By 2030 eThekweni will be Africa’s most caring and liveable city

PRESENTATION TO CITY MANAGER

STATUS UPDATE ON SOCIAL HOUSING DELIVERY PLAN

DATE: 08/06/2015
TIME: 09h30
VENUE: MOSES MABHIDA STADIUM,
BACKGROUND TO THE SOCIAL HOUSING PROGRAMME

What is Social Housing? (as per the Social Housing Act 16 of 2008)

Social Housing is a “rental or co-operative Housing Option for Low Income persons at a level of scale and built form which requires Institutional Management and which is provided by Accredited Social Housing Institutions or in accredited social housing projects in “Designated Restructuring Zones”.

The government has introduced the Rental Housing Programmes as one of its initiatives towards eradication of the housing backlogs, through provision of rental housing for low income persons who cannot be accommodated in formal private rental market.

The programme seeks to contribute to the government agenda of redressing the imbalances of the past by:

1) Bringing low income people into areas where there are major economic opportunities and from which they would have otherwise been excluded because of the dynamics of the land market.
2) Promoting a mix of race and social classes
3) By promoting spatial integration
CURRENT RESTRUCTURING ZONES

- iTrump (INNERCITY)
- Bridge City
- Cornubia
- KwaMashu Town Centre
- KwaMashu Surrounds
- Southern Durban Basin (SDB)
- Springfield – River Horse Valley
- Pinetown CBD
- Greater Cato Manor Area
- Phoenix
- Newlands
- Chatsworth
COLLABORATION REQUIRED IN ORDER TO DELIVER SOCIAL HOUSING

National Government has set significant targets for the delivery of social housing over the next 5 years. The Municipality has a significant responsibility for ensuring the delivery of this stock and in doing so that it contributes to the restructuring of our city.

In terms of the legislation, policy and procedures the structuring of the programme, the delivery requires a strong co-operation between the Municipality and the accredited Social Housing Institutions (SHI) that are responsible for the development of social housing and importantly the long-term property management.

A further alignment is necessary across all three spheres of government that is National, Provincial and Local government, in order to achieve the targets and procure funding.
SOCIAL HOUSING NATIONAL TARGETS

The social housing targets for the next remaining four years of the Ministers five year term equates to 27000

Spread equally on a five year period, the annual target equates to 5400, in the last financial year only 3000 social housing units were delivered, which equates to 55% of the set target

Committed in this current financial year is about 1400 so far, which equate to about 26% of 5400 annual target.

The above shows that, nationally we are behind in achieving the set targets.

Furthermore, there is no track record of delivering 6000 social housing units per annum. Last financial year was considered a record year in the sector even at 55% to target

The allocation is not per province but only gets allocated to projects that are ready to spend and are approved in terms of the investment criteria. **(institutional capacity training is key critical in building a credible pipeline)**
FIVE NEW ACCREDITED SOCIAL HOUSING INSTITUTION’s

After a series of workshops in 2014, aimed at providing assistance in getting more accredited social housing institutions, I am happy to announce that EThekwini Municipality has received 5 new accredited SHI’s namely:-

1. Vascowiz Investments Pty Ltd
2. Royal Stock Housing Company
3. Motheo Social Housing Company
4. Ubuntu Housing Association
5. Kenako Housing Institute

When we currently have 2 accredited social housing institutions namely,

6. First Metro Housing Company
7. SOHCO
SIGNING OF PARTNERSHIP AGREEMENTS & LAND ALLOCATION PROCESS

The Social Housing Act, 16 of 2008, provides that the Municipality must

1. enter into performance agreements with accredited social housing institutions.
2. Provide Preferential access to land and buildings for social housing development in designated restructuring zones

Accordingly the seven (7) SHI’s will be allocated land parcels via a closed public tender process

- Match land parcels to SHI’s (via SCM)
- SHI’s Do feasibilities at own cost
- Feasibility study should be completed within a period of 06 months from the date of release to SHI.

**Should feasibility be confirmed,**

- Public participation, including the disposal methodology (long term lease / sale)
- a further report be submitted for approval to Council in terms of the requirements of the Municipal Finance Management Act
<table>
<thead>
<tr>
<th>WARD NUMBER</th>
<th>NAME OF PROJECT</th>
<th>ESTIMATED NUMBER OF UNITS</th>
<th>PROJECT STATUS</th>
<th>PLANNED IMPLEMENTATION DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>28</td>
<td>Morans Lane (vacant land)</td>
<td>127</td>
<td>Viability Confirmed by City Architects, to be allocated to an SHI for detailed feasibility</td>
<td>Can be allocated to an SHI by August 2015</td>
</tr>
<tr>
<td>27</td>
<td>782 Umgeni Road (vacant land)</td>
<td>300</td>
<td>Viability Confirmed by City Architects, to be allocated to an SHI for detailed feasibility</td>
<td>Can be allocated to an SHI by August 2015</td>
</tr>
<tr>
<td>28</td>
<td>2 Epson Road - Table tennis building</td>
<td>150</td>
<td>Pre Feasibility undertaken by Municipality, (Jul’2015)</td>
<td>Can be allocated to an SHI by August 2015</td>
</tr>
<tr>
<td>26</td>
<td>Starseaside Children's Home Building</td>
<td>300</td>
<td>Feasibility undertaken by Municipality, (Jul’2015)</td>
<td>Can be allocated to an SHI by August 2015</td>
</tr>
<tr>
<td>28</td>
<td>44 Lancers Road Building</td>
<td>300</td>
<td>Awaiting Transfer from Province, Pre Feasibility undertaken by Municipality, (Jul’2015) Report to H S I for acceptance of Donation (5th May’15)</td>
<td>Can be allocated to an SHI by October 2015</td>
</tr>
<tr>
<td>Ward Number</td>
<td>Name of Project</td>
<td>Estimated Number of Units</td>
<td>Project Status</td>
<td>Planned Implementation Date</td>
</tr>
<tr>
<td>-------------</td>
<td>----------------------</td>
<td>---------------------------</td>
<td>-------------------------------------------------------------------------------</td>
<td>----------------------------</td>
</tr>
<tr>
<td>28</td>
<td>Westpoint Building</td>
<td>46</td>
<td>Council Resolution obtained to accept Donation, Awaiting Transfer from Province (Oct’15)</td>
<td>Approximately six Months to resolve the relocation of tenants</td>
</tr>
<tr>
<td>26</td>
<td>Palm Beach Building</td>
<td>42</td>
<td>Council Resolution obtained to accept Donation, Awaiting Transfer from Province (Oct’15)</td>
<td>Approximately six Months to transfer property to the Municipality</td>
</tr>
<tr>
<td>28</td>
<td>Seamans Building</td>
<td>33</td>
<td>Council Resolution obtained to accept Donation, Awaiting Transfer from Province (Oct’15)</td>
<td>Approximately six Months to resolve the relocation of tenants</td>
</tr>
<tr>
<td>32</td>
<td>Kind Edward Site</td>
<td>450</td>
<td>Viability Confirmed by City Planners, to be allocated to an SHI for Detailed Feasibility</td>
<td>Can be allocated to an SHI by August 2015</td>
</tr>
<tr>
<td>32</td>
<td>Clairwood Site</td>
<td>350</td>
<td>Viability Confirmed by City Planners, to be allocated to an SHI for Detailed Feasibility</td>
<td>Can be allocated to an SHI by August 2015</td>
</tr>
</tbody>
</table>
AERIAL MAP OF 782 UMGENI ROAD SITE
IMAGE OF 2 EPSOM ROAD (TABLE TENNIS) SITE
IMAGE OF 71 PLAYFAIR ROAD – CHILDRENS HOME
71 Playfair Road, Durban CBD

AERIAL MAP OF 71 PLAYFAIR ROAD – CHILDREN'S HOME

1:600

Disclaimer Notice
The eThekwini Municipality accepts no liability or responsibility whatsoever for the correctness of any or all of this information. In the case of Council Services, it must be used as a guide only. Details should be physically checked on site.
IMAGES OF 44 LANCERS ROAD BUILDING
By 2030 eThekwini will be Africa’s most caring and liveable city
IMAGES OF THE THREE PROVINCIAL DEPARTMENT BUILDINGS

The Seamans Building in 154 Mahatma Gandhi Road,
The Westpoint Lodge in Margaret Mncadi Avenue
The Palm Beach Hotel in Gillespie Street.
The site, previously the home of the Umbilo Sports Club, is located between a number of regionally significant transport routes. The site is bounded on the west and south by Umbilo Road and Rick Turner Road respectively. To the north and east it is bounded by smaller service roads, Hannah Road and Cambridge Avenue. Sydney Road, a one way regional access road, is located immediately to the south of the site.
The Clairwood South Precinct is designed to provide a small TOD (Transit Oriented Development) along the eThekweni IRPTN route. In order to align with the findings of this study the precinct requires a minimum of 81 du/ha to support a sustainable neighbourhood, sustainable public transport and to facilitate the anticipated future growth along the corridor of an increased 41 du/ha.
AERIAL MAP SHOWING ALBERT PARK SITE

ALBERT PARK AREA

Legend:
- Green: Nature
- Yellow: Suburbs
- Pink: Planning Unit
- Red: EDF Landuse
- Black: Existing Industry
- Orange: Existing Port Facilities
- Blue: Road
- Blue: Rail
- Black: Barriers

Williamville Station
- Maydon Wharf
- Durban CBD West

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RECAP OF THE PROCESSES TO FOLLOW

**Legal**
- To finalise the following:
  - Partnership Agreement
  - Land Availability Agreement
  - Donation Agreement
  - Lease Agreement or
  - Sale Agreement

**Public Participation**
- Land Parcels have to be advertised in terms of Regulations 35 of the MFMA

**Institutional Capacity Building for SHI’s**
- Training for procuring of subsidies from National & Province
- To clarify resource exchanges required
- To clarify the capacity required within SHI’s to qualify as Partners

**Project Packaging by Municipality**
- Feasibilities & Business Plans
- Report and Structural Integrity of Buildings
- Architectural Permutations
RECAP OF THE PROCESSES TO FOLLOW (conti…)

- Allocation of Land to SHI’s

Report to Council for the Disposal in compliance with the MFMA

- Sale Agreement
- Lease Agreement

Grant Fund + Institutional Subsidy + Debt Equity

- Every social housing project is funded from Debt Equity (NHFC) and Subsidies from National & Province

Design - Build (turnkey operation) by SHI’s

- Design
- Preparation detailed technical preparations
- Plan approvals
- Construction Management Programme

Closed Bid for SHI’s
The Social Housing Policy and Legislation allows Municipalities to receive extra funds called the Social Housing Restructuring Capital Grant of R125000 per Unit. The Province has to contribute utilising the institutional subsidy equating to R110000 per unit.

Then the Social Housing Institutions contributes the rest of the funds through loan funding or equity funding. In short government contributes about 70% of the funding and the SHI’s contributes about 30%of the funds.
The River Town precinct is ideally located to the east of the ICC between the Durban Conference Campus and the Beachfront. Currently the many properties are derelict and many are under-utilised. Many uses are not compatible to the creation of vibrant inner-city environments with several of the low-scale industrial warehouses utilised for imported vehicle storage.

The precinct has not seen any major infrastructural development is at least the last 30 years, if not 50 years. It is incredibly well located to catalyse and attract new development into the Inner City. Upon redevelopment the expected Social & Gap Housing yield is approximately 2000, backed with job opportunities.
ABOUT BRIDGE CITY

- 60ha in the INK (Urban Renewal Node – former Presidential Lead Project)
- Integrated public transport node
- Well-located, serviced & zoned
- City in JV partnership
- 48,000m² shopping centre
- Railway station
- 4,000 – 5,000 residential units
- Regional Magistrate & State Hospital

CHALLENGES

- Price & affordability potential issues, but excellently located
- Despite land being set aside and infrastructure in place, the challenge is accessing privately owned land at a price that is feasible for social housing to be successful.
**ANOTHER PRIVATE SECTOR PARTNERSHIP - ALLEYROADS CC**

<table>
<thead>
<tr>
<th>Address</th>
<th>No of Units</th>
<th>Proposed Development Costs</th>
<th>Type</th>
<th>Zoning</th>
<th>Restructuring Zones</th>
<th>Current Status</th>
<th>Next Stage</th>
<th>Project Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bridge City</td>
<td>1000</td>
<td>Not disclosed</td>
<td>Greenfield Social Housing</td>
<td>Mixed Use with a 15yr Massmart commercial lease</td>
<td>INK- Bridge City</td>
<td>Municipality Support granted, pending the commencement of the retail component</td>
<td>Submit to PSC</td>
<td>24months</td>
</tr>
</tbody>
</table>
## SOCIAL HOUSING PROJECTS IN PLANNING PHASE – OUTSIDE INNER-CITY

<table>
<thead>
<tr>
<th>Name of Project</th>
<th>Units</th>
<th>Location</th>
<th>Ward</th>
<th>Delivery Agent</th>
<th>Status</th>
<th>Planned year of delivery</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donelly</td>
<td>128</td>
<td>Bluff</td>
<td>66</td>
<td>EM</td>
<td>PM Appointed, Professionals to be appointed report at BEC</td>
<td>2015/16</td>
</tr>
<tr>
<td>Bayview</td>
<td>280</td>
<td>Chatsworth</td>
<td>69</td>
<td>EM</td>
<td>PM to be appointed Report at BEC</td>
<td>2016/17</td>
</tr>
<tr>
<td>Hilltops</td>
<td>240</td>
<td>Bellair</td>
<td>65</td>
<td>FMHC</td>
<td>Level 2 planning</td>
<td>2016/17</td>
</tr>
<tr>
<td>Hamptons</td>
<td>430</td>
<td>Bellair</td>
<td>65</td>
<td>FMHC</td>
<td>Civils on the ground</td>
<td>2016/17</td>
</tr>
<tr>
<td>Hampshire</td>
<td>180</td>
<td>Pinetown</td>
<td>16</td>
<td>FMHC</td>
<td>Level 2 planning</td>
<td>2016/17</td>
</tr>
<tr>
<td>Plymouth Mews</td>
<td>72</td>
<td>Pinetown</td>
<td>16</td>
<td>FMHC</td>
<td>Level 2 planning</td>
<td>2016/17</td>
</tr>
<tr>
<td>St Joseph Checkers site</td>
<td>150</td>
<td>Pinetown CBD</td>
<td>18</td>
<td>To be allocated to SHI</td>
<td>Feasibility stage</td>
<td>2016/17</td>
</tr>
<tr>
<td>Marshal Dam</td>
<td>500</td>
<td>Cornubia</td>
<td>102</td>
<td>THD</td>
<td>Detailed planning stage</td>
<td>2016/17</td>
</tr>
<tr>
<td>Avoca North</td>
<td>2,000</td>
<td>Avoca</td>
<td></td>
<td>EM, PPP</td>
<td>Prefeasibility</td>
<td>2017/18</td>
</tr>
</tbody>
</table>
## LAND PARCELS OWNED BY MUNICIPALITY
### SUITABLE FOR RENTAL HOUSING & GAP HOUSING

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Number of Units</th>
<th>Greenfield</th>
<th>Area - RZ</th>
<th>Status</th>
<th>Planned Year of Delivery</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roosfontein</td>
<td>180</td>
<td>Social Housing - Greenfield</td>
<td>Greater Cato Manor</td>
<td>Pre screening &amp; Pre feasibility be done based on a PQ process.</td>
<td>June 2016</td>
</tr>
<tr>
<td>Pinetown</td>
<td>500</td>
<td>Social Housing - Greenfield</td>
<td>Pinetown</td>
<td>Pre screening &amp; Pre feasibility be done based on a PQ process.</td>
<td>June 2016</td>
</tr>
<tr>
<td>Westville Triangle</td>
<td>940</td>
<td>Social Housing / Student Accommodation</td>
<td>Greater Cato Manor</td>
<td>Contract has lapsed - Developer appointed more than 3 years ago (Woodglaze &amp; Sohco) – Re-advertise</td>
<td>June 2016</td>
</tr>
<tr>
<td>Kwa Mashu Town Centre</td>
<td>1000</td>
<td>Social Housing &amp; Gap</td>
<td>Kwa Mashu Town Centre</td>
<td>Contract has lapsed - Developer appointed more than 3 years ago (Impilo Entsha – Derrick Naidoo) – Re-advertise</td>
<td>June 2016</td>
</tr>
</tbody>
</table>
## INNERCITY SOCIAL HOUSING PROJECT – STATUS REPORT ON MANAGEMENT

<table>
<thead>
<tr>
<th>PROJECTS</th>
<th>NAME OF SHI</th>
<th>WARD NUMBER</th>
<th>NUMBER OF UNITS</th>
<th>STATUS OF MANAGEMENT</th>
</tr>
</thead>
</table>
| 1. Hawaai East | FMHC | 26 | 92 – all residential | Site visits were conducted. Tenants complaints: 26th October 2014  
- The lifts not working  
- High rentals  
- No security in place  
- Flat deposits charged over 300%  
- All issues raised were referred to the Rental Tribunal. |
| 2. Hawaai West | FMHC | 26 | 36 – all residential | Same as above  
- Management is Satisfactory |
| Carlean | FMHC | 26 | 32 residential and 2 commercial units |  |
| 3. Weltevrede | FMHC | 26 | 31 – all residential | Management is Satisfactory |
| 4. Tabora | FMHC | 26 | 43 residential and 3 commercial units | Management is Satisfactory |
| 5. Strathdon | FMHC | 26 | 66 – all residential | Management is Satisfactory |
| Portview | SOHCO | 32 | 142 – all residential | Site visits were conducted  
- In general, tenants were satisfied about living conditions with the exception of individuals who were complaining about rentals and evictions, however the matters were resolved.  
- Units clean  
- All units are occupied |

Total

442
THINKING OUT OF THE BOX

Utilising the existing bulk, there are opportunities to get additional units in our existing rental stock. These opportunities can be realised by leveraging off the private sector for gap purposes or alternatively increasing the rental stock, depending on the community needs.

<table>
<thead>
<tr>
<th>Name of Project</th>
<th>Area</th>
<th>Ward</th>
<th>Current Number of Units</th>
<th>Potential Additional Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenneth Gardens</td>
<td>Umbilo</td>
<td>33</td>
<td>284</td>
<td>200</td>
</tr>
<tr>
<td>Westgate</td>
<td>Morningside</td>
<td>27</td>
<td>84</td>
<td>200</td>
</tr>
<tr>
<td>Kirkwood</td>
<td>Stamford Hill</td>
<td>26</td>
<td>90</td>
<td>150</td>
</tr>
</tbody>
</table>
Thank you

Q & A