



The Municipal Leadership Housing Forum

Key Considerations for Metropolitan Housing Strategies for the next Political Term

Summation by Matthew Nell

*Date: 09 & 10 February 2011
Spier Estate, R310, Lynedoch Road, Stellenbosch*

“If we don’t know where we are going, any road will do.” (Yiddish saying)

Over the course of the last two days we have received a series of presentations and held extensive discussions. In the course of these engagements, we have identified key national policy drivers, elements of a new emerging approach, current opportunities and constraints as well as success factors. We also identified a number of critical unresolved issues.

These are summarised below:

KEY NATIONAL POLICY DRIVERS

The following key national policy drivers were identified:

1. **The National Ministers Performance Contract**-The specifics of Outcome Eight as agreed between the President and the Minister.
2. **Emerging changes to overall housing strategies:** This includes a questioning of the nature and scope of the housing subsidy, interventions in the provision of loan finance to the affordable housing market, integration issues and the possibility of a World Bank loan for housing and infrastructure directed at the cities.
3. **The revised fiscal mechanisms** with the transfer of both housing subsidy and infrastructure grants directly to the Metro’s. This will include Accreditation (anticipated by June 2011) and the new MiG Cities arrangement.
4. **Proposed new planning legislation**- This legislation needs to regularise Constitutional Court ruling that the authority for all urban planning matters is located within the Municipalities and not the Provinces.

A programme run by Shisaka Development Management Services (Pty) Ltd

Current sponsors:



Founding Sponsors:





NEW APPROACH

The presentations and discussions highlighted the following elements of an emerging new approach:

1. **Locate New Strategy in current dominant socio-economic realities:** Poverty, unemployment and urbanisation
2. **Recognise and incorporate informality:** This implies an approach to informal settlements and backyard accommodation that seeks to incorporate and consolidate these investments by low income families into the cities overall management processes and investment priorities. This includes:
 - a. Focus on upgrade of informal circumstances and introducing urban management into these informal circumstances.
 - b. Broadening implementation to include new types of projects and also implementing community based and urban management processes.
 - c. Mobilising household investments by looking at ways that household contribution comes into the projects and process.
 - d. Mobilising communities as part of upgrade and household investment initiatives as well as reducing the risk of land and building invasions.
3. **Mobilising Private Sector Investment:** Finding ways in which cities can improve the context within which the private sector can operate and invest in the delivery of new housing and the improvement of existing stock.
4. **Co-ordinated and integrated planning and investment by the cities in infrastructure and housing:** This will require city-wide commitment in respect of planning and budgeting as well as implementation.
5. **Improved regulatory efficiencies:** This is necessary to encourage increased household and private sector participation in the housing processes in the cities. This will include improved efficiencies in respect of planning, development and building controls as well project support and provision of bulk infrastructure and efficient transaction support such as clearance letters for house transfers etc.

OPPORTUNITES

The following new opportunities to respond more realistically and effectively to the city's human settlement challenges were identified:

1. **Outcome Eight** opens space and sets clear intentions that cities can use to innovate and as leverage to increase their authority and funding for the human settlement agenda.
2. **New Money** available for the Metros for housing and related infrastructure.
3. **More integration** of the planning and funding processes at the City level.
4. **Accreditation** of the Metro's to at least level 2 in the very near future.
5. **Recognition of need to upgrade** in-situ settlements and backyard rental accommodation

A programme run by Shisaka Development Management Services (Pty) Ltd

Current sponsors:



Founding Sponsors:





CONSTRAINTS

The following constraints, which limit the city's ability to respond effectively to the human settlement challenges, were identified:

- 1. Law and Order:** Current legislation and case law is placing enormous burden on municipalities to provide reasonable alternative accommodation as conditions for evictions from invaded buildings and land. This is not manageable given the supply constraints.
- 2. Land:** Currently seen as a major constraint. New policies and strategies will need to be introduced to encourage the increased supply of well located public and private land for low and affordable housing:
 - large parcels
 - Infill's
 - Private densification.
- 3. Political and Community Expectations:** There are entrenched expectations as to what housing assistance the state should provide to low income households. This will limit the ability to change unless there is strong national political leadership of the strategy change process.
- 4. Bulk infrastructure:** There is an urgent need to ensure the investment in new bulk infrastructure capacity to support new housing development as well as the upgrading/expansion of existing infrastructure to cope with increased densities in existing areas.

KEY SUCCESS FACTORS

The following key success factors which need to be in place if cities are to be able to effectively introduce and implement new human settlement strategies which better respond to the city's current realities:

- 1. Strategic Clarity:** Human Settlement strategies that cities develop must be clear and implementable and must be able to respond to the socio economic realities facing the cities.
- 2. Political buy-in:** It is difficult to manage the introduction of a new paradigm. This will be a slow process. It will require some national and provincial political leadership. It is an opportunity to bring in new municipal political players
- 3. Integration of the governance process** in respect of housing and infrastructure planning, implementation and operations within the municipalities.
- 4. Need for appropriate structures and skills** in the planning, infrastructure and housing functions within the cities to meet the revised human settlement approaches; and
- 5. Municipalities to exercise more authority over the municipal land planning and land use process** with little or no reference to the provinces. Given the likely delays in introducing the new legislation, there needs to be some way that you can come to arrangements to expedite the intended outcome.
- 6. Intergovernmental support from National and Provincial government** to the cities to enable them to introduce and implement new human settlement strategies.

A programme run by Shisaka Development Management Services (Pty) Ltd

Current sponsors:



Founding Sponsors:





7. **Accreditation of cities at least to level 2** in order to enable the approval and administration of projects to be delegated to the city level.

UNRESOLVED ISSUES

There are a number of critical issues that remain unresolved and must be addressed at a municipal level. National leadership will be required in order to succeed. These include:

1. **Foreign nationals:** The extent of foreign nationals residing in the cities must be recognised and a basis on which foreign nationals are accommodated within the cities must be practically and realistically resolved.
2. **City sustainability:** The basis on which the cities absorb and service the poor on an economically, financially and environmentally sustainable basis must be clarified. This will involve the introduction of realist norms and standards as well as appropriate municipal financing mechanisms.
3. **“Not in my backyard”** – Mechanisms to reduce local neighbourhood resistance to accommodating poor households within their immediate areas will need to be resolved. This may require an adjustment of requirements of local level and neighbour approvals for planning and building plan approvals.
4. **Waiting lists:** Are these still relevant in an emerging strategy that focuses a significant portion of the resources on upgrading human settlements and accommodation in situ.
5. **The role of municipal public rental (including CRU):** All current analysis indicate that municipal rental is unaffordable from a capital cost perspective and that enormous difficulties are faced by municipalities in collecting rentals and enforcing conditions of lease. Yet in municipal space projects are continuing to be planned and implemented.

CONCLUSIONS

The above analysis indicates that a fundamental change in the cities human settlement strategies will require the development of strategic scenarios which accurately quantify the capital and operating costs to the cities as well as the impact on dealing with the socio-economic challenges that the cities face in absorbing and promoting development of existing and newly urbanised poor households in their areas of jurisdiction. These scenarios will need to engage municipal political leadership in evaluating options and recognising choices that need to be made.

The power-point and written papers presented at the leadership forum will be circulated separately.

A programme run by Shisaka Development Management Services (Pty) Ltd

Current sponsors:



Founding Sponsors:

