what banks have to offer with state subsidies as well as employer housing schemes. This strategy responds to Sections 24, 26 and 27 of the Constitution, and more especially the Bill of Rights that seeks to affirm that all citizens have the right to a healthy environment, to adequate housing and to basic services.

The NDP encourages scaled delivery of a mixed range of affordable rental opportunities as well as mixed tenure opportunities in well located areas in order to complement efforts for long term socio-economic integration. Therefore, Municipalities have an obligation to create such enabling environments for delivery of affordable housing by looking at creative and innovative means instead of the tried and failed mechanisms characterized by spatial planning development distortions.

It is these principles that should govern the actions of Municipalities/SHIs or Rental Entities and ensure that their policies and strategies are aligned with these national themes. The Code also outlines the place that Municipalities/SHIs or Rental Entities have in the overall housing sector in South Africa, which is to say that they form a part of the housing support network. The government sees them as having a ‘critical role’ in helping to provide housing to those who need it and ensuring that product delivered is suitable for the intended market.
4.2. THE ROLE OF THE MUNICIPALITY IN RENTAL HOUSING

Although the National and Provincial government are legally required to take all reasonable measures to provide South African citizens with access to adequate housing, municipalities play an important role in this.

The municipality is an important actor in the social housing sector that initiates and coordinates social housing, whilst the Municipality/SHI or Rental Entity are the implementing agencies. According to the National Social Housing Policy (NSHP), local government plays a key role in initiating and facilitating social housing. The task of municipalities is to create an enabling environment for SHIs/Rental Entities and other developers, by providing the necessary incentives and support, and by facilitating the social housing process. Moreover, the municipality plays a central role in identifying the Restructuring Zones (RZs) where social housing will be initiated.

The municipality initiates, coordinates and has to create an enabling environment to facilitate the development of rental housing units, making the municipality an important actor for the relationship between the delivery agents, the provincial government and other stakeholders. Some of the main tasks of municipalities in rental housing are to:

- Create an enabling environment to facilitate the development of rental housing;
- Plan for sustainable human settlements;
- Facilitate delivery;
- Identify the land for the development of rental housing and;
- Create the accurate infrastructure for the development of rental housing projects.

When identifying the location of rental housing, it is important that projects are developed in areas with access to economic and social amenities. However, for rental housing projects to be implemented and well-coordinated, it is important to appoint a champion within the municipality. The champion will be the central contact person and coordinator of the housing projects in the municipality, thereby responsible for monitoring the projects and maintaining contact with all the relevant stakeholders.

By law, the municipality is required to plan for rental housing through the Housing Chapter in the Integrated Development Plan (IDP). To do this properly, the municipality must formulate its objectives and goals regarding (rental) housing. This creates a clear framework for the formulation of a rental housing policy, and in turn the policy must ensure to contribute to the objectives and goals stated in the IDP and its Housing Chapter. Overall, a compatible IDP, Housing Chapter, and rental housing policy, will contribute to an integrated and sustainable development of the municipality.

4.3. TYPES OF DELIVERY AGENTS FOR RENTAL HOUSING

For the delivery of rental housing, the municipality needs an independent company that will deliver and manage these rental housing units. In order to deliver and manage the rental housing stock, each municipality will need to decide which type of company will best suit in their case. There are several options that the municipality can choose from, and the choice will largely depend on the local circumstances in each municipality. What will also affect this decision is the fact that each different type of delivery agent will have a different level of control that the municipality can exercise over it.
Depending on these factors, you will be able to make a suitable choice for the municipality.

- **Option 1 Municipal entity:**
The first option would be to establish a municipal entity as a delivery agent. In this case the municipality is the owner of the delivery agent and will monitor it, although most tangible work is done by the entity itself.

- **Option 2 Public Private Partnership (PPP):**
The second option of rental housing delivery is through the establishment of a Public Private Partnership (PPP). This entails the municipality creating a joint venture with a private body. It is important to understand that a PPP is not a delivery agency in itself; it is simply a partnership between the municipality and another company that will be doing the delivery of rental housing units. Commercial property management companies include companies such as Trafalgar, Leveritt, etc.

- **Option 3 Third party:**
The third and last option is the delivery of rental housing through a third party. This means that a company, other than a municipal entity, will do the delivery. This can be a non-profit such as NGOs or a for-profit company, such as a Municipality/SHI or an independent for-profit company.

Note: *It is not possible to have social rental housing units developed and managed by the municipality’s Housing Department.* Remember that subsidies (whether the Restructuring Capital Grant or the Institutional Subsidy) can only go to authorized housing institutions.

### 4.4. TARGETED USE OF MUNICIPAL HOUSING STOCK

If there is municipal housing stock it may be worthwhile considering the transfer of the housing stock to the rental housing provider. This may be an appealing option, as the municipal housing stock may be putting a burden on the housing department, while it may be financially attractive for a delivery agent to obtain the stock. This is due to the possibility of the extra housing stock making the delivery agent more financially viable. Yet, if the stock is in poor condition or there are other problems such as non-payment or an unfavorable geographical location, the transferral of stock may jeopardize the economic position of the agent. This will make it less attractive for delivery agents, reducing the probability that the delivery agent will want to accept the transfer of stock.

While a municipal entity cannot own stock, it can manage stock that remains municipal property. In the case of a Public Private Partnership (PPP), ownership is shared, although the stock is returned to the municipality once the PPP has come to an ending. In the case of third parties, the ownership of stock can be handled in different ways. If a lease agreement is signed by both parties, the agreement holds that that the municipality will remain the owner of stock, even if it is temporarily transferred to the third party. On the other hand, the municipality can choose to sell the stock, in which case the third party will obtain permanent ownership. As always, both options have their advantages and disadvantages. A municipality often finds it important to maintain control over the land involved, in which case a lease agreement would be the best option. However, for the delivery agent it can be important to obtain full ownership, since it will increase their possibilities to access loans. Both options should be discussed, in order to decide the best option for the specific circumstances of both parties.

If the municipality wishes to transfer housing stock to a delivery agent, both parties must agree to it. An independent delivery agent can never be forced to take over unviable stock, and in most cases a municipality cannot force a municipal entity to take over the management of unviable stock either. On top of this, the Department of Human Settlements only gives
subsidies to delivery agents that are accredited and economically viable. Nonetheless, there are cases in which a delivery agent can come to an agreement with a municipality on taking over economically non-viable stock, especially when the municipality offers something in return. This can be, for example, a profitable piece of land or stock, which will compensate for the costs. However, also keep in mind that a municipality is not allowed to transfer stock when it is suspected that this can jeopardise the minimum level of basic municipal services. Therefore it is once again stressed again that there is a critical need to make an informed decision on these matters.

5. INTERNAL SOCIAL AND RENTAL HOUSING SUPPORT UNIT- TARGETED SUPPORT

In order to ensure sufficient internal municipal capacity and relevant co-ordination within the identified Human Settlements Department which should ideally hold the responsibility for being the internal champion that is adequately capacitated to play that role, a corporate municipal commitment will be required upfront to ensure necessary recognition within the municipality and other departments. This should entail defining the level of support required from within the department as well as other key departments across the corporate municipal structure. An internal unit within the human settlements department would have to be established and ideally called Social and Rental Housing Support Unit.

This unit will have to deal with strategy advice in the formulation of all related social housing policies and related programmes. This will also include dealing with the following key requirements:

- Preparation and packaging of necessary support for all programme requirements;
- Determine short, medium and long-term social housing and rental programmes;
- Assist the department with the formulation and incorporation of relevant social housing policies and programmes into the overall human settlements policies and operational procedures;
- Internal co-ordination of all technical planning, engineering, land and funding prioritisation co-ordination and implementation with following key departments - Planning, Engineering, Community Development - Sport, Recreation, Parks, etc., Finance, Corporate Legal, Law Enforcement and Safety, Corporate Communications and Social and Economic Departments;
- Formulation and sourcing of legal, technical and administrative support requirements to prepare and conclude related partnership legal framework and related contractual agreements and arrangements;
- Prepare all procurement requirements in compliance with the MFMA, PFMA, Social Housing Act, National Housing Code, NDP, SHRA Regulatory framework, etc., for formal tender and proposal calls linked towards sourcing appropriately SHRA accredited social housing companies or entities;
- Monitoring of compliance with all related contracts and performance in terms of targeted outputs and or delivery targets for development and management of institutional housing project timelines;
- Represent council in interactions with all statutory bodies, committees and Task teams dealing with the programme; and
- Ensure periodical review and consistent municipal compliance and appointed delivery partners with all related national legislation and programme changes and requirements.

5.1. STRUCTURED PARTNERSHIP ARRANGEMENTS WITH TARGETED SHIS AND DEVELOPMENT AGENCIES

There is an outlined need for alternative institutional arrangements for each municipality/ and the department which also extend to the KM.
These arrangements are strongly recommended based on the assessments undertaken, as well as the systems and policy recommendations. These will form the basis for the key discussions to follow with the senior cluster per municipality which was subsequently workshopped during the 2017 period with each Municipality including KM. The high-level implications and strategic considerations were refined during these meetings and carried to the final phase of the assignment.
6. KEY FINDINGS – PROCESS AHEAD

6.1. INTRODUCTION
The subsequent workshop training process allowed for presentation of the above exercise with its findings and proposed processes to turn around the municipal operating environment. Key to this was the need to build coherent understanding of the need to create an enabling environment for long term rental delivery through implementation of turn around strategies and tested best practice in local and international municipal rental contexts. Further it became possible to build collective ownership of the process by all participants as well as commitment to take the proposed interventions around strategic alignment, policy and operational procedural frameworks as well as institutional capacities required to do this in a meaningful manner.

Given that the process entailed inviting key senior municipal strategic and operational management staff to be part of the process, it was felt necessary that the proposed key strategic and policy / programmes requirements to change and align the current work environments of the municipalities concerned to be more responsive and supportive to rental delivery, would require political and corporate council support. This was due to the need to ensure corporate departmental support, financial modelling, and enhanced internal municipal staff capacities to undertake the envisaged realization of a sustainable and responsive operational environment. This also extended to the need to accept the use of current rental assets to leverage the long-term delivery process which would extend to pursuing strong partnership arrangements with accredited municipal entities or social housing institutions based on contractual performance arrangements. Such support was the key to unlocking and improving the current operational environment towards anticipated success.

Consensus was subsequently reached emanating from the roundtable discussions of key items presented as well as need by each municipality to respectively pursue council support and approval to consider the implementation of the following strategic and programme imperatives. Another key observation attests to the reality that the municipal situation in terms of strategy and policy re alignment and determinations of operational procedures and related capacity to take the process ahead cannot be achieved overnight. To this end the following proposed interventions towards turning around the current situation have been mapped in terms of short, medium and long-term interventions which correlate to each other in terms of gradual impact and results. These are as follows:

6.2. SHORT TERM INTERVENTIONS:

6.2.1. STRATEGIC POLICY AND PROGRAMME ALIGNMENT
Pursue internal strategic policy and programme alignment once the necessary familiarization on current strengths and weaknesses have been commonly appreciated.

6.2.2. POLITICAL AND CORPORATE SUPPORT
Seek subsequent formal Council political and corporate support and approval. Notably for KM, this appears not to have been sought hence the WCDOHS’ appeal for KM to support the new Strategic Plan.

6.2.3. INTERNAL WORKSHOPS
Conduct internal and interdepartmental workshops to build common understanding and support.
6.2.4. ALIGNMENT OF OPERATIONS
This to be followed by the review and alignment of common operational procedures.

6.2.5. ALIGNMENT OF STAFF CAPACITY
Commence to comparatively analyze the relative capacities of staff, look and compare ratios of staff to current housing programmes and asset base as well as in relation to medium to long term programme/project plans and commitments.

6.2.6. STRUCTURED COMMUNICATION
Conduct Internal and external communication processes with all stakeholders once Council has had a deeper appreciation of its current programmes and what is needed to improve the situation.

6.2.7. REGIONAL SOCIAL HOUSING CAPACITY
The principals to consider availing regional social housing training and development capacity in both of the regions which is easily accessible to preserve the momentum in terms of agreed training and development programme interventions. Such interventions should primarily look at improving and alignment to agreed respective policies, operational procedures, systems, resource mapping/ratios to current assets, social housing programmes as well as assistance to the municipalities to strategically re engineer their affordable housing programme.

6.3. MEDIUM TERM INTERVENTIONS

6.3.1. COMPREHENSIVE BUSINESS PLANNING/MODEL
Undertake Business Plans that relate to financial modelling exercises to guide development and operational efficiencies and municipal rental programme sustainability with this to include the following strategic considerations:

• Centralization or decentralization (how much decision making and autonomy) towards ensuring locational service and programme accessibility to clients - corporate and organizational design and structure,
• Prepare argument for coherent consideration of leveraging the targeted use or transfer of current public housing assets,
• Agreement on cost efficiencies relative to the ECR, aligned policy and operational procedures as well as the number and ratio of staff to be used against current and future housing programme and services outline.

6.3.2. LEVERAGING OF ASSETS
This to include decision whether council will strategically phase out use of current assets and transfer these based on financial modelling and due diligence exercises to identified social housing partners or delivery agents.
• Consideration of targeted transfer of some of the current rental stock and assets on the basis of set criteria to retain or transfer some of the properties that relate to potential for densification for additional rental units managed by future private entities or social housing partners based on a set of contractual obligations agreed to by all concerned

6.3.3. TOWARDS ECR MODEL
Serious review of current rental charge model in favour of the Economic Recovery Rental Charge (ECR) model to enable recovery of the costs of development and rental operations from monthly rental charges whilst at the same time lessening over
dependency on historical rental subsidies which should have long been phased out over 5 year periods per each municipality.

6.3.4. COLLECTIVE OWNERSHIP OF RENTAL PROGRAMME
Build and promote basis for collective ownership of rental programme internally to create a firm foundation for healthy relationships based on structured communication and consultative processes between the municipality and its primary clients, staff, service providers, and secondary stakeholders.

6.3.5. APPROPRIATE CLIENT LIAISON PROCESSES
Ensure proper client liaison processes based on the principles of fairness and equity across all council clients and stakeholders to complement efforts for sustainable socio-economic integration.

6.3.6. BUILDING INTERNAL SOCIAL HOUSING CAPACITY
An internal champion for affordable rental housing delivery be established within each Municipal Human Settlements Department to ensure structured co-ordination and packaging of new project requirements as well as internal operational coordination requirements which will both be key to the realization of a supportive and conducive environment for municipal rental operations as well as the specific programme requirements of social housing being met. This will crucially have to include internal co-ordination of all development and operational requirements for efficient delivery and management as well as conclusion of formal internal service level agreements within the department as well as other departments which will be required to lend support to the Human Settlements Department.

6.3.7. PROGRAMME FINANCIAL MODELLING
Undertake financial modelling plan - development and long operational efficiencies. This will be necessary to strategically determine whether the programme is feasible before it is launched.

6.3.8. STRATEGIC CHOICES
The municipality to use above considerations as well as analytical information collected in earlier as well as present exercises to make strategic considerations as to whether it makes sense to operate directly in the affordable housing market and or outsource its programmes to proposed property management agencies and or social housing institutions. This to be aligned to strategic consideration and decision to retain or transfer some of its' rental assets.

6.3.9. COHERENT PARTNERSHIP ARRANGEMENTS
Initiate an internal process to guide preparation and putting together of all necessary programme and project approaches to enhance all related support requirements for targeted partnership arrangements and linked projects.

6.4. LONG TERM INTERVENTIONS
6.4.1. POLICY FRAMEWORK FOR STRATEGIC PARTNERSHIPS
Formulate a conceptual strategic and policy framework to guide call for partnership arrangements with targeted SHIs through the following key interventions:

- Undertake due diligence that covers the corporate and programme feasibility.
- Council Approval for Partnership(s) - Seek council approval in terms of procurement processes to formalize partnership arrangements with qualifying SHIs.
• Contracting Processes - Commence to draft contractual agreements with prior involvement of internal legal verification and validation process.
• Formally advise council of successful institutions that will be contracted.
• Prepare and obtain Council support for medium to initiate initial social housing rental pilot projects. This will be key to test veracity and preparedness to successfully roll out the municipal social rental programme at scale in the medium to long term scenarios.
• Identify and prepare land and funding requirements and proceed to work with contracted social housing institutions to pursue initial pilot projects.

6.4.2. PERIODICAL EVALUATION AND ALIGNMENT
Conduct periodical satisfaction surveys as well as internal management and client satisfaction processes whose information and data will be used collectively to identify strengths and weaknesses that need to be attended to going forward relative to Customer Relations Management (CRM) as well as ability to sustain future development programmes.

6.4.3. SOCIAL HOUSING DESIGN ELEMENTS
In the event of the Municipality looking to do a combination of rental typologies in relation to social housing, CRU or mixed tenure options, etc., the design elements to be undertaken in a manner that relate or align to social housing rental products to facilitate ease of transfer and management in future by social housing partners.

6.4.4. PURSUIT OF BEST PRACTICE
Periodical benchmarking and best practice exercises to test own programme relevance and resonance to comparative successful social housing programmes and projects undertaken locally and internationally - This to be undertaken on the basis of continuous learning, innovation and bold decision making to sustain own social housing programme given the dynamic nature of the social housing programme as well as changing delivery environment.

Regarding the institutional options which were workshopped on the basis of the legal and operational policy contexts as well as related advantages and disadvantages within the context of best practice locally and internationally, there was general consensus that favoured the use of partnership arrangements with SHRA accredited social housing institutions. These were found to be already in practice and have proven their institutional capability to effectively develop and manage such social housing rental opportunities in a sustainable manner in instances where there prevailed a supportive municipal social housing environment as envisaged in the afore-mentioned national legislative and policy/programme requirements.

There were general concerns from some of the municipalities as to how the above proposals based on the outcomes of the rental property development and management exercise, could be pursued and approved internally within each municipality. It was felt that this would require critical support at political, corporate management levels as well as the support of operational staff. A proposal was made for the momentum generated by the current exercise as well as above policy and programme proposals not to be lost within the 11 leader towns. They were anxious to build a solid and coherent foundation to pursue their respective rental programmes on the basis of a structured and efficient programme approach.

It was agreed that this critical strategic matter would be taken with each respective Leader Town hence the recent approach by the WCDOHS to the KM to facilitate the approval of the Strategic Human Settlements Plan by the municipality.
To take the process, the Knysna Municipality is therefore requested to consider the approval of the following plan:

**KNYSNA MUNICIPALITY SYNOPSIS - RENTAL PROPERTY MANAGEMENT PLAN**

<table>
<thead>
<tr>
<th>Key strategic considerations</th>
<th>Proposed critical interventions – future arrangements</th>
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<tr>
<td><strong>STRATEGY &amp; POLICY ALIGNMENT</strong></td>
<td><strong>ALIGNMENT OF OPERATIONAL PROCEDURES RELATIVE TO CURRENT AND NEW ASSETS</strong></td>
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<tr>
<td>Review and align to strategic and policy framework;</td>
<td>Review and leverage the use of the current 89 units</td>
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<td><strong>ALIGNMENT OF OPERATIONAL COSTINGS AND REVENUE THROUGH APPLICATION OF RENTAL RETURNS - ECR MODEL TO BE PART OF FINANCIAL MODELLING</strong></td>
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<td><strong>Depending on the strategic and policy alignment exercise and preferred affordable rental programme, the municipality will have to consider and implement the short, medium and long term institutional development and management options which best fit their programme and commitments.</strong></td>
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</table>

**Review historical rental charge model**

89 UNITS

Once aligned to financial feasibility outcomes, proceed to consider outsourcing of some of the assets to partnering institutions or identified agencies on mutually agreed contractual terms.

**89 UNITS**

Given the limited number of current assets and need to relate to feasibility exercises for further densification and or targeted individual transfer or reservation for social housing densification, proceed to ring fence the use of current assets.

Promotion of individual ownership or where necessary group tenure options where feasible.

RFP or Tender proposal process for SHIs or similar accredited entity once strategic alignment approval has been made by council.

9758 5241 3000

Depending on the strategic and policy alignment exercise and preferred affordable rental programme, the municipality will have to consider and implement the short, medium and long term institutional development and management options which best fit their programme and commitments.
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<tr>
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<td>Make a serious determination and approval to move away from staff and seniors housing towards use of the limited assets primarily for low income households</td>
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<td>Align operational costs to ensure long term sustainability through less reliance on historical operational subsidies for keeping rentals low</td>
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<td>Undertake financial modeling exercises that demonstrate how best to map and align operational costs to ensure long term sustainability through less reliance on historical operational subsidies for keeping rentals low</td>
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<td>Observe and align to compliance with PFMA, MFMA, Housing legislation and internal procurement and supply regulatory and legal framework requirements</td>
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<td>Depending on the preferred strategic preference as highlighted in columns 1 &amp; 2, explore targeted transfer of all assets to partnering social housing institutions and or agency</td>
<td><strong>INSTITUTIONAL OPTIONS</strong></td>
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<td>Seek council approval and client support for related programmes</td>
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**Workshop new strategic framework throughout the municipality & Seek Political and corporate management**

- **Undertake financial modeling exercises that demonstrate how best to map and align operational costs to ensure long term sustainability through less reliance on historical operational subsidies for keeping rentals low.**
- **Seek council approval and client support for related programmes.**
- **Observe and align to compliance with PFMA, MFMA, Housing legislation and internal procurement and supply regulatory and legal framework requirements.**
- **Depending on the preferred strategic preference as highlighted in columns 1 & 2, explore targeted transfer of all assets to partnering social housing institutions and or agency.**
- **In line with MFMA, PFMA, Social Housing Act as well as internal council procurement processes and regulations, proceed to negotiate and contract formally with successful SHIs.**
- **Given that this grows by an average 10% pa, need to critically review use and updating of related data to ensure relevance and reliability.**
- **Data to relate to different forms of housing needs.**
- **Monitor and track impact on mobility patterns and determine various rental options with social housing a key driver that could develop mixed use units.**
- **Depending on the nature of SH scaled delivery projects and internal capacity to internally drive the SH process.**
- **Short term intervention will have to be strategic and policy review as well as targeted use of current rental assets.**
- **This should also look into the current operational procedures which need serious review and alignment to new strategy, review of staff ratios relative to current assets as well as need to devise a housing dedicated human settlements operational department.**
## Key strategic considerations

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<tr>
<td>Move human settlements programme away from the corporate municipal asset management department</td>
<td>Strengthen the current charging of market related rentals and adaptation to ECR model which services low income rental charge determination</td>
<td>Move towards ECR rental charge model to recover operational costs towards sustainability to reverse current operational and revenue deficits</td>
<td>Prepare related partnership framework with social housing institutions and present it to Council for approval and implementation</td>
<td>Consider including related assets that have potential for future social housing densification to be part of short, medium and long term programme interventions</td>
<td>This will necessitate in the medium term the pursuit of initial pilot projects to test viability and long term</td>
<td>Linked to new operational and internal structural arrangements, ensure internal social housing unit within department to drive overall process from strategy, programme and partnership arrangements</td>
<td>Project specific demand database for SHI</td>
<td>Periodically update demand base in terms of information relevance, movement or mobility, preference and potential to qualify</td>
<td>CRU units to be designed and packaged in a manner that includes social housing design elements and features for ease of common management and potential transfer at agreed stages to partnering social housing institutions</td>
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<td>implementation of the balance of projects per targeted scale</td>
<td>Acknowledge that SH institutions will independently manage the beneficiation process</td>
<td>Periodical review and updating of database</td>
<td>SH is best undertaken on a demand base scenario as institution concerned will independently manage the level i) Long term partnership arrangements with SHI or similar accredited entity. ii) Create internal Social-Housing Capacity in the DEPARTMENT to strategically manage the RFQ Process and selected SHIs or similar accredited entity</td>
<td>Proceed to identify pilot schemes in defined RZs which can be used to learn, improve and replicate scaled delivery</td>
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<td>Recognise the reality that the affordable housing programme and services has unique dimensions and challenges that cannot be equated to other municipal asset management processes relative to policy and operational context.</td>
<td>Maintenance and administration, size, location as well as municipal services to be part of key rental charge structure</td>
<td>Monitor performance and compliance on the use of allocated resources (land, state funding, planning and overall technical support)</td>
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<td></td>
<td>Review the operational systems and resource base requirements to be in line with new strategic and policy alignment</td>
<td>Seek council approval for implementation of the 5-year subsidy phase out programme which guides the implementation of the ECR framework and guidelines</td>
<td>Identify and preplan related planning authorities for the use of land either on a 30-year lease arrangement or sale of specific land parcels on 10% of nominal value of its market value</td>
<td>Project specific demand database for SHIs</td>
<td>Municipality can request SHI for shared use and inclusion of some of its applicants on the waiting list to be part of the beneficiation process</td>
<td>Need to periodically advise applicants and prospects and if necessary take them out of the database if they do not qualify</td>
<td>iii) Embed the in-house capacity in the high level Human Settlements Function in the DEPARTMENT</td>
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<td>Undertake internal and external communication exercises to build collective ownership and common understanding of the Municipal housing programme</td>
<td>Workshop the ECR framework internally and externally and ensure requisite resources to implement the programme are prepared and secured</td>
<td>Periodical review and updating of database</td>
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<td>iv) Integrate the Housing Administration into the high level Human Settlements Function</td>
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<td>Consider feasibility of Centralized and Decentralized management system to ensure programme and services accessibility and efficiencies to targeted clients and</td>
<td>Municipality can request SHI for shared use and inclusion of some of its applicants on the waiting list to be part of the</td>
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<td>v) Review and align staff ratios relative to current and future number of assets</td>
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In the medium term, housing should have a dedicated internal social housing capacity which links with other departments on the basis of service.
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- **Key strategic considerations**
  - Formulate a responsive organizational structure and systems that define the level of capacity to that will be an internal champion for related housing programmes with defined interdepartmental support and service level agreements.

- **Proposed critical interventions – future arrangements**
  - Workshop new strategy and policies within all departments to ensure common understanding and support level agreements or commitment to ensure structured support and use of council assets and resources to realise scaled delivery of affordable rental options. This should best be implemented on the basis of the following interventions:
  - Vi) Workshop new strategy and policies within all departments to ensure common understanding and support
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<td>drive agreed human settlements programme.</td>
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<td>Formulate and formalize operational procedures into a booklet that commonly guides consistently the implementation of fair and equitable housing programmes and services</td>
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<td>v) The Human Settlements department to be identified as internal champion for coordinating all housing programmes and related support (technical and resource requirements - land, subsidies and related grants)</td>
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### Key strategic considerations

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<td>viii) Implement approved ECR model over 5 years to phase out historical rental subsidies that kept rental charges low and lessen dependency on internal operational funding base</td>
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<td>x) Set departmental performance standards and KPIs as well as for social housing partners</td>
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<td>x) Undertake annual performance and strategic policy and programme</td>
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- **STRATEGY & POLICY ALIGNMENT**

- **ALIGNMENT OF OPERATIONAL PROCEDURES RELATIVE TO CURRENT AND NEW ASSETS**

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<td>xi) Ensure alignment to corporate wide municipal objectives and required support</td>
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7. TOWARDS A TYPOLOGY DRIVEN DEVELOPMENT APPROACH – NEW HOUSING DELIVERY

7.1. Executive Summary

The KM Municipality as a Leader Town has a significant demand for new housing as evidenced by a growing waiting list database and related demand. The diagnostic exercise as reflected above as well as related attachments shows he demand standing at 9,758 by 2017 and growing by 10% annually. Although it should ideally undertake its new housing programme in a typology driven model, the spectre of land invasions coupled by natural disasters has seen the trajectory for supplying housing opportunities through a comprehensive approach being driven by targeted land invasions. This has unfortunately seen a more reactive than a proactive approach to new housing delivery which has not yet dealt comprehensively with such demands for low income housing.

The same principles of fairness contained in the framework to extend to the KM’ Human Settlements programme whose status is appended here-in for the purpose of updating the municipality about its status.

The programme is in active mode and has been funded relative to capital and operating funding commitments as well as internally by both the WCDOHS and the KM respectively. The WCDOHS has also availed the capacity of a seconded director to head the directorate as well as the following support office and professional teams:

- The Regional Office operating out of the WCDOHS office in George – it plays a critical support and monitoring role to ensure project and programme performance to ensure successive implementation of approved projects by the KM and its professional team;
- Three sets of professional teams which report to the Directorate and to the afore-mentioned regional office;
- This capacity ensures the coordination of all projects and adherence to set performance milestones and targeted delivery by all key role players which extend to the accountable municipality;
- KM received related gazetted and approved funding from the WCDOHS and include same in its capital and operating budgets for each successive years whilst ensuring the necessary budgets controls and management for related execution and disbursements to appointed professional teams, contractors and contracted services and staff;
- The KM has delegated authority to monitors and ensure budget execution as well as ensure strict compliance with all conditions of allocated State funding as well as its own internally linked contributions
- The KM uses its approved supply chain and procurement processes to secure such professional and contractor services per approved new housing development programme
- The KM is responsible for ensuring proper performance by appointed contractors and is obligated to set the necessary governance, control and audited processes to ensure efficient and effective use according to given conditions for use of State Capital and operational funds

7.2. Towards a Comprehensive Typology Driven Model

Given the reality of varied needs in which low income household demand a variety of housing options, it has become necessary that the KM’ new housing model be reflective of the following
housing products which must be designed and allocated on the basis of the principles of fairness and equity as a value and ethical offering that transcends across all projects. These projects must be conceptualised, designed and developed on the basis of offering and affirming the dignity and growth of our low income and first entry - middle income households. They should be informed and guided by the strategic objectives of the Plan and more importantly be developed with the similar goal of deriving long term socio-economic integration towards a stable and growing Knysna as a City that genuinely cares for the present and future of the Municipality and its communities.

To this end, it is important that a sense of collective ownership of the Strategic Plan by all stakeholders be ensured, on the basis of, continuous workshopping and consultative approaches to include the opinions and inputs of all stakeholders. Similar to the IDP workshop process, it is important that the Municipality devise a comprehensive communication and consultative strategy to ensure common understanding and collective ownership that recognise the long-term value of the various housing options as a comprehensive response to the varied needs of targeted beneficiaries and stakeholders. Such common understanding has to be fostered from within the municipality, from the Mayor, Councillors, Municipal Manager, Directors, managers, operational staff, development professional and partners, public -private sector partners, community stakeholders, civil society, ratepayers, investors and more important targeted end beneficiaries who will be using such housing products to complement their respective growth as households and their families.

In order to do this in an efficient manner, the capacity of the KM' management and operational teams must be properly trained and developed to ensure the necessary efficiencies when rolling out these projects by ensuring the following interventions:

- All new projects to be properly planned and subjected to necessary feasibility studies before they are confirmed for necessary funding and operational support;
- Roles and responsibilities be clearly defined as well as operational accountability;
- That the current active housing programme be efficiently managed and implemented;
- That an internal coordination team with requisite authority be established from the different directorates which also interfaces with appointed professional teams under the coordination of the IHS  Directorate;
- A communication and consultation programme be conceptualised and mapped with clear road maps and performance timelines;
- A project management approach with requisite technical skills and coordination be part of the process;
- Technical meetings with professional teams be set up and help periodically to ensure project sustainability and risk mitigations;
- All land invasions be anticipated and controlled without any interference with internal Law Enforcement authorities;
- All council members from councillors and staff be part of a collective effort to discourage land invasions;
- A proactive and dynamic approach for dealing with housing demand be embarked upon which should include undertaking a land and property audit for forward planning;
- This be followed by provision of targeted areas for Temporary Relocation or Receiving areas for those in need of housing which are properly controlled through proper recoding and data analysis;
- Embark on a best practice, continuous learnership and research mechanisms on human settlements as part of the creative and bold approach for dealing with the housing crisis or related demand;
• All projects delivery to be closely monitored and reported to all to enhance common understanding of the status of each approved project;
• Develop a short, medium and long term project roll out that is communicated and workshopped to all stakeholders;
• Periodical evaluation of project cash flows, related scope and business plans as well as budget actuals and expenditure to ensure targeted attainment of milestones and performance by professionals, contractors, etc.;
• Strict adherence to Supply Chain and procurement processes whilst ensuring that projects relative to timelines and anticipated performance outputs are not compromised and committed funds rolled over into successive financial years or to other projects due to non-performance;
• The KM to hold annual human settlements workshops to ensure common understanding of the status of projects as well a learnership opportunities to learn from past oversights whilst improving technical and performance capabilities going forward;
• Strategic allocation and use of Council land, State funding and technical support as part of the need to create an enabling environment for sustainable housing delivery;
• Embark on a comprehensive public –partnership arrangements for comprehensive delivery and innovative approaches as the overall housing challenge merits such bold strategic thinking and related solutions; and
• Always apply and improve on associated risk and embark on risk mitigation exercises.

Given the afore-mentioned and need for responding to varied needs, the KM has to pursue in the short, medium and long term delivery trajectory a more responsive housing plan that recognises the following typologies:

I. Traditional BNG housing product
II. ISSP – Serviced Sites
III. FLISP
IV. Gap Housing
V. PHP – Enhanced or Contractor Built Models
VI. CRU
VII. Social Housing Programmes

NB: Emergency relief to be undertaken by Disaster Management as is done by most established municipalities given the reality that the core competencies for this lies outside the Integrated Human Settlements Department.

FINANCIAL IMPLICATIONS

A financial modelling exercise be undertaken that looks at both the development and operating effects for the KM’s social housing programme. This will look at resources, operational systems as well as development capital for structured allocation of land, institutional subsidies, acquisition of State and private property for consolidation to ensure optimal use of land densification and or infill blocks and Greenfield projects where necessary. It must be ensure that the process fully aligns to the Municipal Structures Management Act, Municipal Finance Management Act, Social Housing Act for using of Restructuring Capital Grants, State Subsidies as well as any grant or private finance funding requirements for making the projects viable.

This will also extend to availing public land or municipal property on the basis of either long term lease (30 – 40 years) with a reversionary clause to return same to council if not used for
intended purposes which will be built into the partnership agreement. Further to this, the other option to be explored will be to offer identified municipal properties or land at a lower down market value in endeavouring to make projects viable given the reality of social equity to be derived when targeting low income households as provided by the MFMA. This will also include recognizing related National Housing Legislation/Acts which regulate housing programmes as well as required capacities to carry out the work.

RELEVANT LEGISLATION

Municipal Structure Management Act
Municipal Finance Management Act
National Housing Legislation/Acts
National Housing Code 2009
Social Housing Act 2008
Rental Housing Act

RECOMMENDATION OF THE MUNICIPAL MANAGER

[a] That the newly aligned and proposed KM Strategic Human Settlements Plan be approved;

[b] That the WCDOHS be advised of the newly approved Strategic Plan;

[c] That all core housing related functions be allowed to sit under the new Directorate which will necessitate the transfer of the responsibility pertaining to title deed registrations for all housing related properties and serviced sites;

[d] That the Municipality supports the proposed transfer to the Directorate: IHS the use and densification (where viable) of the remaining management of all existing public rental units which should be used for the primary purpose of housing low income households that earn respectively monthly incomes per month that sits between R3 500 – R7 500 combined household income;

[e] That this process be aligned and guided by approved Strategic Human Settlements Plan presented for consideration and approval by the Knysna Municipality;

[f] That an internal and external consultative workshop process with all staff and stakeholders be organized and implemented to build collective ownership based on common understanding and support by all stakeholders;

[g] That an internal coordination team made of representatives from all affected Directorates be established to ensure a collective, efficient and professional approach for handling new and existing project needs to avoid uncertainty, confusion and lack of confidence and delivery that has a negative bearing on the Municipality’ housing programme and its standing as a credible delivery partner; and

[h] That the Municipal Manager be delegated with the authority to preside over the executive management of this process.

File Number : 2/R
Execution : Municipal Manager
Director : Integrated Human Settlements
8. ADJOURNMENT